

Inclusive Growth

**A Compendium of Best Practices in Israeli Businesses
To Support Employees and Increase Social Mobility**

September 2019

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Introduction | Inclusive Growth in Israeli Businesses

The question of inclusive growth has been an issue of concern for governments and policy makers in the public sector and academia for years. Businesses, however, were mostly not troubled with this issue in its broad context.

Globalization processes and unprecedented technological development in recent decades have led to great economic growth internationally. However, this growth was not translated to the betterment of the standard of living. According to a recent study by Morgan Stanley in cooperation with BSR, over the past four decades productivity has increased by 72% and wages by 137% among the upper decile in the US; but among the rest of the population, wages increased by only 15.2%. The study asserts: "Inclusive growth's central premise is simple: Economic gains ought to be broad-based, sustainable and provide opportunity across the range of participants within that economic system. This begins with income, but also comprises access to health, education and economic advancement opportunities, regardless of gender, race, ethnicity, geography or other such circumstances".

In the Israeli context, employment rates have increased in recent years. Many population groups, which were previously excluded from the employment market, have started working in companies and sectors in which productivity is very low, employee wages are low and generally lack any career horizons.

Additionally, despite the decline in poverty levels among most population groups, the rate of poverty among the working population (employed and self-employed) continued to increase, and respectively so has the share of working families among the poor population (National Insurance Institute of Israel, 2016).

From its initial stages, Israeli Corporate Social Responsibility (CSR) has been addressing and emphasizing primarily social issues and themes. This is in congruence with public perceptions and expectation in Israel; and based on historic emphasis on social issues throughout the development of the Israeli market. Salary norms commonly include a substantial component of various benefits in addition to the defined salary, and employers increasingly use these to increase the welfare of employees, support them and their families and generate growth.

In response to the contemporary challenge of the working poor, Israeli companies have started to construct, to varying levels and as is presented by this document, processes for assistance, development and advancement for low-wage employees. Such practices intend to generate economic support for these employees, introduce horizons for their career development, provide them with tools for the changing world of employment and offer additional meaning in the workplace.

Reading this Compendium

This document is produced by Maala as a complementary tool to a series of comprehensive papers, projects and events addressing inclusive growth in Israel. It maps actions undertaken by Israeli companies in recent years to support their employees and promote social mobility.

This compendium can be used as a handbook or checkup tool for a company, or as a general guide and status report of the Israeli economy for investors interested in employee rights, through an analysis of activities by 150 companies participating in the **2018 Maala CSR Index** from various sectors, including food, banking, infrastructure, services, communications and others.

Maala has been working closely with **JDC-Tevet** in recent years to effectively enlist numerous large companies to partake in efforts to increase social mobility by assisting lower salaried workers break the chains of poverty and enable all employees, certainly those in large corporations, to earn a respectable living. As part of this joint project, the information in this document has been compiled from a variety of public sources and publications by Israeli companies, including their CSR reports, conversations and interviews with officers and other data collected by Maala, including the Maala 2018 Index.

This compendium is focused on the potential impact of the business sector, a topic that is high on the public agenda in Israel. Maala is also working on a book that will present various case studies along with insight and analysis on Business Impact on Inclusive Growth in Israel. The compendium presents corporate best practices "as-is", without diving into deep analysis and assessment of their impact. Some of

the examples in the compendium are detailed, and some are self-explanatory through their titles. For further reading we invite you to be in touch and follow the publication of the book, which will be launched at the Maala conference on December 4th 2019 in Tel Aviv.

Presented in this document are inclusive growth activities undertaken by Israeli companies addressing two main and complementary themes:

- **The personal and economic welfare of employees** | providing economic support and facilitating the personal welfare of low wage employees
- **Personal and professional capacity building** | developing soft skills and personal empowerment; capacity building and professional advancement

A series of examples of best practices are introduced for each of these themes, presented by the following three categories:

- **Ongoing and trending now** | general actions and common practices in businesses
- **Easy to adopt** | actions that could be easily and quickly implemented
- **Cutting edge** | inventive, advanced practices

List of companies that share their inclusive growth practices and have contributed information included in this compendium (in alphabetical order):

- Bank Hapoalim
- Bank Leumi
- Cellcom
- Clalit
- Dan Hotels
- Delta
- El Al
- Electra
- Google
- ISS
- Meitav Dash
- Microsoft
- Osem
- Plasson
- Rafael
- Shikun & Binui
- Siemens Israel
- Strauss Group
- Unilever Israel
- WIZO

Maala

Maala is a non-profit corporate membership organization promoting Corporate Social Responsibility (CSR) in Israel. It annually publishes the **Maala ESG indexes** on the Tel Aviv Stock Exchange and the **Maala GlobeScan Radar**, which studies the public expectations from businesses, and helps in defining their social license to operate. The annual **Maala International CSR Con(fair)ence: Innovation for Good Life** facilitates dynamic community discourse on CSR issues and responsible investments in Israel.

JDC-Tevet

Israel's Employment Incubator | JDC-Tevet is the leading developer of multi-dimensional employment services in Israel, effectively serving as a national R&D arm. It strives to create equal opportunities for the country's many minority populations by helping them enter the workforce and get ahead. Partnering with the Government of Israel, business and NGOs, JDC-Tevet develops and tests innovative, comprehensive programs that address the growing complexities of the world of work and the needs of those excluded from the labor market.

Inclusive Growth Best Practices | Lessons from Israel

	Personal and Economic Welfare	Personal and Professional Capacity Building
Ongoing & Trending now	<ol style="list-style-type: none"> 1. Increased minimum wage 2. Loans under improved conditions 3. Availability of social services 4. Day camps for children of employees 5. Health insurance 6. Support for major life events 7. Promoting healthy lifestyle 8. Availability of psychological services 	<ol style="list-style-type: none"> 1. Encouraging volunteering by employees of all ranks
Easy to adopt	<ol style="list-style-type: none"> 9. Crisis relief fund 10. Differential holiday gift vouchers 11. Transferring vacation credits between employees 12. Assistance for improving living conditions 	<ol style="list-style-type: none"> 2. Scholarships (academic and professional studies) 3. Financial education 4. Pre-retirement professional guidance 5. Parenting courses and workshops 6. Capacity building volunteering opportunities 7. Language courses 8. Digital literacy training
Cutting edge	<ol style="list-style-type: none"> 13. Education and training funds for all employees 14. Participation in daycare funding for children of employees 15. Shares/stock option allocations for all employees 16. Vacation-time work opportunities for children of employees 17. Differential vacation subsidies 18. Bonuses for all employees 19. Subsidizing and encouraging recreational activities 20. Subsidizing tutorials and teaching assistance for children of employees 	<ol style="list-style-type: none"> 9. Basic professional capacity building 10. Developing personal skills 11. Developing career tracks for entry-level employees 12. Mentoring programs for low wage employees 13. Supporting caregivers

Personal and Economic Welfare

Economic support and welfare benefits that impact employees and their families

Ongoing and trending

1. Increased minimum wage
2. Loans under improved conditions
3. Availability of social services
4. Day camps for children of employees
5. Health insurance
6. Support for major life events
7. Promoting healthy lifestyle
8. Availability of psychological services

1. Increased Minimum Wage		2. Loans Under Improved Conditions	
Action	Determining an increased minimum wage in the company, beyond the legal requirement.	Action	Offering loans with better conditions and interest rates than those offered by financial institutions.
Details	<ul style="list-style-type: none"> • Determining a company minimum wage. • The salary increase can be defined either as an absolute sum or relative to the minimum wage defined by law. • The wage increase would be relevant to salaries up to a company set cap. 	Details	<ul style="list-style-type: none"> • Providing interest free loans with beneficial return rates, including a salary repayment option. • Providing low interest loans with flexible and convenient repayment terms. • Loans are provided by an orderly mechanism and/or designated committee. • Loans via social worker/welfare office.
Maala Index Stats Report	35% of companies partaking in the Maala Index declare that they pay an increased minimum wage to employees in lower wage levels in the company.	Maala Index Stats Report	68% of companies partaking in the Maala Index declare that they offer loans under beneficial conditions, on behalf of the company, to employees in lower wage levels.

Personal and Economic Welfare

3. Availability and Accessibility of Social Services

Action	Using the services of social and welfare workers, to ensure utilization of social rights to which employees are entitled.
Details	<ul style="list-style-type: none"> • Discreet social services to assist and mediate with regards to employee rights and obligations. • Provided either as an internal service or via consultation provided by an external organization or association. • Hotline – either constantly available or during predefined times that are made known to employees. • Support services, including emotional support.
Maala Index Stats Report	56% of companies partaking in the Maala Index declare that they have available social services to be used by employees in low wage levels in the company.

4. Day Camps for Children of Employees

Action	Day camps for children of employees / providing economic support to enable external day camps during long vacations in the education system.
Details	<ul style="list-style-type: none"> • Financial support during kindergarten and school holidays for employees with young children (of specific ages), as support for day camp costs. • Holding a day camp / framework for children of employees as part of- or within the workplace during the summer months.

5. Health Insurance

Action	Company participation in private health insurance payments for employees and in some cases their families as well.
Details	<ul style="list-style-type: none"> • Offering health insurance programs with improved terms and conditions for employees and their family members. • Full or partial funding by the company. • Providing explanations on the various insurance plans with emphasis on the employee's personal status.
Maala Index Stats Report	75% of companies partaking in the Maala Index declare that they participate in health insurance fees of their lower wage level employees.

6. Support for Major Life Events

Action	Various benefits intended to improve the quality of life of employees, cultural and recreational activities and major life events.
Details	<ul style="list-style-type: none"> • Subsidizing cultural and recreational activities. • Company-organized vacations for employees and their families. • Celebration kits for special occasion (birthdays, births, first day at school, joining the army, weddings, etc.). • Mourner condolences kits.

Personal and Economic Welfare

7. Promoting Healthy Lifestyle

Action

A variety of activities to promote a healthy lifestyle for company employees and their family members.

Details

- Workshops and sporting activities for employees and their family members.
- Promoting healthy nutrition in the workplace – in collaboration with dieticians and experts.
- Lectures promoting healthy lifestyles (nutrition, physical activity and exercise, quitting smoking, weight watchers etc.).
- Periodic health checkups.
- Funding/subsidizing gym memberships.
- Courses and trainings, varied actions to encourage physical activity and disease prevention, medical services etc.

8. Availability and Accessibility of Psychological Services

Action

A package of psychological aid and support services, either fully funded or subsidized by the company, via telephone consultation or personal sessions.

Details

- Making psychological services available to employees at full or subsidized costs.
- Possibilities of face-to-face personal sessions or services via telephone.

Personal and Economic Welfare

Easy to adopt

- 9. Crisis relief fund
- 10. Differential holiday gift vouchers
- 11. Transferring vacation credits between employees
- 12. Assistance for improving living conditions

9. Crisis Relief Fund	
Action	Establishing an assistance relief fund for times of crisis encountered by company employees and their families.
Details	<ul style="list-style-type: none"> • A designated fund to assist employees and their families in crisis situations. • A crisis can be in a medical, economic, family or other context. • The fund can be sponsored by the company, and at times also financed by employees. • Sometimes an external association is established to manage the fund.
Maala Index Stats Report	47% of companies partaking in the Maala Index declare that they manage a crisis relief fund for employees in low wage levels in the company.

10. Differential Holiday Gift Vouchers	
Action	Allocation of gift vouchers on holidays, based on rank/salary of the employee.
Details	<ul style="list-style-type: none"> • Differential distribution of gift vouchers, with preference to low wage and entry level employees. • Provided either regularly or during times with heavy economic expenditures (such as holidays).

Personal and Economic Welfare

11. Non-fiscal Benefits to Employees		12. Assistance for Improving Living Conditions	
Action	Benefits provided by way of products and services, rather than direct transfer of funds to employees.	Action	Assistance provided to employees whose homes need renovation, painting, purchase of furniture, electricity repairs etc. [Benefits provided by way of products and services, rather than direct transfer of funds to employees]
Details	<ul style="list-style-type: none"> • Benefits that are not based on direct payment to employees. • Provided either regularly or during times with heavy economic expenditures (such as holidays). • Benefits can be expressed by providing products at no cost / substantial subsidies (food baskets, discounted products etc.); assistance in home renovations and so forth. 	Details	The company might provide materials, while work is undertaken by volunteering company employees.
Maala Index Stats Report	49% of companies partaking in the Maala Index declare that they provide money-equivalent benefits, such as discount products, for employees in low wage levels in the company.	Maala Index Stats Report	In addition to section 11 (non-fiscal benefits), 47% of companies partaking in the Maala index declare that they offer a fund for assistance to employees in times of crisis.

Personal and Economic Welfare

Cutting Edge

- 13. Education and training funds for all employees
- 14. Participation in daycare funding for children of employees
- 15. Shares/stock option allocations for all employees
- 16. Vacation-time work opportunities for children of employees
- 17. Differential vacation subsidies
- 18. Bonuses for all employees
- 19. Subsidizing and encouraging recreational activities
- 20. Subsidizing tutorials and assistance for children of employees

13. Education and training Funds for All Employees

Action	<p>Education and training funds for all employees, regardless of role, salary, etc.</p> <p>[Education and training funds are a tax-exempt multi-annual savings channel. The funds can be withdrawn after a relatively short period of time, 6 years only, without additional conditions.]</p>
Details	<ul style="list-style-type: none"> • Opening an education and training fund either voluntarily by the employee or under collective agreements for all employees. • This way the company provides its employees with a profitable, tax-exempt savings channel.

14. Participation in Daycare Funding for Children of Employees

Action	<p>Financial support for daycare payments for employees with young children.</p>
Details	<ul style="list-style-type: none"> • Assistance in funding the costs of daycare for young children. • Support can be given as either a one-time grant or a fixed monthly allowance, in accordance with the children's ages.

15. Shares/Stock Option Allocations for All Employees

Action	Fiscal benefits, such as allocation of bonus payments, stock options, shares etc.
Details	<ul style="list-style-type: none"> • Benefits are given either to all employees, or in a differential manner, dependent on salary levels. • At times benefits are only given to low wage earners. • Fiscal benefits awarded either directly as salary supplements (bonuses), or by way of shares and stock options. • At times benefits are awarded according to employee status and needs – care for children, elderly parents, etc.
Maala Index Stats Report	67% of companies partaking in the Maala Index declare that they award bonuses, raise wages and/or provide various benefits in a differential manner to low wage employees in the company.

16. Vacation-Time Work Opportunities for Employees' Children

Action	Providing day-camps or assistance for vacation-time solutions for employees' children during relevant times of the year.
Details	Providing options for paid employment for working-age children of employees during school vacations.

17. Differential Vacation Subsidies

Action	Varied benefits intended to improve employees' quality of life.
Details	Subsidizing company vacations for employees and their families.

18. Bonuses for All Employees

Action	Bonus payments to all company employees, in varied roles and ranks.
Details	Paying regular or periodic bonuses to all company employees, including low-wage and entry role employees.

19. Subsidizing and Encouraging Recreational Activities

Action	Varied benefits intended to improve employees' quality of life.
Details	Subsidizing cultural and recreational activities.

20. Subsidizing Tutorials and Learning Assistance for Children of Employees

Personal and Professional Capacity Building

Programs to enhance employees' personal and professional potential.

These actions could impact the self-perception of employees concerning their abilities and growth potential.

Ongoing and trending

1. Encouraging volunteering by employees of all ranks

1. Encouraging volunteering by Employees

Easy to adopt

2. Scholarships (academic and professional studies)
3. Financial education
4. Pre-retirement professional guidance
5. Parenting courses and workshops
6. Capacity building volunteering opportunities
7. Language courses
8. Digital literacy training

Personal and Professional Capacity Building

2. Scholarships (Academic and Professional Studies)

Action	Providing scholarships for employees and their family members, to attain academic and/or professional education.
Details	<ul style="list-style-type: none"> • Scholarships for academic studies and/or varied professional training programs. • Level of funding ranges between partial coverage of tuition fees to full funding of degree studies over several years. • Scholarships awarded to be used by employees themselves and/or their family members. • Decisions regarding the award of a scholarship are in accordance with published criteria or the decisions of a designated committee. • Tutorials given/subsidized for children of employees.
Maala Index Stats Report	58% of companies partaking in the Maala Index declare that they award scholarship to company employees (with emphasis on low wage earners) and their families.

3. Financial Education for Prudent Household Economic Conduct

Action	Guidance and counselling services for prudent economic conduct and financial freedom for employees and their family members.
Details	<ul style="list-style-type: none"> • Counselling and accompaniment, ranging between providing tools and financial education to economic conduct at times of crisis. • Continuous accompaniment by expert counsellors or organizations, or by experts within the company, either free of charge or substantially subsidized. • Counselling is provided either comprehensively to all interested employees, or by proactively approaching employees who have been identified as most in need. • Counselling can be singular or as a constructed process of several sessions over a period of time. • Accompaniment ranges between individual employee consultation and holistic comprehensive family accompaniment.
Maala Index Stats Report	42% of companies partaking in the Maala Index declare that they conduct guidance, counselling or training for household economic conduct for low wage employees in the company.

Personal and Professional Capacity Building

4. Pre-retirement Professional Guidance	
Action	Counselling regarding retirement and pension plans for employees through the course of their careers.
Details	<ul style="list-style-type: none"> • Educating employees regarding retirement, with emphasis on pension savings, their available options and future implications. • Counselling in the adaptation of a particular pension plan for the needs of each employee. • Various workshops for employees regarding pension savings.
Maala Index Stats Report	61% of companies participating in the Maala index declare that they provide counselling for the construction of savings and pension plans for low wage employees in the company.

5. Parenting Courses and Workshops	
Action	Courses and workshops that include information and practical tools for employees, to improve their conduct within their family units.
Details	<ul style="list-style-type: none"> • Parenting courses or workshops. • Lectures and information on caregiving and supporting elderly parents. • Lectures and workshops about relationships. • Courses are provided in cooperation with professional organizations and/or consultants. • Courses are either fully funded or subsidized by the company.

6. Capacity Building Volunteering Opportunities

7. Language Courses

8. Digital Literacy Training

Personal and Professional Capacity Building

Cutting Edge

- 9. Basic professional capacity building
- 10. Developing personal skills
- 11. Developing career tracks for entry-level employees
- 12. Mentoring programs for low wage employees
- 13. Supporting caregivers

9. Basic Professional Capacity Building	
Action	Acquiring professional tools and skills, which are not directly related to the employee's occupational field.
Details	<ul style="list-style-type: none"> • Providing basic professional skills such as: computer skills, language courses, digital literacy etc. • Skills that would enable employees to advance in professional fields that are not necessarily their current occupation.

10. Developing Personal Skills	
Action	Activities enriching and developing employees' personal capacities.
Details	<ul style="list-style-type: none"> • Developing general personal capabilities to enhance confidence, soft skills, etc. • A variety of activities such as: self-marketing, coaching, public speaking, entrepreneurship courses etc. • Activities and courses are provided either by external organizations and bodies, or by professional factors within the company.

Personal and Professional Capacity Building

11. Developing Career Tracks for Entry-level Employees	
Action	Constructing career tracks for professions of high demand, generating advancements for entry-level employees.
Details	<ul style="list-style-type: none"> • Possibilities for employee hiring and development in places of sectoral structural difficulty, making it harder to hire junior role employees and causing chronic employee turnover. • Creating a roadmap demarcating main roles within the organization and providing information concerning transition opportunities between these roles. • Characterization of skills, qualifications, education and experience needed for the mobility of employees within the organization. • Career advancement tracks enable employers to maintain their attractivity with regard to hiring and retention of employees over time; and provides employees with the opportunity of professionalizing and transitioning from entry level positions to more advanced and rewarding jobs. • Such advancement tracks are not generated through natural processes; they must be constructed and managed.
Maala Index Stats Report	37% of Maala rated companies attested that they had developed career tracks for entry level employees.

12. Mentoring Programs for Low-wage Employees	
Action	Senior ranking employees in the organization volunteer as employment mentors, aiming to promote and empower low wage employees.
Details	<ul style="list-style-type: none"> • The program offers training for mentors within the organization, to accompany entry-level employees. • The mentors assist to clarify their mentees' professional identity; construct a professional horizon; provide a systemic view of the organizations, etc. • Both mentors and mentees benefit in the process.

13. Supporting Caregivers