

# Measuring and Assessing Well-being in Israel

## Key findings



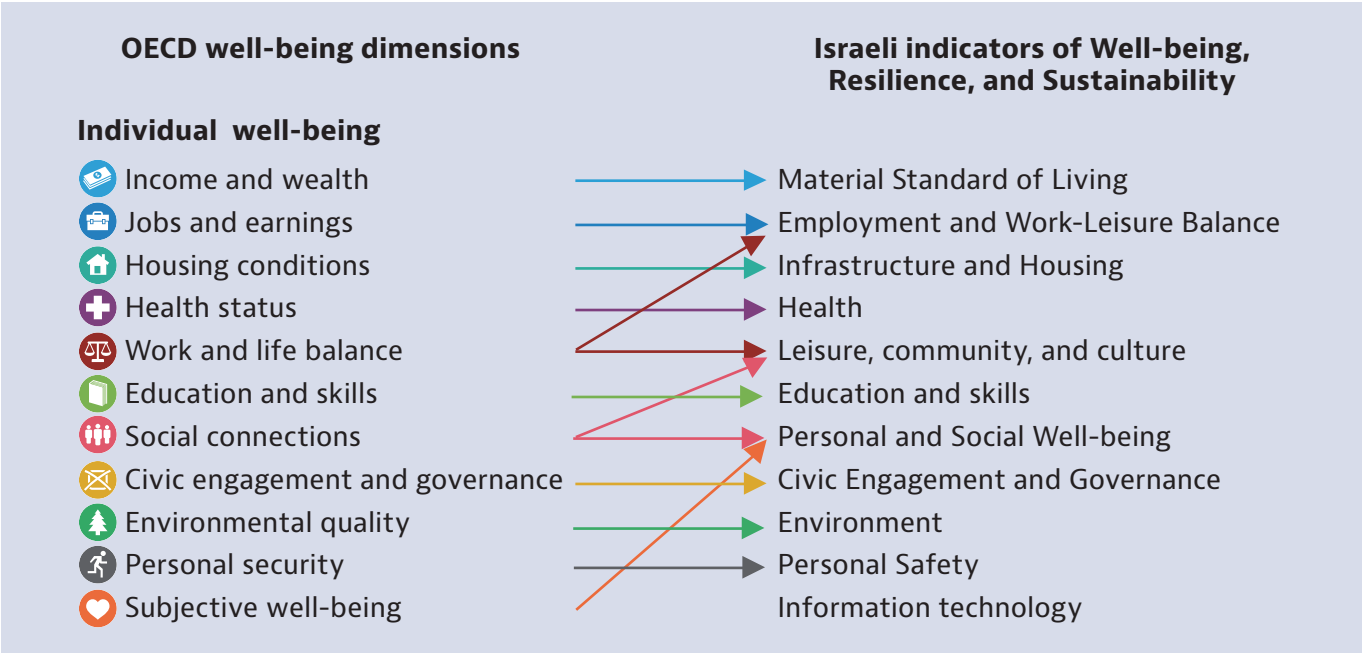


# Measuring and Assessing Well-being in Israel

## Key findings

Measuring and Assessing Well-being in Israel is intended to complement the indicators of “well-being, resilience, and sustainability” developed by the Israeli government. The objective of this OECD report is threefold: inform policy makers and citizens about the methodological issues that need to be considered when measuring well-being; assist the Israeli government in establishing its own set of well-being indicators relevant for Israel; and allow for international comparison across all OECD member countries for all of the 11 dimensions included in the OECD’s well-being framework. Applying this framework to Israel allows the OECD not only to describe the level and distribution of well-being in the country, but also to go beyond this to look at the sustainability of well-being over time, how well-being measures can be used to inform policy, and identify the key data gaps associated with measuring well-being in Israel.

### The OECD and Israeli well-being frameworks are very similar



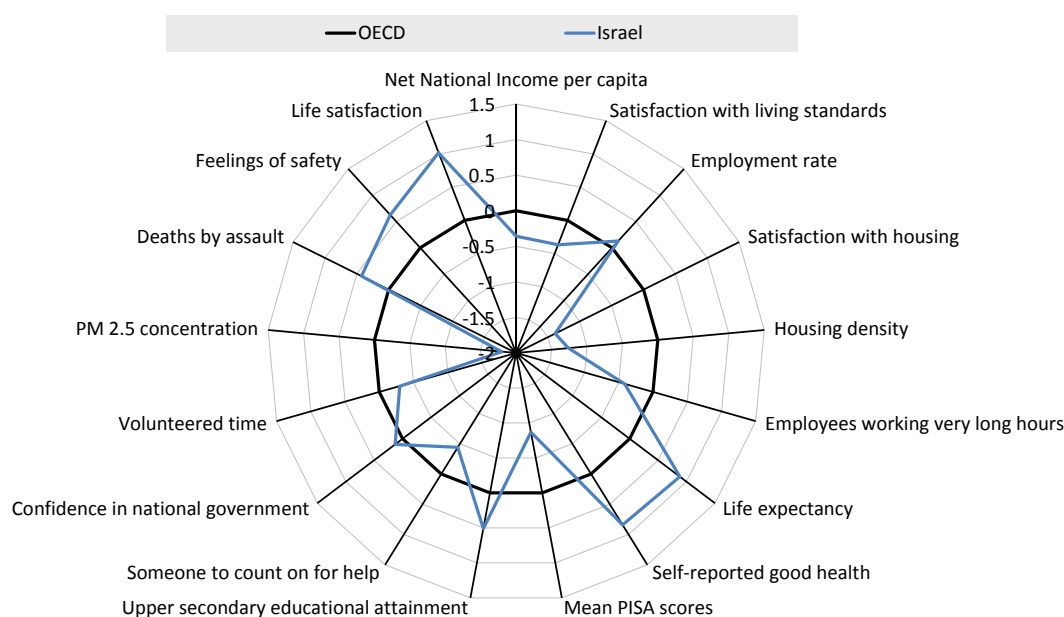
## Key findings

### Israel is among the top performers in some dimensions of well-being, but in others Israel performs relatively poorly

While on some aggregate measures, Israel performs well and is among the best in the OECD, particularly in terms of life satisfaction, health status and educational attainment – it also presents some of the poorest outcomes in the OECD in areas such as income poverty, housing and air quality (refer to Figure 1). Within individual well-being domains, such as education, comparatively high upper secondary and tertiary educational attainment rates contrast with comparatively low learning outcomes of students, as measured by PISA scores (refer to Figure 2).

**Figure 1. Well-being outcomes in Israel compared with the OECD average**

Performance in selected indicators, 2014 or latest year available

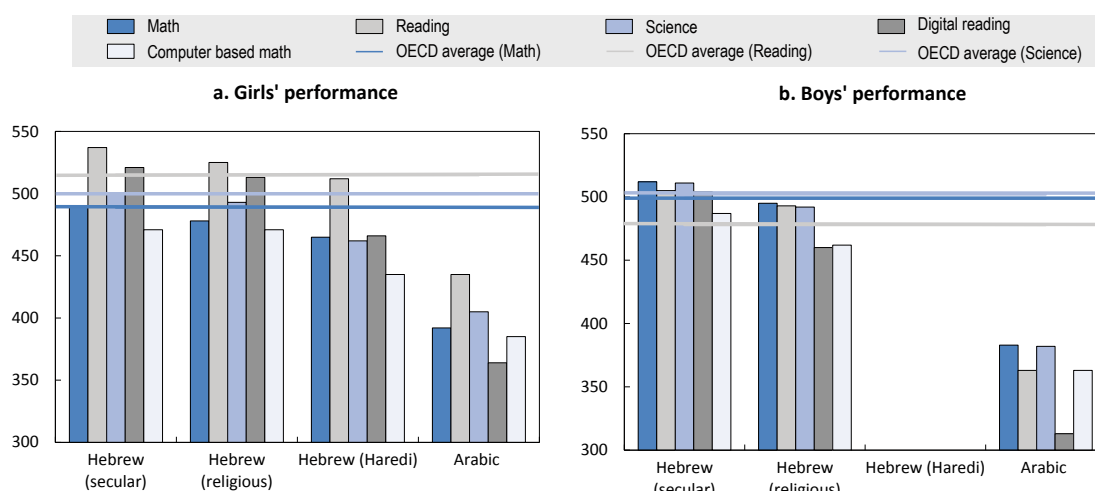


Note: Well-being outcomes for Israel are expressed as a ratio of OECD average outcomes, measured in standard deviations. All indicators have been normalised so that a higher score implies a better outcome. The circular line indicates the OECD average, while the blue line indicates Israel's performance. Outcomes in Israel are above the OECD average when the blue line lies outside the black circle.

Source: Gallup World Poll; OECD Labour Force database; OECD Health database; OECD PISA database; OECD Regional Well-being database.

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**Figure 2. Israeli students' learning outcomes by type of school and gender (PISA 2012)**



Note: No PISA data available for Haredi boys' schools.

Source: National Authority for Measurement and Evaluation (RAMA).

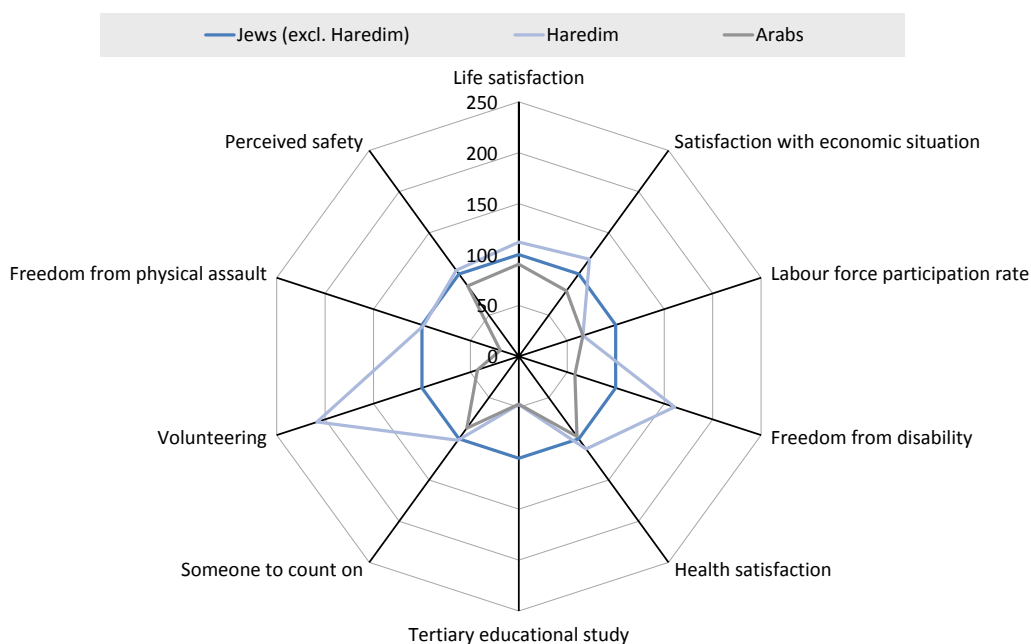
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## Average measures alone do not give a complete picture of well-being conditions

Assessing well-being outcomes at the country-level requires taking into account differences between people and population groups. Israel is a highly diverse society with large differences in well-being outcomes between the Jewish and the Arab populations, and also between different sub-groups within each population. Arabs are unambiguously disadvantaged across all well-being dimensions for which measures are available they experience higher rates of poverty, and lower levels of labour force participation, educational attainment and health status. These multiple disadvantages are likely to be mutually reinforcing with, for example, low educational attainment leading to unfavourable labour market outcomes. In contrast, while Haredi Jews also experience higher levels of income poverty and lower levels of labour force participation and educational attainment, they tend to report much higher levels of satisfaction with their life, economic situation and health (refer to Figures 3 and 4).

**Figure 3. Well-being indicators in Israel, by population group**

Well-being outcomes for Haredim and Arabs, benchmarked against outcomes for non-Haredi Jews

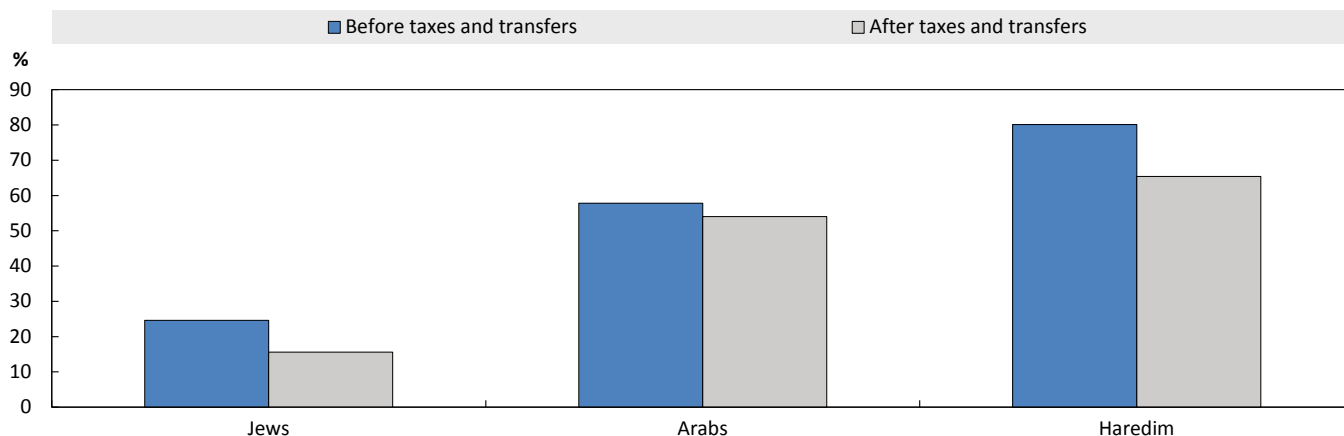


Note: Well-being outcomes for Haredim and Arabs are expressed as a ratio of average outcomes for non-Haredi Jews, measured in standard deviations. All indicators have been normalised so that a higher score implies a better outcome. The circular dark blue line indicates the average for non-Haredi Jews, while the light blue and grey lines respectively indicate the performance of the Haredi and Arab populations. Outcomes in Israel are above the OECD average when the blue line lies outside the black circle.

Source: Israeli General Social Survey 2012.

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**Figure 4. Poverty rate by population group in Israel, before and after taxes and transfers (2012)**



Note: Incidence of poverty refers to the share of people living below the poverty line, defined as half the median available monetary income. Public transfers are limited to those paid in cash, i.e. excluding in-kind transfers such as health and education. The Haredi population was calculated based on the Gottlieb-Kushnir method (Gottlieb and Kushnir, 2009).

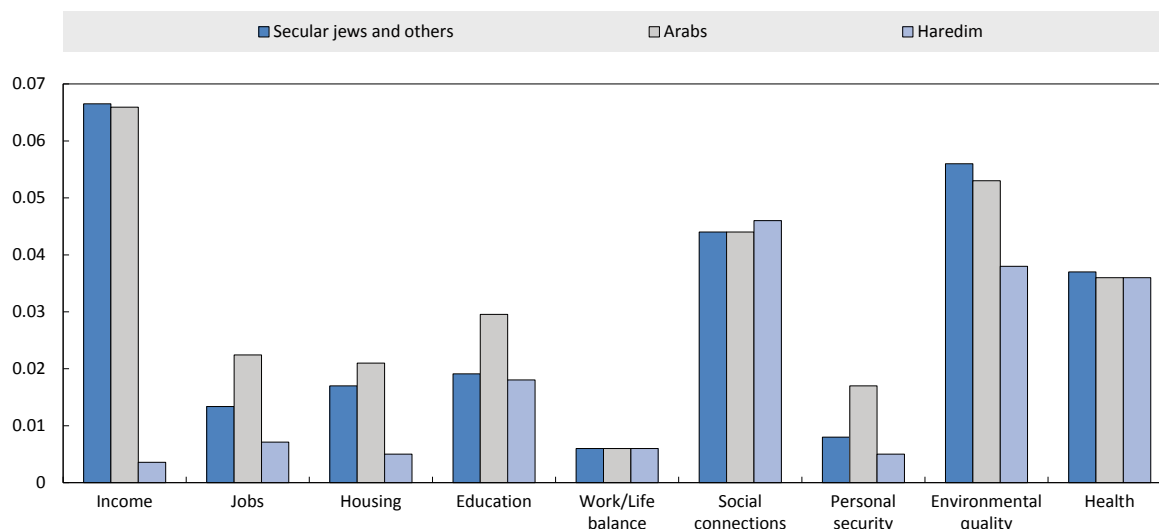
Source: National Insurance Institute 2012.

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## The drivers of well-being are largely the same for Arab Israelis and secular Jews, but differ for Haredi Jews

An analysis based on the Israeli Social Survey suggests that Haredi outcomes reflect differences in preferences across well-being outcomes, and thus suggests that improving outcomes for this population group in terms of income, education and jobs, to the level of Israeli society as a whole will be challenging. In contrast, Arab Israeli preferences mirror those of non-Haredi Jews relatively closely, suggesting that if the social and economic causes of poor Arab outcomes are addressed, there is scope for improving overall national well-being (refer to Figure 5).

**Figure 5. Relative weights given to well-being dimensions, by different population groups**



Note: Based on econometric estimates of determinants of life satisfaction. All values for secular Jews and others are significant at  $p = 1\%$ ; all values for Arabs are significant at  $p = 1\%$  except work/life balance which is not significant; education, social connections, environmental quality and health status are significant for Haredim at  $p = 1\%$  and jobs is significant at  $p = 5\%$ .

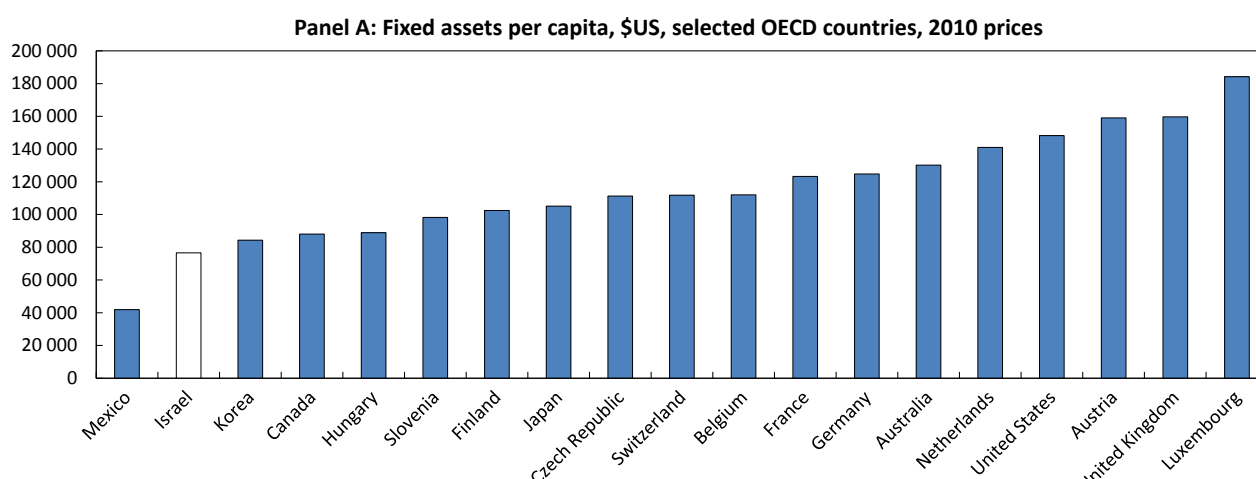
Source: OECD analysis based on data from the General Social Survey of Israel.

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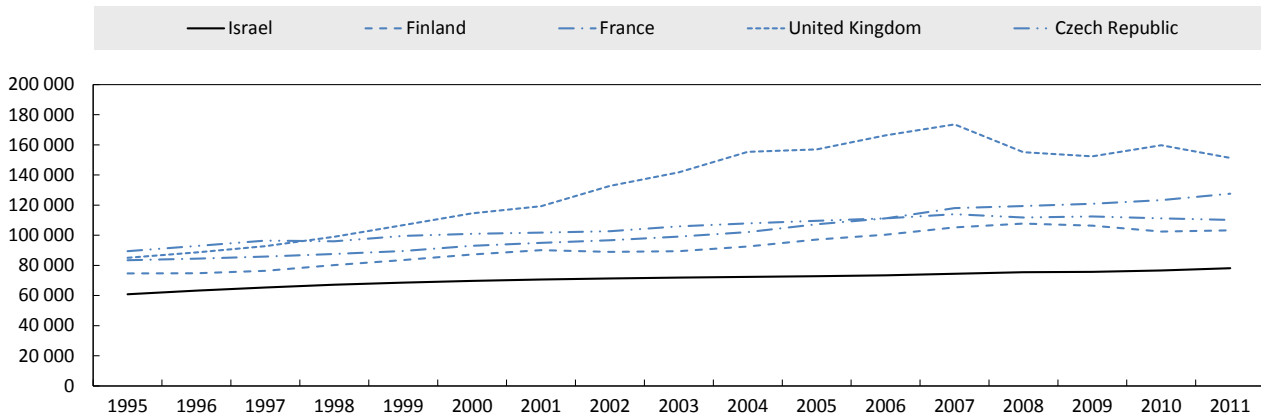
## The sustainability of well-being in Israel depends on preserving the country's economic, natural, social, and human resources

In addition to looking at well-being today, it is also important to think about the sustainability of well-being over time. Current well-being depends crucially on the resources – or “capital stocks” available to a society. The level of economic capital, human capital, natural capital, and social capital available to a country determine the level of well-being it is possible to support. Although Israel has relatively low per-capita levels of economic capital compared with other OECD countries, this has been steadily increasing over time. Unlike many OECD countries, the 2008 financial crisis had relatively little impact on either the stock of produced capital or its rate of growth (refer to Figure 6).

**Figure 6. Fixed assets per capita, in Israel and in selected OECD countries**



Panel B: Fixed assets per capita, \$US, 2010 prices



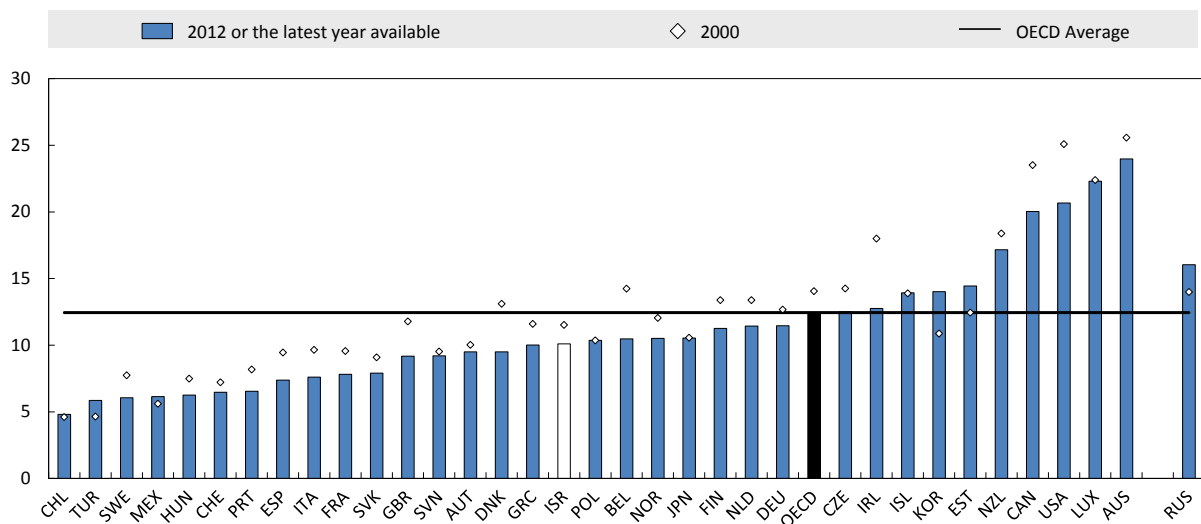
Note: Fixed assets are the most direct measure of the value of the economic capital stock of a country, and provide an indication of the physical resources available to enter the production process. Fixed assets per capita are calculated based on the sum of past investments in capital (such as structures, machinery, and equipment) adjusted for depreciation.

Source: OECD, 2014.

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Israel's levels of human capital, measured by the educational attainment and labour force participation rates of the population, are significantly below the OECD average, mostly due to low labour market participation among Arab-Israelis and Haredi Jews. It is difficult to draw a clear overall picture of the state of natural capital in Israel and how this compares with other countries given the limited set of internationally comparable information available. However, within the limited range of information available, such as carbon emissions (refer to Figure 7) and fresh water extractions, Israel fares relatively well. The picture with regards to social capital in Israel is mixed. Levels of generalised trust are relatively high (refer to Figure 8). However, perceived corruption in Israel is also high, which is a cause for concern and is in contrast to confidence in the national government.

Figure 7. Greenhouse gas emissions from domestic production  
Kilograms per capita of CO<sub>2</sub> equivalent, in thousands

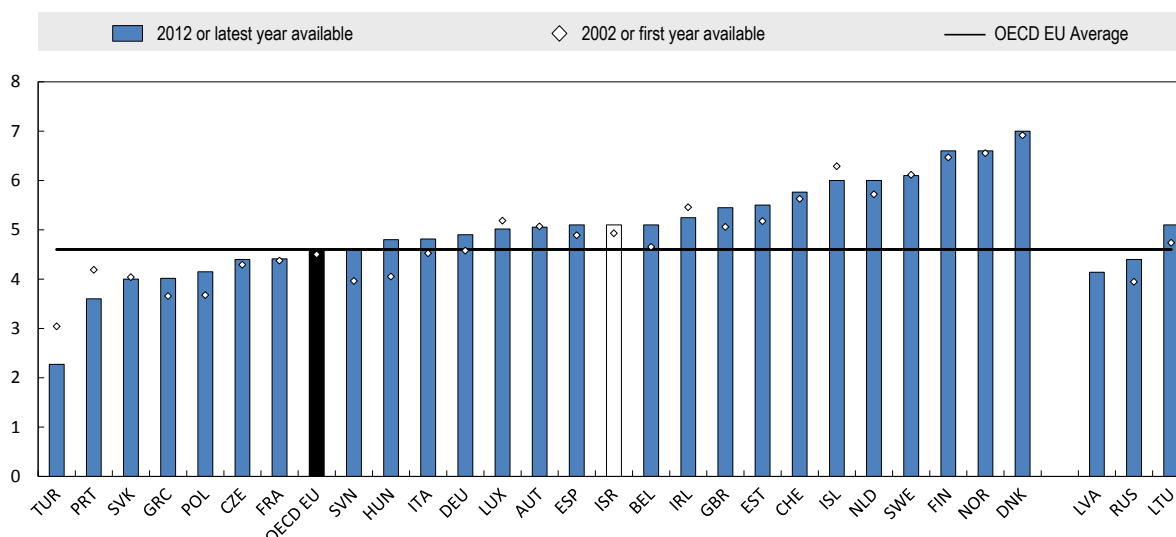


Note: The latest available year is 2011 for Israel and Korea; 2010 for Mexico; and 2006 for Chile. The OECD average is population-weighted.

Source: "Greenhouse gas emissions by source", OECD Environment Statistics (database), <http://dx.doi.org/10.1787/data-00594-en>.

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**Figure 8. Trust in others in Israel and European countries, 2002-2012**



Note: The first available year is 2004 for Estonia, Iceland, Slovak Republic, and Turkey; 2006 for Russian; 2010 for Lithuania. The latest available year is 2004 for Luxembourg; 2006 for Austria; 2008 for Turkey; 2010 for Greece. Data for Latvia are only available for 2008.

Source: ESS (European Social Survey), [www.europeansocialsurvey.org](http://www.europeansocialsurvey.org).

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## Israel has a sound base of statistical information for measuring well-being

The analysis in this report is grounded in a strong official statistical system collecting information on a broad array of relevant well-being dimensions. The Central Bureau of Statistics (CBS) collects a wide range of data relevant to measuring well-being, and much of this is published in a format very close to that required for effectively monitoring current well-being from a domestic or international perspective. However, there are a number of measurement gaps related to measuring sustainability, in particular in the area of natural capital, and it is difficult to make international comparisons or look at change over time for many of the indicators relating to the other capital stocks. This is an area where Israel is well positioned to make significant progress if relevant measures are identified among the new indicators of well-being, resilience and sustainability, and the Israeli statistical office is resourced to collect them.



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