

POLICY BRIEF

Women and Parents in the Labor Market – Israel and the OECD

Liora Bowers and Hadas Fuchs*

Introduction

Any substantial discussion about the economic situation of women in Israel – particularly with regard to labor market outcomes – must be placed in the context of the unique demographic trends in the country. At 3.0 children per woman in 2013, as shown in Figure 1, Israel has a much higher fertility rate than any other country in the OECD.¹ In contrast to its fellow OECD countries, Israel's fertility rate today has not decreased much, and is relatively similar to the figure in 1980. As such, while other developed countries are dealing with the economic burden of a rapidly aging population and fertility rates below replacement levels, Israel does not face similar demographic challenges.²

Israeli society – including its culture, geopolitical situation and governmental policies – has helped encourage both fertility and female participation in the labor market. Such policies include government funded in-vitro fertilization treatments for up to two children, job protection during pregnancy, generous wage replacement rates equal to 100% of the salary during the 14 weeks of paid maternity leave, childcare subsidies for qualifying families, subsidized education from age three and reduced working hours following the return from maternity leave (“nursing hour”) (Bowers, 2014).

Yet, in some categories, support for working parents in Israel lags behind that provided in the OECD. This brief provides context on important trends regarding women in the labor market in Israel and provides guidance on what policies Israel would need to undertake to align with prevailing norms in the OECD in regards to parental leave and family-friendly work practices.

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¹ Fertility rates within the various populations in Israel vary greatly, from 2.1 among secular Jewish women to 6.5 among Haredi (ultra-Orthodox) women (2007-2009), and 3.6 among Muslim women (2005-2009) (Central Bureau of Statistics, 2011).

² There has been an increase in fertility rates in OECD countries since the late 1990s, but most OECD countries still have rates below fertility replacement rate levels (OECD, 2011).

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This brief examines Israeli women's labor market outcomes and how maternity and parental leave laws in the country compare with those in the OECD. In recent decades, there has been an increase in employment rates among women – particularly among mothers with young children. With regard to payment rate and length of paid leave over a woman's lifetime, Israel performs better than or similar to other OECD countries. However, there is a gap between Israel and the OECD when it comes to leave benefits for fathers and the design of parental leave benefits.

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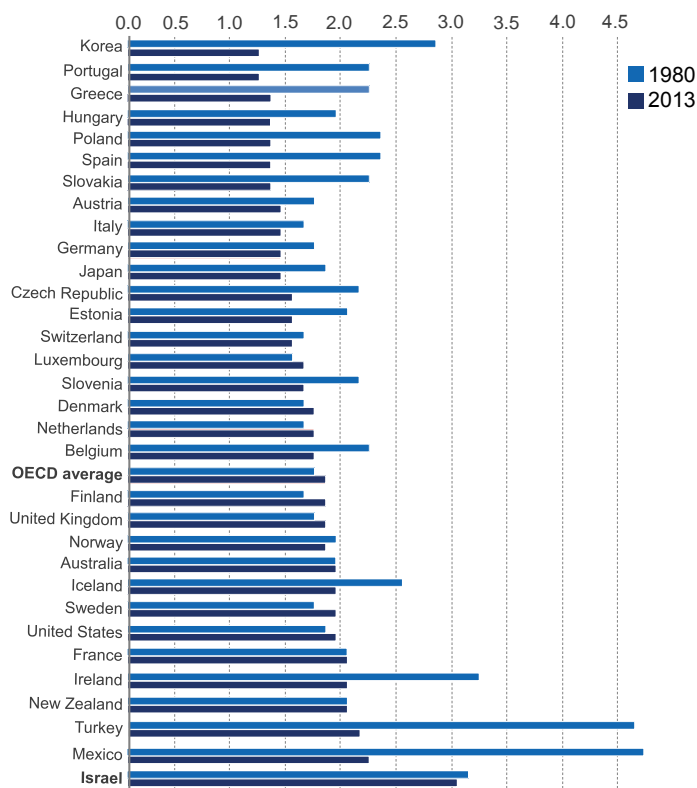
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Figure 1

Overall fertility rates, 1980 versus 2013

Average expected number of children per woman in her lifetime



Source: Liora Bowers and Hadas Fuchs, Taub Center.
Data: OECD.

Since 2011, the employment rate of Jewish women aged 25-54 has been similar to that of Jewish men, and high in relation to the OECD average. On the other hand, Arab Israeli women of the same age are employed at lower rates.

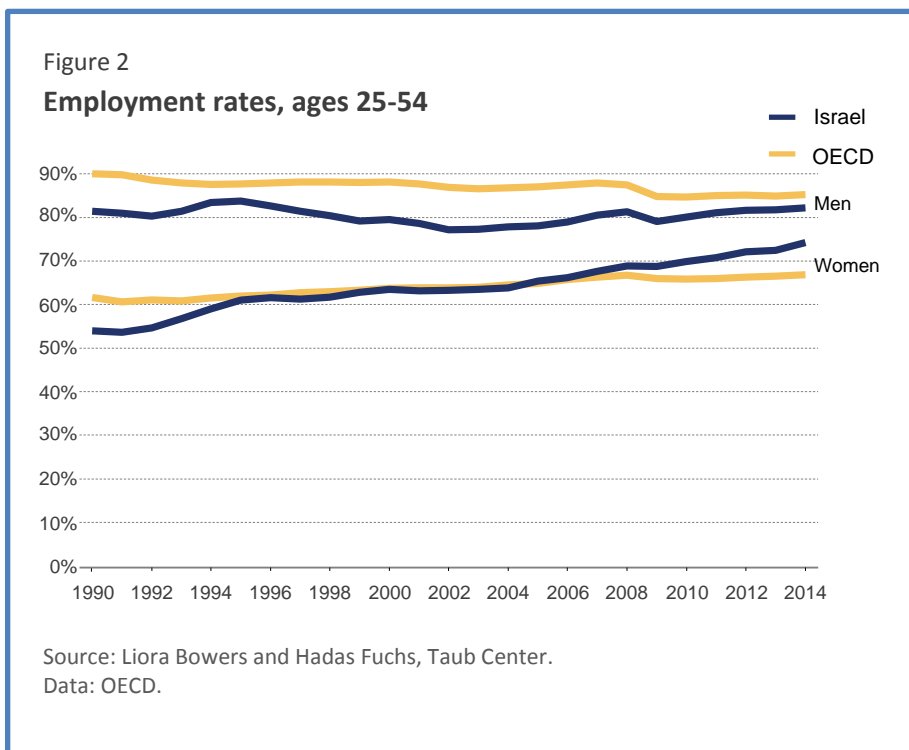
1. Women in the Labor Market: Trends and International Comparisons

Women in Israel are employed at relatively high rates and constitute an important part of the labor market. Ever since the 1990s, there has been a substantial increase in the employed rate of women and a sizable decrease in the gap between the employment rates of men and women. In 2014, the employment rate for women aged 25-54 was 74% – an increase of 20 percentage points since 1990, while the employment rate for men aged 25-54 was 82%. As demonstrated in Figure 2, while men in Israel are employed at lower rates than in the OECD, the employment rate of women is 7 percentage points higher than in the OECD.

In general, women in Israel are more highly educated than men. In 2015, 41% of women aged 30-54 had an academic degree – 15 percentage points higher than in 2000 – as opposed to 34% of men. At the same time, there has been an increase in women’s employment. In this context, it is important to point out that women with higher education are employed at higher rates than women without higher education, and that the employment gap between women with an academic education and women without an academic education is greater than the same gap among men.

Employment rates

The employment rate of women varies greatly across different sectors. Since 2011, the employment rate for Jewish women aged 25-54 has been similar to that of Jewish men, and high in relation to the OECD average – 83% as opposed to 67% in the OECD in 2014. On the other hand, Arab Israeli women of the same age are employed at lower rates – 36% in 2014 (Central Bureau of Statistics (CBS), 2015).



The employment rate initially rises with age for both men and women, but the trends are different for different sectors (see Figure 3). Among Jews, women are employed at higher rates than men until around age 30 which is due, among other reasons, to their shorter military service.³ For ages 30-54, employment rates among men are only slightly higher (a gap of 2 percentage points in 2015), while for older ages, the gap grows in favor of men.⁴ On the other hand, among Arab Israelis, women's employment is significantly lower among all age groups – 40% lower on average than men's employment rate among those 25-54. The low employment rate among Arab Israeli women is the central cause of the overall gap in employment rates between men and women.

Full-time or part-time employment

While men's and women's employment rates among the Jewish population are similar, women in all sectors work shorter days on average than men. Nevertheless, this gap has narrowed over the years. On average, the number of work hours per employee in Israel and the OECD (at the primary employment) is in decline, but the number of work hours for women has risen slightly since 1990 in about half

³ For more on young adult employment, see Fuchs (2015).

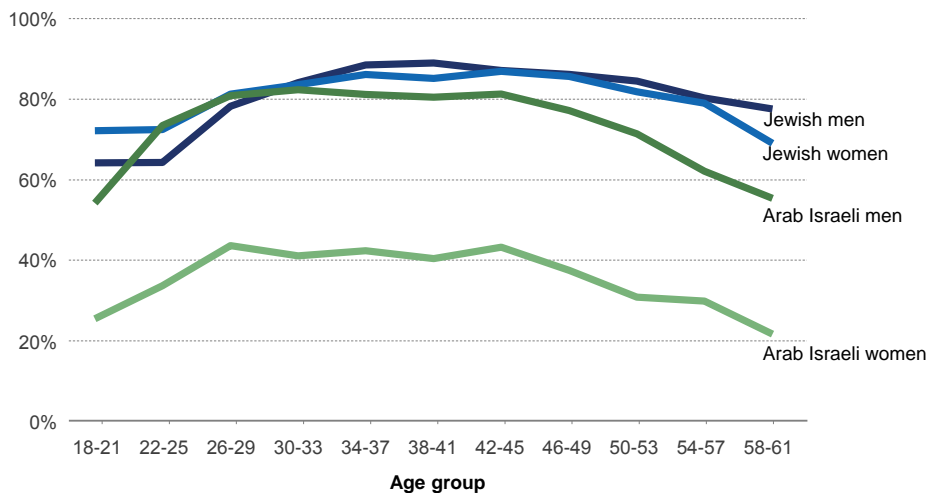
⁴ For more on older adult employment, see Kimhi and Shraberman (2013).

of the OECD countries. Similarly, the average number of hours worked by women in Israel has increased slightly, while the decrease in work hours for Israeli men was steeper than that of the OECD on average (see Figure 4).⁵

Figure 3

Employment rates, 2015

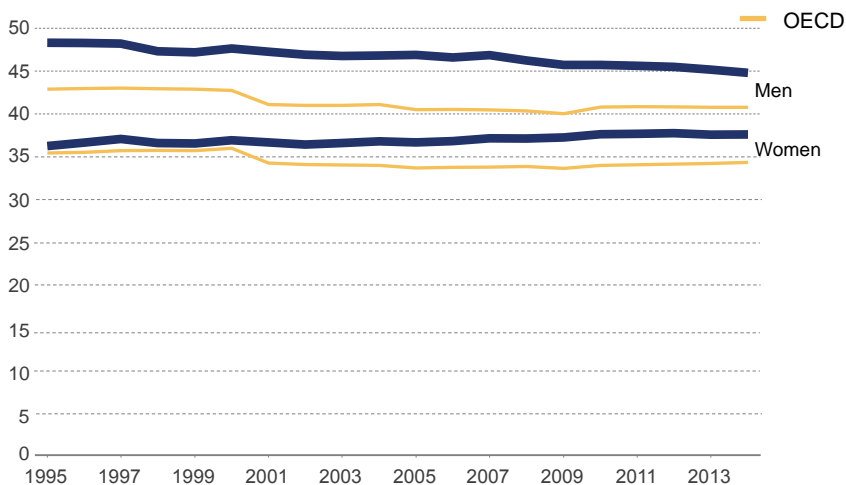
By age, gender and sector



Source: Liora Bowers and Hadas Fuchs, Taub Center.
Data: Central Bureau of Statistics, *Labor Force Survey*.

Figure 4

Average weekly work hours, ages 25-54



Source: Liora Bowers and Hadas Fuchs, Taub Center.
Data: OECD.

⁵ This statement is subject to the caveat that many men aged 25-30 are students (Fuchs, 2015), and that the rise in the rates of higher education in the last decade has shortened work hours for employed persons aged 25-54 at a higher rate for men. Nevertheless, the gaps in work hours have narrowed among ages 30-54, as well.

It is important to note that work hours in Israel are high for both men and women when compared to the OECD – which can make life difficult for parents of young children, women and men alike. But, as the data show, these long work hours almost never cause women to leave the job market.⁶ The effect of children is apparent in a different indicator: the share of women working part-time. About 33% of women aged 30-54 worked part-time in 2015,⁷ as opposed to 15% of men. The main reason for working shorter hours among women is caretaking for children. Of women working part-time, 41% indicated that the reason for doing so was caring for children, relatives, or a household, as opposed to only 3% of men. For Arab Israeli women, another major reason for working part-time is job availability; 43% of Arab Israeli women employed part-time have searched unsuccessfully for full-time employment, as opposed to 17% of Jewish women.

Gender wage gaps

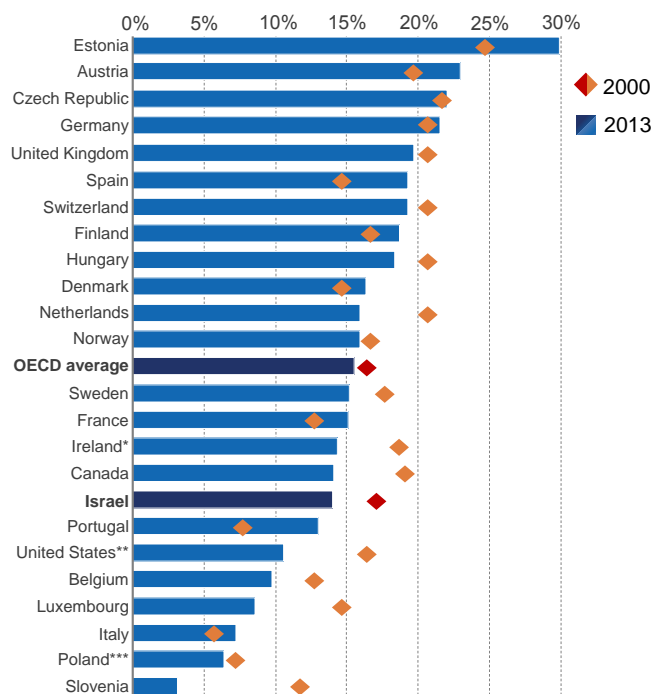
When it comes to wages, however, there is a 33% gap between men and women (Central Bureau of Statistics, *Expenditure Survey*, 2014). The main cause of this gap is women’s shorter work hours, but the gaps exist even in an hourly rate comparison. In 2013, the hourly wage gap between men and women was 14% – similar to the average wage gap in OECD countries (see Figure 5) – and was a decrease from the 17% gap in 2000. Since 2004, however, this gap has held relatively steady (Tzameret-Kercher et al., 2015). There are various reasons for this gap, including differences in the industries and occupations in which men and women are employed (Geva, 2015), as well as the fact that shorter work hours and maternity leave cause slower seniority accumulation and limited employment options for women relative to men.

In 2013, the hourly wage gap between men and women was 14% – similar to the average wage gap in OECD countries – and was a decrease from the 17% gap in 2000.

⁶ Women who miss work days due to maternity leave are considered to be employed.

⁷ Fewer than 35 hours weekly, according to the Central Bureau of Statistics’ definition.

Figure 5
Hourly wage gaps between men and women
In OECD countries



* Data from 2012. ** Data from 2011. *** Base year=2002.
Source: Liora Bowers and Hadas Fuchs, Taub Center.
Data: UNECE; Central Bureau of Statistics.

In 2011, the employment rates of women aged 30-40 who are mothers of children aged 0-4 was 69% – an increase of 17 percentage points from the 1995 rates, and only slightly lower than the rate for women of the same age who are not mothers of young children.

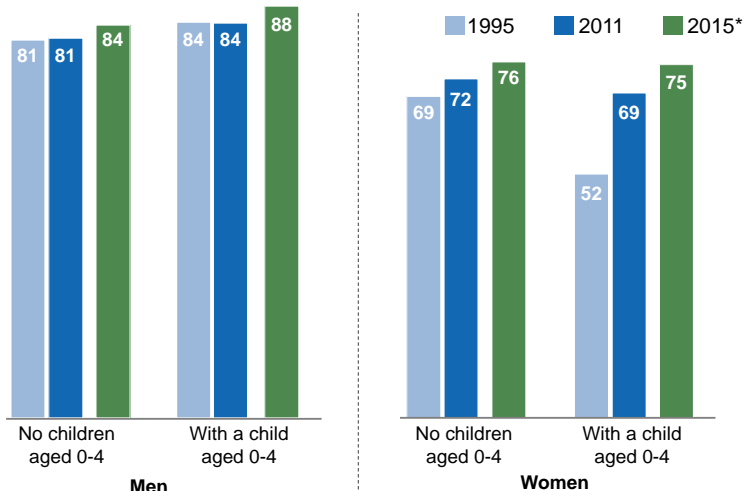
The main rise in women’s employment throughout the years was among mothers of small children, particularly among mothers without a higher education. Figure 6 shows the employment rates of men and women aged 30-40, divided into two groups: parents of children aged 0-4, and employed individuals who are not parents of children of that age. Mothers of children aged 0-4 are employed at lower rates than women who do not have children of that age, but the gaps have narrowed greatly over time: in 2011, the employment rates of women aged 30-40 who are mothers of children aged 0-4 was 69% – an increase of 17 percentage points from the 1995 rates, only slightly lower than the rate for women of the same age who are not mothers of young children. Due to methodological changes in the Labor Force Survey, the data for 1995 to 2011 cannot be compared to the data for more recent years, but the trend seems to have continued into 2015. During that year, the gap between mothers of young children and women who do not have young children was only 1%. It is important to note that having young children has the opposite effect on men in this age cohort: men with children aged 0-4 are slightly more likely to work than men without young children.⁸

⁸ For most ages within this cohort (e.g., age 33), men with young children have slightly higher employment rates than men without children.

Figure 6

Employment rates among individuals ages 30-40*

By family structure and gender, percent



* In 2012, there were broad changes in the Labor Force Survey methodology.

Source: Liora Bowers and Hadas Fuchs, Taub Center.

Data: Central Bureau of Statistics, *Labor Force Survey*.

Mothers without an academic education are employed at lower rates, but the increase in their employment was steep: it rose from 47% to 57% between 2000 and 2011, and stood at 60% in 2013.

The rise in mothers' employment occurred among educated as well as less-well educated mothers aged 30-40. The rate of employment among mothers of children aged 0-4 with an academic degree rose from 78% in 1995 to 84% in 2011. Mothers without an academic education are employed at lower rates, but the increase in their employment was steeper: it rose from 47% to 57% between 2000 and 2011, and stood at 61% in 2015.

With the rise in their employment rates, mothers of children aged 0-4 have also narrowed the gap in weekly work hours between them and women who are not mothers of young children. The gap stood at 3 hours per week in 2015.

2. Family-Friendly Employment Practices: A Comparison of Israel and the OECD

The above findings indicate positive trends with regard to employment of women in Israel. It is evident that, for the most part, having young children has less of an impact on the likelihood of employment among Israeli women today than in the past. OECD studies show that various factors influence the decision of mothers to work, including the duration of paid maternity leave and of job protected leave, the

availability of informal and formal childcare,⁹ the income of spouses, the tax-benefit system,¹⁰ workplace practices, individual preferences and societal norms. This brief focuses on how Israel and other OECD countries have chosen to structure paid and unpaid child-related leave policies and workplace practices.

Over the last decades, the trend in OECD countries has been towards notable increases in the duration of paid and unpaid child-related leave.¹¹ There are several reasons why OECD countries choose to provide child-related job protection and paid-leave. One OECD study shows that longer periods of paid leave for women – up to two years – has a positive effect on female labor force participation and on the ratio of hours worked by women relative to men. This finding is likely because paid leave provides women with the opportunity to spend substantial time with a new baby without having to drop out of the workforce in order to do so. It is important to note however, that the same study indicates that lengthening the period of leave has contributed to a widening of the gender wage gap for full-time employees (OECD, 2010). Job protection and paid leave around childbirth also helps ensure the stability of household income (OECD, 2011). Increasing paid employment of mothers helps to sustain their labor market skills, ensure an adequate standard of living for families and improve gender equity.

Another objective is to increase the role of fathers in childcare, in order to improve gender equity and for the benefit of fathers and children. Various OECD policies have been effective at encouraging fathers to participate more fully in early child care by providing legal leave benefits targeted specifically at fathers. A third reason for such policies is to help improve the overall well-being of families. This is in line with recent efforts by the OECD to measure quality of life using a broad set of indicators, one of which is work-family life balance. On this indicator, Israel already ranks poorly; it has longer working hours than nearly all other OECD countries (ranked 28th out of 30 OECD countries in terms of the share of employees working over 50 hours a week) (OECD, 2015a). Finally, parental leave policies also confer

Although men in Israel can split parental leave with their wives, very few men actually do so. In 2014, 120,000 women and only 470 men (or 0.4% of all recipients) received maternity/paternity leave benefits from the National Insurance Institute.

⁹ About 50% of Israeli 2-year-olds and nearly all 3-year-olds are in formal childcare or preschool settings (CBS, 2015). While the availability and cost of childcare is an important determinant of women's labor market participation and substantially affects the overall well-being and standard of living of families, this brief does not delve into this issue for several reasons. As noted previously, Jewish women are already employed at levels similar to those of Jewish men; thus the current childcare situation does not seem to be a barrier in practice to employment for this sector. Among Arab Israeli women, structural barriers such as job supply and access, education levels and cultural factors – and not childcare – are likely the biggest barriers to employment (Hai, 2013). Furthermore, the Ministry of Economy provides childcare subsidies based on income levels and hours worked (these subsidies average about NIS 1000 per child per month, or 40-60% of the cost of childcare) (The Social Guard, 2015), which eases the childcare cost burden and encourages employment among lower-income families.

¹⁰ Systems where individuals are taxed separately, as in Israel, rather than as a family unit, tend to provide greater incentives for spouses of already-employed individuals to participate in the workforce. The general trend in the OECD has been towards individual-based tax systems, which is now prevalent in most OECD countries (OECD, 2001).

¹¹ While these policies may also be partly intended to encourage childbirth, studies on the duration and payment of parental leave seem to show that these have a small or unclear impact on fertility rates. In contrast, cash transfers to families and coverage and support for childcare seem to have a positive impact on fertility rates (OECD, 2011).

notable health benefits on children and mothers. A quicker maternal return to work has been associated with lower immunization rates for babies and well-baby care rates. Various studies show that longer maternal leave is associated with a longer duration of breastfeeding, lower rates of depression for mothers, and lower rates of infant mortality (NCCP, 2012).

In order to compare the benefits granted to parents in the Israeli labor market to those granted in other OECD countries, it is important to clarify some key terms:

- Maternity leave – leave specifically granted for mothers around childbirth;
- Paternity leave – leave specifically granted to fathers around childbirth;
- Parental leave – a benefit often in addition to maternity or paternity leave that can be taken either by fathers or mothers unless specified for one or the other. Parental leave often has different eligibility, use requirements and payment rates than maternity or paternity leave. Parental leave can begin either following maternity or paternity leave or can be used until a later age of the child, depending on the country.

It is important to understand the current Israeli law with regard to child-related leave.¹² Today, women in Israel receive up to 26 weeks of maternity leave, up to 14 weeks of which are paid at her full salary.¹³ This policy developed over time. Since the early 1950's, women in Israel were granted 12 weeks of paid maternity leave and up to one year of unpaid parental leave (known in Israel as "leave without pay"). Beginning in 1998, women eligible for maternity leave have been able to share part of the leave with their husbands. Women are obligated to take at least 14 weeks of maternity leave (including paid and unpaid time) of which the last eight weeks can be transferred to the father at his salary level (provided he takes a minimum three weeks leave). In 2007, paid maternity leave was extended from 12 to 14 weeks. In 2010, a benefit of 12 weeks of unpaid maternity leave was added for women employed for at least one year with the same employer, allowing for a total leave period of 6 months.¹⁴ In practice, this policy meant that 12 weeks of the one year of unpaid parental leave was changed to be considered maternity leave, which meant better job-protection benefits for this period (Moss, 2014; Women's Employment Law of 1954, Sections 6 and 7).

¹² Adoptive parents in Israel enjoy the same maternity leave benefits as birth parents. This brief discusses issues of parental leave in the context of mothers and fathers, however, the same principles could apply for single-sex families.

¹³ The 14 paid weeks is the full eligibility benefit, which requires National Insurance Institute (NII) contributions in 10 of the last 14 months, or 15 of the 22 months before maternity leave. The partial eligibility benefit, of 7 paid weeks, is provided to mothers who have NII contributions in 6 of the last 14 months (National Insurance Institute, 2015).

¹⁴ Israel's maternity leave period is generally effective in giving women a temporary period to spend with their baby on the one hand and helping their transition back to work on other hand. The average length of maternity leave taken in Israel is 20 weeks (Harris-Olshak, 2014). Almost 93% of salaried Israeli women who received maternity leave benefits in 2010 returned to work within a year after childbirth. Not surprisingly, women who earn less than NIS 5000 were almost three times more likely to not return within a year than women earning more than NIS 5,000 (12% versus 4%, in 2010 shekels) (Wasserstein and Toledano, 2014).

A comparison of Israel and the other countries in the OECD shows that there are three specific policy actions (outlined below), that, if taken, would align Israel with current OECD standards with regard to child-related leave and emerging workplace norms: 1) granting fathers the equivalent of one and a half weeks of leave at full pay for each baby born; 2) standardizing the unpaid leave benefit to be a total of 6 months of parental leave per child for any individual who has worked at least 12 months for their current employer; 3) facilitating the transition of parents back to work by allowing use of parental leave benefits for return to work on a part-time basis, and encouraging the adoption of employer practices that enhance workplace flexibility for families with small children. Each policy step will be discussed in detail.

Benefits available to fathers

While many fathers in Israel take an active role in child-rearing, laws regarding parental leave in other OECD countries do more to encourage such involvement than does Israeli law. The goal of encouraging fathers to take some leave, when desired by families, is two-fold: first, it promotes the idea of a more equal sharing of both household and work responsibilities between men and women, which may allow women more opportunities to pursue their own professional ambitions. Second, it allows fathers to spend more time with their children (OECD, 2011).

Although men in Israel can split parental leave with their wives, very few men actually do so. In 2014, 120,000 women and only 470 men (or 0.4% of all recipients) received maternity/paternity leave benefits from the National Insurance Institute (Wasserstein, 2014). There are several likely reasons for this. First, a 2015 study by the Ministry of Economy showed that 50% of women surveyed were unaware that men could share in the maternity leave benefits available to them (Harris-Olshak, 2015). Secondly, Israel's maternity leave of 26 weeks is relatively short. It is in practice difficult for many mothers, who may be recovering from childbirth, nursing and bonding with a new baby, to share this limited time with fathers. Third, if a woman chose to return to work after three months and share the latter part of maternity leave with her spouse, this may be detrimental to the family's finances. Because the male is the primary wage earner in the majority of Israeli families, if the husband took any time off after week 14 (the unpaid portion of leave benefits) families may experience a notable financial loss.

As shown in Table 1, there is a wide range of practices in the OECD when it comes to policies regarding leave targeted for the father. Twenty countries grant some paid paternity leave reserved for the father to take immediately upon the birth of a child to care for a newborn – ranging from a low of one day in Italy to a high of four weeks in Portugal – while 14 countries, including Israel, do not grant any paid paternity leave. In those countries that grant paternity leave and where data are available, an average of 75% of men take up this benefit.

Table 1. **Paid leave reserved for fathers in the OECD (2014) and rate of uptake of benefits by fathers (various years)**

	Paternity Leave, weeks	Parental Leave, weeks	Full-Rate Equivalent, weeks*	Fathers taking paternity leave (out of eligible fathers)	Fathers taking parental leave (out of parental leave recipients)**
Japan	0.0	52.0	30.4	Not relevant	2.2%
Korea	1.0	52.0	16.7	NA	2.8%
Norway	0.0	14.0	12.7	Not relevant	47.1%
Portugal	4.0	17.3	11.6	81.0%	23.8%
Luxembourg	0.4	26.0	10.6	NA	23.4%
Iceland	0.0	13.0	8.4	Not relevant	48.8%
Sweden	1.4	8.6	7.7	NA	44.0%
France	2.0	26.0	6.8	62.0%	1.5%
Finland	3.6	5.4	6.4	84.0%	24.4%
Netherlands	0.4	26.0	5.1	90.0%	28.8%
Belgium	2.0	17.3	5.0	68.0%	25.7%
Austria	0.0	8.7	4.9	Not relevant	4.6%
Germany	0.0	8.7	4.1	Not relevant	22.7%
Spain	2.1	0.0	2.1	74.0%	5.0%
Estonia	2.0	0.0	2.0	38.0%	5.7%
Poland	2.0	0.0	2.0	NA	4.8%
Slovenia	2.1	0.0	1.9	100.0%	16.7%
Denmark	2.0	0.0	1.1	60.0%	20.3%
Chile	1.0	0.0	1.0	NA	NA
Hungary	1.0	0.0	1.0	NA	NA
Mexico	1.0	0.0	1.0	NA	NA
Australia***	2.0	0.0	0.8	97.0%	3.0%
United Kingdom	2.0	0.0	0.4	NA	NA
Greece	0.4	0.0	0.4	NA	NA
Italy	0.2	0.0	0.2	NA	11.0%
Canada	0.0	0.0	0.0	Not relevant	14.0%
Czech Republic	0.0	0.0	0.0	Not relevant	1.8%
Ireland	0.0	0.0	0.0	Not relevant	NA
Israel***	0.0	0.0	0.0	Not relevant	0.4%
New Zealand	0.0	0.0	0.0	Not relevant	NA
Slovakia	0.0	0.0	0.0	Not relevant	1.0%
Switzerland	0.0	0.0	0.0	Not relevant	NA
Turkey	0.0	0.0	0.0	Not relevant	NA
United States	0.0	0.0	0.0	Not relevant	NA
OECD average	1.0	8.1	4.2	75%	16%
OECD median	0.4	0.0	1.5	78%	13%

* Full-rate equivalent weeks represents the weeks of paid leave received if the benefit were paid at 100% of previous wages for an individual earning the average wage. ** Includes data on countries where there is no paid parental leave reserved specifically for fathers but where fathers are able to take unpaid leave or some of the paid parental leave granted to mothers or families. *** Parental leave uptake rates for Israel and Australia are based on the share of mothers out of total benefit recipients who transfer some of their paid leave to their husband. Author's calculations and assumptions based on source documents listed.

Source: Liora Bowers and Hadas Fuchs, Taub Center.

Data: OECD (2015b); Moss (2014); European Foundation for the Improvement of Living and Working Conditions (2011); Hong and Lee (2014).

20 OECD countries grant some paid paternity leave reserved for the father to take immediately upon the birth of a child – and an average of 75% of men take up this benefit.

Thirteen OECD countries grant some weeks of paid parental leave (i.e., not necessarily immediately following childbirth, and not at 100% of wages) that is exclusively reserved for fathers, ranging from about two months in Sweden, Austria and Germany to one year in Japan.¹⁵ Overall, 25 countries in the OECD provide some paid leave that is reserved for fathers (either paternity or parental leave, or both), with the average duration of paid leave for fathers being nine weeks and the median length being two weeks. Because of the large variation in father-related leave policies – with a number of countries providing no paid leave and others providing large amounts of paid leave – the OECD median is more representative than the average in this case.

Alongside the number of paid weeks, it is important to consider the rate of payment. Because paternity leave tends to be quite short, countries usually pay 100% of the wage during that time for the average-wage worker (the “replacement rate”). In contrast, countries with long paid parental leave periods (19 or more weeks) tend to pay the benefit out at rates ranging from 20% to 65% of the salary (e.g., Japan, France, Netherlands).¹⁶ It is thus worthwhile to examine the full-rate equivalent weeks paid, a figure that represents the number of weeks of benefits received assuming a father earning the average wage is paid a benefit at 100% of his salary. The average full-rate equivalent weeks of paid leave reserved for fathers in the OECD is 4.2 and the median is 1.5.

Various policies to encourage leave-taking by fathers include financial bonuses or additional paid leave granted specifically to fathers (e.g., Germany, Sweden, Portugal) or an extension of the total leave time granted if fathers take some of the leave (e.g., Japan) (OECD, 2015). Germany’s implementation of a policy granting an additional two months’ paid leave if the leave is taken by the father increased the share of new fathers taking leave from 3% in 2003 to 29% in 2012 (Moss, 2014). A non-transferable father-specific benefit implemented in Iceland in 2001 led to an increase from 3% to 35% in the share of parental leave days taken by fathers (OECD, 2011).

The last column in Table 1 shows the impact of such policies. Across 24 OECD countries with available data, men represent an average of 16% of individuals taking parental leave, in contrast to only 0.4% of men in Israel who receive leave benefits from the National Insurance Institute. Nearly half of individuals taking some parental leave in Norway and Iceland are men. It seems that the countries that are most effective in getting fathers to take leave are those that provide some paid leave that is exclusively reserved for fathers, rather than just offering unpaid leave for fathers or a set of family benefits that can be taken by either the mother or the father. It is important to note however, that even in countries where a high share of fathers take leave, the length of their leave is substantially shorter than

OECD countries have various policies to encourage leave-taking by fathers. Germany’s implementation of a policy granting an additional two months’ paid leave if the leave is taken by the father increased the share of new fathers taking leave from 3% in 2003 to 29% in 2012 and a non-transferable father-specific benefit implemented in Iceland in 2001 led to an increase from 3% to 35% in the share of parental leave days taken by fathers (OECD, 2011).

¹⁵ Some OECD countries have parental leaves that are parental leave on the basis of family entitlement – that is, as a benefit that both parents can share – while others have individual entitlements that each parent receives, with some countries (e.g., Ireland) having a mix of both policies. The figures on leave exclusively reserved for fathers includes time that is only available for fathers, or additional “bonus” parental leave time that is granted to families if a father takes a certain minimum amount of the leave.

¹⁶ The replacement rate figures here are provided for the average-wage worker. Countries that pay benefits based on previous earnings often have a cap on the maximum salary for which the benefit is paid.

that of mothers. Furthermore, paid leave at a low wage replacement rate, such as in France, where the wage replacement rate for the average-wage worker is 18%, can also lead to low take-up rates among fathers. Nonetheless, culture and society still play an important role in leave-taking by men. This can be seen in the data on Japan (which has generous leave provisions for fathers), where traditional gender roles and demanding work environments lead to low uptake of parental leave benefits by fathers.

Based on the analysis shown in Table 1, granting one and a half weeks (about 10 calendar days) of paid leave for fathers would align Israel with the emerging norm in the OECD countries. At 100% wage replacement, adding one and half weeks of paid leave for fathers would be expected to cost the National Insurance Institute about NIS 190 to NIS 300 million per year, assuming 50% to 80% of employed fathers take up this benefit.¹⁷ This figure represents about 6% to 9% of the total 2015 spending on maternity leave benefits paid out by the National Insurance Institute.

Benefits available to mothers

Traditional cross-country comparisons of parental leave have focused on average weeks of leave per child (for which Israel is quite low in both paid and unpaid leave). The challenge with this approach is that Israel has such a high fertility rate, that both fiscally for the state (in terms of parental leave payments from the National Insurance Institute) and in terms of productivity and employment stability in the private market, it would be quite costly for Israel to provide similar lengths of leave as other countries on a per child basis. When it comes to benefits available to mothers, this brief examines leave on a “lifetime basis” (i.e., how many weeks of leave a mother would have over the course of her life, which takes into account that women in Israel have an average of 3.0 children as opposed to 1.7 children in the OECD), rather than on a “per child” basis.¹⁸

Figure 7 shows the number of lifetime paid weeks of leave available to mothers either through maternity or parental leave.¹⁹ Israel grants 42 weeks of lifetime paid leave on average (14 paid weeks multiplied by the average of 3 children per woman), as compared to a total of 81 weeks in the OECD on average. While the total length of paid leave is substantially shorter in Israel than in the OECD, as shown in Figure 7, Israel is quite generous with its payment rates during maternity leave, providing a benefit equal to 100% of the mother’s pay up to a high daily wage of NIS 1,460 (about \$380). In 21 OECD countries, the maternity leave benefit is paid at less than the full salary rate for women earning the average salary. As such, when comparing benefits on a full-rate equivalent (FRE) basis, Israel’s paid maternity leave benefit is very similar to the OECD average (42 lifetime FRE weeks

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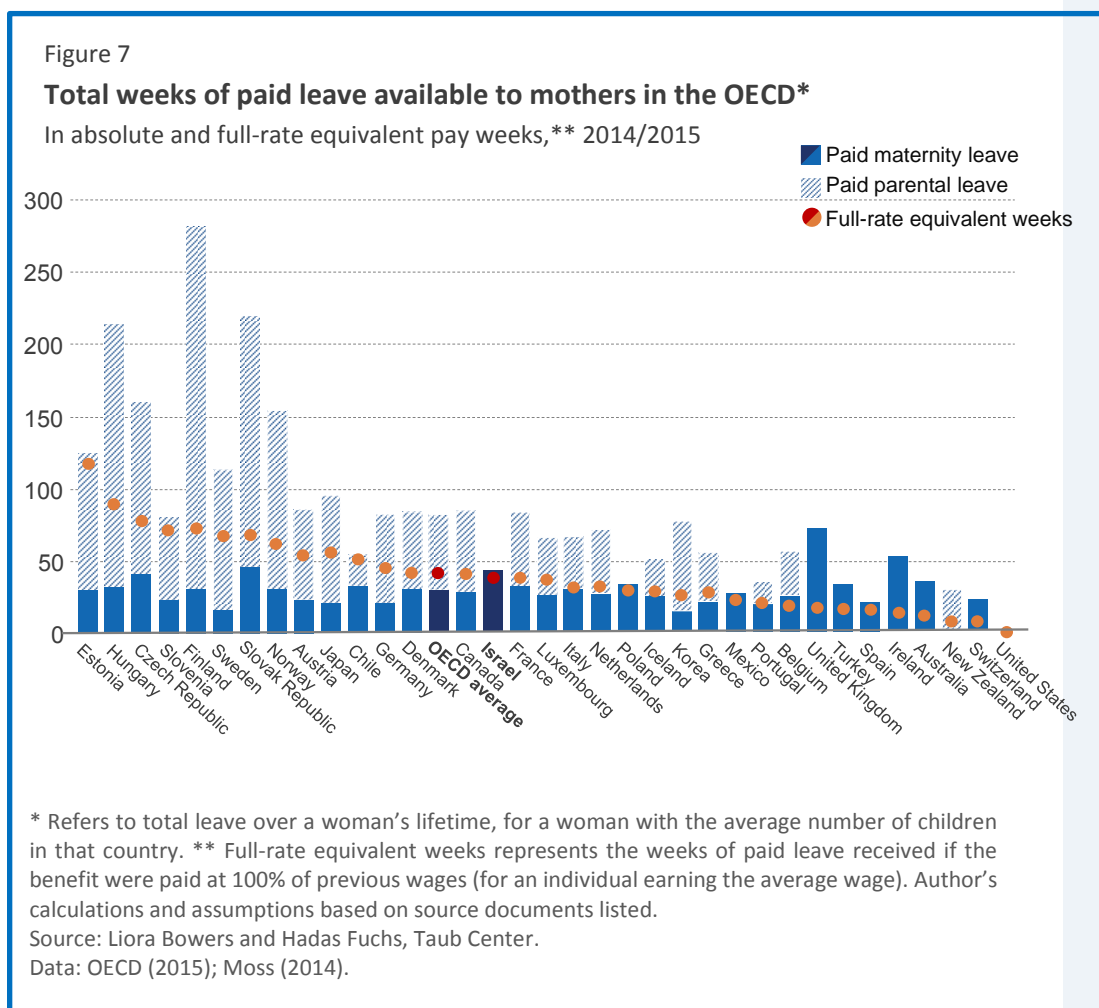
¹⁷ Based on 170,000 women receiving birth allowance in 2013 (National Insurance Institute, 2014), 82% employment rate among men ages 25-54 in 2014, and average monthly wage of NIS 7,849 for men ages 18-54 in 2014 (CBS, 2014).

¹⁸ The leave lengths discussed above for men are much shorter; therefore they have a much smaller impact on the labor market and do not necessitate an analysis based on “lifetime leave.”

¹⁹ The leave periods shown include all paid leave available to the mother, including those leave weeks that are a family entitlement (can be shared with the father) or weeks that can be transferred to the father.

in Israel compared to 44 FRE weeks in the OECD) and higher than that of 19 other OECD countries.

When comparing benefits on a “full rate equivalent” basis, Israel’s total maternity leave benefit in terms of paid weeks is very similar to the OECD average over the course of a woman’s life (42 weeks in Israel compared to 44 weeks in the OECD).



Along these lines, it is important to emphasize that Israel’s current policy, including full wage replacement during maternity leave – even if the length of paid leave is shorter – could be considered good.²⁰ First, receiving only a share of earnings during leave, as is the practice in a number of countries, may discourage fathers – who are more likely to have higher earnings – from taking part of the leave. Second, reducing a family’s take-home income from previous levels, right at the point when they have additional expenses due to a new child, adds an additional burden on families. Finally, a lower wage replacement rate accompanying a more prolonged leave may encourage women to be out of the workforce for longer periods of time than if they receive 100% wage replacement for a shorter period of time – thus ultimately hurting their longer-term employability, earnings and career advancement.

²⁰ Israeli women who are only eligible for 7 weeks of payment due to their employment history could effectively be considered to have only 50% wage replacement, as the law still requires them to take 14 weeks of leave.

As mentioned previously, Israel, along with a number of other OECD countries, offers an option for unpaid parental leave. In Israel, both men and women are eligible to take up to one-quarter of the length of their employment with a particular employer as parental leave, up to a maximum of one year.²¹ For a woman with the average number of children and who is eligible for the full leave provision, Israel actually offers a higher number of total weeks of unpaid leave than most OECD countries. In Israel, total leave granted for a mother over the course of her life is 200 weeks, in comparison to total leave of 127 weeks granted in the OECD, on average.

Aside from the fact that the length of unpaid leave in Israel is longer,²² in many ways, the unpaid leave provision in Israel is more confusing or more limited than that of other OECD countries. The official name of this benefit in Israel is “leave without pay,” while other OECD countries generally refer to it as either parental or childcare leave. As described in the following paragraph, the general public is unaware that this benefit is in addition to maternity leave. In Israel, this leave has to be taken immediately after maternity leave, while other countries offer more flexibility in this matter. Second, Israel is the only country to tie the length of unpaid leave to the length of employment. The most common requirement among OECD countries that grant parental leave benefits is 12 months of employment with a particular employer, (while a number of countries have less restrictive requirements). Individuals that meet the eligibility requirement level receive the full parental leave benefit. In practice, an Israeli woman who has worked for one year for an employer would only receive one week of parental leave in addition to the 26 weeks granted as maternity leave. Finally – in contrast to the twelve unpaid maternity leave weeks – there are a number of disincentives to using this benefit in terms of economic implications; aside from the lack of a paycheck, an employee does not accrue seniority, sick leave, or severance payment benefits.

In addition, there are a few administrative problems with the unpaid leave currently offered in Israel (although a direct comparison of these issues in other OECD countries is not available). First, awareness of this benefit is low. Most government publications or media discussions of leave benefits for parents focus exclusively on the 26 weeks of maternity leave and do not address the additional unpaid parental leave offered. The National Insurance Institute does not explain the full scope of benefits to new mothers – its communications with mothers

²¹ While the 14 paid weeks do not count against the parental leave time, the 12 unpaid weeks of maternity leave do.

²² Based on receiving unpaid leave at most for a period of time equal to one-quarter of the length of employment with a particular employer, an Israeli woman would have to work for 2.2 years or more for the same employer to be eligible for the same length of total lifetime paid and unpaid leave as in the OECD on average.

following birth focus on the amount of maternity leave pay to be received.²³ A study by the Ministry of Economy showed that two-thirds of working women who returned to the labor market after taking maternity leave would want the option to extend their unpaid maternity leave – that is, even though in practice this possibility likely already exists for many of them but they are unaware of it. Similarly, it was considered a major step when the government added an unpaid maternity leave benefit of 12 weeks in 2010 – even though, according to the law, a similar unpaid parental leave benefit has been available to many workers since the early 1950’s. Another problem is the lack of data. Over the years, there has been almost no data collected on how many individuals take advantage of this parental leave benefit, although a study by the National Insurance Institute showed that in 2010, 12% of mothers who left on maternity leave returned to work seven to twelve months following birth (Wasserstein and Toledano, 2014).²⁴

Given the above, there are several steps required should Israel wish to align with prevailing policies regarding parental leave in the OECD. First, Israel would need to change the name of the benefit from “leave without pay” to “parental leave” – which may in parallel increase awareness and understanding of this benefit. In addition, there would need to be a reduction in the length of unpaid leave by 24 weeks per child (73 lifetime weeks), or about six months. In addition, Israel would need to streamline the eligibility requirements to provide the full benefit of six unpaid months of leave to any individual who has worked for 12 months for the same employer (this provision matches the current requirement for the 12 weeks of unpaid leave considered “maternity leave”).

While it may seem detrimental to women to reduce the total length of leave available, doing so may be helpful in terms of its impact on women’s labor market outcomes. Long leave periods are more likely to hurt an employee’s overall standing in the job market with regard to skills, perceived commitment, promotions, training –and thus overall wages. Evidence shows that countries with particularly long leave entitlements for women tend to have lower rates of employment among mothers with children under three years old (OECD, 2011).

The above changes would serve to simplify the issue of leave in Israel, combining both the 12 weeks of unpaid maternity leave and “leave without pay” benefit into one unpaid parental leave benefit. In effect, following the 14 paid weeks of maternity leave, all women who worked for at least twelve months for the same

²³ A 2015 Ministry of Economy study showed that 36% of women are unfamiliar with any of the unpaid leave benefits offered to women (either the 12 weeks of unpaid maternity leave or the 52 weeks of “leave without pay” option) (Harris-Olshak, 2015). The share of women who are unfamiliar with the option of 52 weeks of “leave without pay” is likely substantially higher than this figure. About 29% and 16% of the women surveyed indicated they received their information regarding maternity leave benefits from either the National Insurance Institute or the media/internet, with another 45% receiving this information from their workplace or friends.

²⁴ In addition to those taking advantage of the official parental leave benefit, this 12% figure likely also includes women who continued on unpaid leave even if they were not technically eligible for it by law. The length of unpaid leave taken varies greatly within the various sectors in Israel. While the average length of maternity leave in Israel is 20 weeks, secular women take an average 22.5 weeks, while Haredi and Arab Israeli women take an average 15.1 and 17.1 weeks respectively (Harris-Olshak, 2014).

employer would have the option to take an additional up to six months of unpaid parental leave. Assuming that the same policies as the current 12 weeks of unpaid maternity leave would apply, women would also accrue seniority, sick leave and severance benefits during this time.

Transitioning back to work and workplace flexibility

The return to work following childbirth and maternity leave is a period of major transition for families. Legal protections and workplace practices that provide greater flexibility regarding use of parental leave benefits, full- or part-time employment, hours and location of work (office or home) can help smooth the transition and can also support women returning to work sooner after childbirth.

One such practice in various OECD countries is allowing parents to use their parental leave benefits in several intervals rather than only immediately after maternity leave. For example, in Estonia, parental leave may be used in several portions until a child's third birthday, and in Austria, each parent can postpone up to 13 weeks of leave to take until a child is seven years old.

There are several reasons why it may be beneficial to encourage parents to take some parental leave over the course of their child's first few years rather than all immediately following maternity leave. First, it would help ensure that a mother does not stay out of the labor market for one particularly long stretch at a time – helping to ensure her continuity in the workforce. This approach would also help address one of the major challenges that Israeli parents cope with – the higher number of vacation days in both the daycare and school systems relative to the number of national holidays granted to employees. It is common, for example, for daycare centers to close for several weeks in August, causing parents around the country to have to arrange alternative care by family members, friends, or babysitters or to use vacation days where they have them available.²⁵ Allowing parents the option to take some weeks of their statutory unpaid parental leave in August would be one potential valuable use of this benefit.

About half of OECD countries also allow a parent who worked full-time prior to childbirth to use his/her parental leave benefits in order to return on a part-time basis (OECD, 2011). In this light, Israel could consider a similar policy. This would mean that an individual who was employed full-time and is returning to the workforce after the birth of a child could spread the current allotment of up to 12 weeks (60 days) of unpaid maternity leave via a part-time option. This proposal would provide new parents with the option to return to work immediately after the paid 14 weeks at, for example, a 60% employment for 30 weeks (the equivalent of 60 days unpaid leave over this time).

Along with the fact that such a part-time leave option is common in many other developed countries, this policy was also found to be effective in the experience of a private sector leader here, Intel Israel. Intel instituted a program starting in 2003 that allowed women returning from maternity leave to come back in a part-time

Several OECD countries allow parents to use their parental leave benefits in a few intervals through their child's early years rather than only immediately after maternity leave. For example, in Estonia, parental leave may be used in several portions until a child's 3rd birthday, and in Austria, each parent can postpone up to 13 weeks of leave to take until a child is 7-years-old.

²⁵ Finding care for children during daycare or school vacation days is a major challenge for working households. A study by the Knesset Research and Information Center showed that Israel has the second highest gap between the estimated number of vacation days for pupils and that of parents during the school year (36 more vacation days for pupils than for parents) among 25 developed countries (Almagor, 2012).

capacity for a period of time. Between 2009 and 2011, 90 women in the company (or 15% of those who went on maternity leave) took advantage of this program. While only a relatively small share of women chose to participate, the program is estimated to have reduced the share of the women leaving the company after childbirth by 30% compared to previous years (Ministry of Economy, 2012).

In addition to returning to work on a part-time basis, there are other flexible working arrangements that are beneficial for improving the wellbeing of families and are worth highlighting. Regardless of their parental leave benefits, over half of OECD countries require employers to allow employees with young children to work part-time.²⁶ In most such countries, a worker also has the right to revert from part-time back to full-time upon request (OECD 2011). Part-time work options, while generally offering lower potential earnings and lower job security, often provide for lower stress and more time for family or other personal pursuits in exchange (OECD, 2011).

In addition, the general trend in OECD countries is to allow employees more flexibility with regard to working hours via adjusting starting and ending times, creating time “bank accounts” where extra hours are recorded and can be used as needed, or telecommuting/working remotely. About half of workplaces with ten or more employees in the European Union offer employees the option to bank extra hours towards additional leave.

The public sector in Israel can also be looked at as a leader in some areas highlighted above. Public sector employees are entitled to a longer period of “parenting hour” – through a child’s first birthday – than granted to other employees in Israel. They also have an 8 hour, rather than 8.5 hour workday at full pay through a child’s eighth birthday (benefits to be taken by either the mother or father, not both). In addition, a pilot program allowing individuals to work some hours from home is under development, and is designed specifically to encourage a higher share of women among public sector managers.

To align with the OECD, Israel would need to:

- 1) **Grant fathers 10 days of leave at full pay for each child born.**
- 2) **Combine the 12-week unpaid maternity leave and up to one-year “leave without pay” benefit into one standard unpaid parental leave benefit of six months.**
- 3) **Allow the use of parental leave benefits via a return to work on a part-time basis.**

²⁶ Laws vary by country, but a common requirement is that an individual would have been employed for a certain period of time prior to making such a request. Some of these countries also allow an employer to reject the request if there is a serious business reason not to agree to it (OECD, 2011).

Conclusion

Overall, the situation of women in the workforce in Israel is quite positive. The gap between male and female employment rates has been decreasing (with the rates of Jewish women similar to those of Jewish men) and women's employment rates in Israel have surpassed the rates in the OECD. The gap in average hours worked between the genders is decreasing and the hourly wage gap between the genders is similar to the average among other developed countries.

While having a young child does not affect the employment rate of men in Israel, it does affect that of women. Nonetheless, there has been a substantial increase in the employment rate of mothers with young children in the last twenty years, much more so than employment rates among non-mothers. Employment growth among mothers without an academic degree has been particularly robust. In many ways, Israel has shown a continuous dedication to encouraging both the professional and family life of women. The success of such efforts is demonstrated by a steady, high fertility rate along with these positive employment trends.

Nonetheless, there are specific measures that the country could take to align with other OECD countries, who are looking to further the professional opportunities of women, to promote greater sharing of household responsibilities between the genders, and to improve the well-being of working families. Aligning with OECD policies would mean that Israel would grant the equivalent of 1.5 weeks of leave at full pay to fathers for the birth of each child. It would also call for standardizing the unpaid leave benefit that exists today, granting a total of six months of parental leave (per child) for any individual who has worked at least 12 months for their current employer. Finally, similar to policies in other OECD countries, Israel may wish to facilitate the transition back to work by allowing parents to distribute the weeks of unpaid maternity leave via a part-time return to work. In addition, employer practices that enhance flexibility with regard to working hours and location can reduce the burden on families with young children while simultaneously improving productivity and morale in the workplace. Such policy actions are likely to advance the positive developments of recent years for Israeli women in the workforce.

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