



# High-Tech as a Driver for Intergenerational Mobility in Israel

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Within just a few decades, Israel has emerged as a thriving startup nation, with high-tech representing over half of Israeli exports, a quarter of the state's tax revenues, and Israel ranking third in the world in the number of startup companies listed on the NASDAQ stock exchange. However, alongside the prosperity and growth of the Israeli high-tech sector, inequality has expanded, manifest in wage gaps, disparities in education, and differences in employee skill levels. The result is that Israel's high-tech sector, which employs about 12% of the workforce, is composed mainly of Jewish men from central Israel. For large parts of Israeli society, the "Israeli dream" remains just that - a dream.

Researchers at the Israel Democracy Institute conducted an extensive study to identify the pathways to economic mobility in Israel, focusing specifically on the conditions that enable employees from weaker economic backgrounds (the bottom income quartile) to integrate into the high-tech industry. The goal of the research is to promote policy measures that would broaden access to high-tech. The study, a longitudinal analysis based on a large dataset (about half a million men and women), examined parental income, ethnicity, education, residence, salary, and employment status.

## Main findings

1. Only 5% of individuals who grew up in families in the bottom income quartile succeeded in integrating into Israel's high-tech sector. Even within this group, the representation of women and Arabs is particularly low.
2. Only 7.5% of those who grew up in households in the bottom income quartile possess higher education in fields relevant for work in high-tech (mathematics, science, and engineering). Degrees in other fields were not found to contribute to integration into the high-tech industry.
3. For Jews from the bottom quartile with relevant higher education, the likelihood of integrating into high-tech is the same regardless of whether they come from Sephardic or Ashkenazi families, or from the former Soviet Union.
4. There is a strong correlation between the number of mathematics and English units studied in high school and the likelihood of integrating into high-tech. The transition from 4 to 5 units is the most significant factor.
5. However, the strong correlation between education and employment in high-tech is far less significant when it comes to Arabs and women: A Jewish individual from the bottom quartile is five times more likely to integrate into high-tech than an Arab individual with the same background and education. A man from the bottom quartile is 1.5 times more likely to integrate into high-tech than a woman with the same background and education.