

## Entrepreneurship in the Ethnic Ultra-Orthodox Enclave: the Case of the Haredi Minority in Israel

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### ABSTRACT

This study examines a unique "ethnic enclave" group which has special attributes – the ultra-orthodox minority in Israel (called Haredim).

### INTRODUCTION

Entrepreneurship is considered an efficient lever for the development and advancement of minority groups' economy (Bates, 2011; Bates et al., 2018). It's important role in solving societal issues has been already identified in the past (Porter and Kramer, 2011) and might help unemployed in the aftermath of a crisis such as the coronavirus crisis to eliminate inequality in minorities' standards of living. For minority groups that segregate themselves from society at large due to religious belief and tight social control of the community (we define them as "ultra-religious minority groups") avoiding integration in society is a willful behavior with various implications. This segregation has economic ramifications due to their societal isolation from the general population. Members of minority communities with unique cultural traits including occasionally external appearance tackle several difficulties in employability and their ability to maintain reasonable standard of living. These socio-economic challenges call for government financial involvement which burdens the state budget. Consequently, the entrepreneurial track as a possible solution for these problems has drawn obvious research interest. In Israel, for example, research shows a rise in intentions among adult population to establish new businesses both on the part of veteran population and minority sectors — the ultra-religious sector and the Arab sector (Global Entrepreneurship Monitor, 2017-2018). The figures from one of the minority sectors in the sample — the *Haredi* (the ultra-religious sector) — contributed to an overall rise of the TEA (Total Early-Stage Entrepreneurial Activity) entrepreneurship

level by almost 14%. This datum focuses attention on the impact of minority groups' entrepreneurship on their economy and chances of employment. The importance of this figure lies in the chance of raising the quality of life of minority groups and reducing the need for governmental support in the form of unemployment benefits and other stipends given to citizens who are not working.

There are several examples of such ultra-religious groups around the world, including the Amish, Hutterites and Mennonites in the United States and Canada (Kraybill, Bowman & Bowman, 2001; Kraybill et al., 2011; Katz & Lahr, 2007), and the *Haredim* in Israel. There are Muslim groups in the United States and Europe that are less radical in their dissimulation, but still intent on preserving their unique cultural traits (Phillips, 2006; Hellyer, 2006). Each of these groups has religious and sociocultural attributes with ramifications for their economic and employment activity, sometimes also for governmental policy. As regards the integration of ultra-religious groups and other groups in the labor market, structural theories have been developed based on their ethnic solidarity, which explains the success of minority group members' socioeconomic integration (Light, 1972; Bonacich & Modell, 1980; Froy & Pyne 2011). Based on these theories, researches have been conducted that led to the development of additional theories focusing on the phenomenon of minority groups' economic segregation — the ethnic economy and the ethnic enclave economy.

One of the attributes of the *Haredim* in Israel as a minority group is their growing share of the population: they now constitute 12% of the

population (Malach & Cahaner, 2017), from which stems the importance of their employment conduct's influence on the state's economy. Furthermore, the importance of examining the employment structure of the *Haredim* in Israel has grown since there is scant literature dealing with the economic status and conduct of *Haredi* Jews as an ethnic enclave, and the little there is deals mainly with Jews living outside Israel, e.g., in the United States (Pieterse, 2003; Kraybill & Bowman, 2006; Garland, Libby, 2018)

The cultural and behavioral dissimilation of the *Haredim* — which is made manifest by a dress code and obedience to the strictures of religion, including prohibitions relating to mixed-gender workplaces employing both men and women — has prevented many *Haredi* men, and *Haredi* women, from integrating in the general labor market alongside the secular population. Various studies have shown that most *Haredim*, even those who have acquired professional or academic education, clearly prefer to work in a *Haredi* work environment. This preference is part of the “enclave culture” and stems from a desire to avoid being exposed to norms and values opposed to their unique way of life (Sofer-Fruman, 2007; Malchi & Lifshits, 2015; Malach, Cahaner & Regev, 2016). One of the possibilities for expanding the scope of *Haredi* employment is opening their own enterprise inside the ethnic enclave, for its members and to encourage entrepreneurship.

The potential contribution of *Haredi* entrepreneurship is clear, but there has been very little research on the topic of their contribution as ethnic enclave. In a document commissioned by the Ministry of the Economy in 2016, Malchi (2016) writes that there isn't sufficient scholarly literature on the attributes and needs, as also the motives for and approaches to business entrepreneurship in the *Haredi* sector. Furthermore, the literature that deals with the study of the ethnic enclave economy is based on the fundamental assumption of a relative ethnic foreignness to the general population. The *Haredim* in Israel are not considered to be of a foreign ethnicity, but differ religiously, and therefore an examination of the entrepreneurship phenomenon among them will contribute to research on the topic.

Not only hasn't the scope of *Haredi* entrepreneurship been examined, but there has been no in-depth examination of the attributes

of those turning to entrepreneurship. In this context, it is important to examine whether the phenomenon is more prevalent among *Haredi* men or women; whether a focused education is required to open a business; whether these enterprises do indeed cater to a *Haredi* target audience; whether they employ *Haredi* workers; what differentiates the self-employed from those who choose to enter the labor market as salaried workers; and whether opening a business can serve as an alternative channel for employment and a way to combine work with the caretaking load of a large family. The present study attempts to fill this lacuna by using both quantitative and qualitative methods, and turn the spotlight on *Haredi* entrepreneurship in Israel, against the background of the theory of the ethnic enclave economy, emphasizing the difference as regards minority groups that are not ethnic; to examine the attributes of this entrepreneurship and the factors driving the resort to it, focusing separately on *Haredi* men and women considering their distinctive traits.

In this article we focus on the chances of entrepreneurship of the *Haredi* population in Israel, which is defined as an ethnic enclave that is uniquely characterized by willful segregation for religious reasons.

### THEORETICAL FRAMEWORK

#### The *Haredim* as an Ethnic Enclave Economy

The ethnic enclave economy has several attributes that distinguish the economic activity of its members: The first is the prominence of entrepreneurial activity among some of its members. Second is the fact that the group's economic activity is not only commercial, but includes productive activities directed towards the general consumer market. Third, the group members' business activities range across both a wide spectrum of fields catering to the general population, such as professional services, as well as businesses catering to the unique taste of the enclave's members. Fourth, the ethnic affiliation is given expression in the relations between the employer and his workers. Fifth and last is the geographical concentration of the group and its proximity to an ethnic clientele, which it serves at least in the initial stages of opening a business (Portes & Manning, 1986; Min Zhou, 2004). In the ethnic enclave economy, there is also a sociocultural element: its economic activities are conducted based on a defined solidarity and enforceable trust, which are the

supportive and supervisory mechanisms required for economic life in the community, in order to uphold norms and values and impose sanctions in any case of unacceptable conduct (Portes & Zhou, 1992).

An ethnic economy exists wherever an immigrant group or ethnic minority group maintains a private economic sector that it owns or controls. One of the phenomena that characterize the ethnic economy is the ethnic enclave, which attributes economic advantages to the geographical concentration of an ethnic group and its impact on the group's economic power and emergence of a broad entrepreneurial stratum (Portes & Jensen, 1987; Valenzuela-Garcia, Parella, & Güell, 2017). The literature on the ethnic economy in general, the ethnic enclave economy in particular, examines the conduct of immigrant groups or ethnic minority groups in their places of residence (Huibert P. De Veries, 2014, Yu Xie & Margaret Gough, 2011; I. Light 1994). However, the theories put forward don't focus on the phenomenon of ultra-religious groups that segregate themselves from the general population by choice, and whose integration in the labor market is accomplished in the internal framework of the enclave in which they live. The *Haredim* in Israel are a prominent minority group that is characterized by willful segregation. They are not immigrants, as their forebears lived in Israel, and their race and religion are in accord with the general population's. Nonetheless, their desire to segregate themselves from the population that isn't religious, and their way of life gives rise to a unique ethnic enclave, with attributes familiar from the literature, but also new and unique attributes (Kraybill, Bowman & Bowman, 2001).

*Haredi* society in Israel meets the criteria for an ethnic enclave: it is a closed society, which operates according to social-cultural norms that are unique to it, and its members prefer to live in separate neighborhoods that are suited to its unique way of life. These attributes make it possible to regard *Haredi* society as an "ethnic enclave" whose internal boundaries are relatively flexible and soft, but whose external borders are rigid and thick; and it has been defined as such in the literature (Sivan, 1991; Leon, 2010; Stadler, 2002). A culture of mutual assistance is also highly developed in this sector, meeting the criterion of ethnic solidarity.

Nonetheless, it is important to note that the striking difference in *Haredi* society's integration in the Israeli labor market relates to two attributes. First is the fact that for a very long time, until the end of the 20<sup>th</sup> century, the men devoted themselves to Torah study throughout their lives and the women were responsible for earning the household's keep. Women were therefore the main workforce, while most of the men didn't work. This was part of the cultural model of "a society of learners," which was accepted by *Haredi* society and according to which the man was supposed to devote most of his time to studying the Torah and fulfilling the mitzvahs, activities that bring transcendental reward, and to avoid mundane activity as much as possible (King & Gazit, 2005; Stadler, 2002; Eli Berman, 1998). The economic hardship was defined by the *Haredi* leadership as "poverty by choice," and efforts to alleviate it hinged on the highly developed culture of mutual assistance in this sector (King & Gazit, 2005). A second distinctive attribute of the *Haredim* in Israel as a minority group are the stipends that *Haredi* men who study receive from the government. The yeshivas-learning institutions at which the men study are budgeted by the number of students at each, so each man studying at a yeshiva-learning institution receives a modest stipend from the state and thereby contributes to the family's livelihood and does not have to look for work. This governmental support skews the incentives that men must look for work, mainly against the background of the religious injunction.

These cultural and behavioral differences between the *Haredi* and the non-*Haredi* population — such as those concerning mingling of the genders, dress code, and other barriers in the labor market — have prevented many *Haredi* men, and *Haredi* women, from integrating in the general labor market alongside the secular population. Such integration could provide more employment opportunities, and at higher pay than what they earn today (Azencot, 2018). Another option therefore is for *Haredim* to integrate in the labor market by opening an independent enterprise. In addition to the integration of *Haredim* — men and women alike — in the primary labor market, where they compete with the general population over available jobs or open businesses that cater to the public, they also operate in the ethnic labor market as business owners catering only to *Haredi* clients or find employment in *Haredi*-owned

businesses. These businesses are based on the existence of wide-ranging familial and social connections, in which the degree of competition over manpower is very restricted. Indeed, various studies show that most *Haredim*, even those who have acquired a professional or academic education, clearly prefer to work in a *Haredi* work environment. This preference is part of the “enclave culture” and stems from a desire to avoid being exposed to norms and values opposed to their unique way of life (Sofer-Fruman, 2007; Malchi & Lifshits, 2015; Malach, Cahaner & Regev, 2016).

Nonetheless, in the past two decades there has been a certain change in the work habitus of *Haredi* men, and some of them have even entered the labor market (Kalagy & Brown-Lewensohn, 2017). The cultural model of “a society of learners,” as was accepted by *Haredi* society, is gradually changing against the background of its understanding of the problematics it entails. Studies dealing with the reasons for this fledgling openness underscore the economic hardship of supporting a large family based on modest stipends (Sofer-Furman, 2012; Kalaggi & Brown-Levinson, 2017; Toledano et al., 2010) and the penetration of modern norms into the *Haredi* community (; Lupo, 2003; King & Gazit, 2005; Sofer-Furman, 2012). These changes augment the consonance of the *Haredim* with the attributes of the ethnic enclave with which they are identified and are in accord with the finding of the GEM survey that there has been a clear-cut rise in the entrepreneurship level in the *Haredi* sector (GEM, 2018), which is a symptom of an ethnic enclave economy.

The rise in *Haredi* employment and the variety of occupations are part of a series of processes and changes in the *Haredi* way of life that are characterized as processes of modernization and Israelization, which are manifested by professionalization in the labor market, entry to higher education, use of advanced technologies, development of a consumer and recreation culture, and the emergence of an independent identity and opinion that is not dictated by a leader (Malach & Cahaner, 2017).

All the above, then, amply indicates that the *Haredi* group in Israel meets the criteria set by Zhou for an ethnic enclave. It is characterized by being shut off from the rest of the population; it holds a distinctive ideology that

among other things impacts the employment patterns of the group’s members — men and women; a significant portion of the group’s members have launched businesses to earn their livelihood, also make various products for the secular market, employ mainly members of their own group, and are concentrated in a geographical location. Finally, there are distinct *Haredi* geographical concentrations in cities like Bnei-Brak, Bet Shemesh and Modi’in Illit, in which all the residents are *Haredim* and the businesses that provide them services are owned by *Haredim*.

### BUSINESS ENTREPRENEURSHIP OF MINORITIES

The entrepreneurial activity of men and women is considered a crucial variable in creating and multiplying employment opportunities and fostering economic prosperity in both developing and developed countries (Feng-Wen, C., Long-Wang, F., Wang, K., Sang-Bing T., Ching-Hsia, S., 2018; Stoica, Roman & Rusu 2020). International institutions have identified entrepreneurial potential as an economic lever even in countries that are unable to provide work for their citizens, but also in minority communities in developed countries whose members find it difficult to integrate in the primary labor market. The importance of entrepreneurship as a lever of growth for minority groups has received international recognition.

For example, UN organizations have taken it upon themselves to promote entrepreneurship for its contribution to the economy, and in that framework the UNECE — United Nations Economic Council for Europe — even drew up recommendations for lessening the obstacles that entrepreneurs face. We shall examine what factors influence the inclination towards entrepreneurship. Theories in the field of business entrepreneurship identify two such groups of factors. One group includes sociodemographic attributes such as age and education, while the other group includes structural factors, such as unemployment rates and the rigidity of the labor market, that impact the chances of being self-employed as opposed to being a salaried worker.

Studies that have examined the inclination towards entrepreneurship of immigrant women reveal that women establish a business at home or nearby in order to successfully combine their work with caring for children

and the household (Aharon, 2016; Craig, Powell & Cortis, 2012), and studies dealing with immigrants show that they establish businesses inside their cultural enclave in order to meet the social, cultural and economic needs of their countrymen (Flap, Kumcu & Bulder 2000; Min & Bozorgmehr 2000; Rodriguez 2004; Valenzuela-Garcia, H., Parella, S. & Güell, B., 2017). Establishing a business inside the cultural enclave is made possible due to the social capital that the immigrants manage to acquire through social, familial and community connections, which compensate for the inability to convert into capital their education and the skills they brought from their homeland when they came to the new country (Williams, N., Krasniqi, B.A., 2018).

Inside the “ethnic enclave,” individuals use the social capital that characterizes closed minority groups to forge social and business connections with their countrymen, and to obtain inside information and available and reliable manpower. In cases of this kind, for entrepreneurs in certain economic sectors it is relatively easy to go into business in specific areas in which members of their community specialize (Mavoothu, 2009), because the knowledge, experience and social networks already exist and can help them (Kanas, van Tubergen & van der Lippe 2009; Sanders, Nee & Sernau 2002).

As mentioned above, in *Haredi* society, which has been identified as having the attributes of an ethnic enclave, a rise has been observed in entrepreneurship levels, and the findings indicate similar changes in the attributes of minority entrepreneurship, like the research of Bates et al., (2018). Our study deals with the attributes of *Haredi* entrepreneurship and the difference between men’s and women’s entrepreneurship. Researchers found that, while in the past, ethnic enclaves gathered businesses in immigrant neighborhoods with a high presence of co-ethnic residents currently a series of processes are said to place the ethnic economy at the core of urban economies, because of the exceptional involvement of transmigrants in international trade (Valenzuela-Garcia, H., Parella, S. & Güell, B., 2017). Yet our research deals with a special minority – ethnic but non-immigrant – that keeps the old patterns of entrepreneurship.

### *Haredi* Women and Men in the Labor Market

The employment rates of *Haredi* men are influenced mainly by factors relating to the religious and social worldview of this population, barriers stemming from the attributes of the labor market in Israel, and the combination of several of these factors. As regards *Haredi* men who have already been absorbed into the labor market, studies show that the rate of those working in part-time jobs is twice as high as in other sectors (Regev, 2016). Additionally, as part of the dissimulative religious injunction, study in secular academic institutions is still frowned upon among the *Haredi* population (Moskovich & Liberman, 2018). The ability of *Haredi* men to integrate in diverse jobs in the labor market is therefore relatively limited. This is prominently evident also in settlements with a religious majority, where we might have expected to observe jobseekers of the same cultural group finding work more easily (Schwartz, 2018).

As opposed to *Haredi* men, among *Haredi* women the employment rates are influenced by the centrality of caring for the household and family, and therefore the *Haredi* woman tends to work a part-time job due to the load of housework and childcare. *Haredi* women on average work fewer weekly hours than other Israeli-Jewish women, in most cases less than 40 weekly hours, and earn on average 27% less a month (Kasir, Shahinu-Kessler & Tschor-Shai, 2018). Furthermore, the costs of the available childcare frameworks are high, so even women that are interested in this alternative find it hard to meet the expense. While *Haredi* women constitute the lion’s share of the *Haredi* labor force, most of the *Haredim* employed in the business sector are men. In 2014, about 16% of all businesses in Israel employed *Haredi* workers (as compared to only 8% in 2008), of whom on average three out of four were men (Malchi, 2015). This is an interesting finding since in recent years most of the rise in the *Haredi* employment rate has been observed among women. It appears that most of the women have been integrated in the public sector, others mainly in the fields of education and community services, rather than the business sector (Malchi, 2015).

The increase in *Haredi* women’s entrepreneurship is reflected also in the

2017/2018 GEM survey, which reports high entrepreneurship rates in the *Haredi* sector, mainly among men but also among women aged 18-24 and 45-54. On the other hand, the IDO (Opportunity Driven Improvement) index — which was developed by GEM<sup>1</sup> to examine the dominant motives among entrepreneurs for choosing to launch a new enterprise, and which assumed that the motives that attest to an entrepreneurial drive are an aspiration to independence and non-dependence and the aspiration to increase income (“to make more money,” to become wealthy) — finds significant differences between men and women: as regards the motives for the choice, men’s rates are higher than women’s in all respects. Whereas 50% of *Haredi* men chose entrepreneurship to be more independent and make more money, only 33.3% of the *Haredi* women chose to do so for those reasons. One reason, suggested by the researchers, for this reluctance might be fear of failure as a deterrent factor preventing the establishment of a new business. In the *Haredi* sector, fear of failure among women is 13% higher than among men, which is a significant finding relative to other sectors.

Lastly, the index of the conception of equality, among the adult population aged 18-64 which isn’t entrepreneurial, expresses the desire among this population for greater equality in the living conditions of the country’s inhabitants. As regards emphasizing the need for equality, on this index, which is examined in each of the GEM research, in 2017 the *Haredi* sector rose to first place. GEM-Israel has concluded that this rising trend in the *Haredi* sector, mainly among *Haredi* women, stems from the need for greater influence and investment on the part of both the sector and the state.

All the above sets the ground for examining business entrepreneurship in an ethnic enclave: our case study is the *Haredi* group in Israel, which will illustrate the discrepancy between men’s chances of entrepreneurship as opposed to women’s in an ethnic enclave.

### Entrepreneurship among *Haredi* Women

The definition of an entrepreneur underscores individual aspects of character, evidencing a

decisive drive to achieve and to create something ex nihilo. Depending on the source of the definition, the entrepreneur’s identity will be given different emphases: from the economic aspect, an entrepreneur is someone who establishes a new order, musters the resources, labor, products and assets, and combines them to create a whole that is greater than its parts. Psychologists see the entrepreneur as someone who is driven by a need either to achieve and accomplish goals, and thereby to experience empowerment, or to avoid supervision and having to obey others.

Against the background of these traits, focused studies have emphasized the inferiority of women as a class with regard to becoming entrepreneurs for internal community reasons (Nasser, Muhammd & Nuseiba, 2009). This is manifested by women’s initial lack of belief in their own abilities, and a lack of belief by the society in their abilities. In developing countries, as in closed minority communities such as the *Haredim*, girls grow up in a conservative social-cultural environment which doesn’t support women’s aspirations to advance (Gilboa, 2015) and instills in them a lack of belief in themselves, the origin of which is the society’s lack of belief in their ability to develop a business. Furthermore, in the *Haredi* environment the women are also forestalled from aspiring to develop a career due to the *Haredi* religious beliefs and ideology, according to which women are supposed to enter the labor market only to support their families, not for the sake of self-fulfillment or commercial success (Gilboa, 2015; Kliner, Kasir-Kessler & Ben Yishai, 2018). It is therefore necessary to invest effort and devise programs to promote the support of women’s entrepreneurship. That may be true, but as mentioned above, economic entrepreneurship is sometimes the way women can combine work and household duties and these therefore have to be reconciled.

### FACTORS AFFECTING THE ENTREPRENEURSHIP OF WOMEN AS A MINORITY GROUP

The literature dealing with women’s entrepreneurship, especially women’s entrepreneurship in an ethnic enclave economy (Carter et al., 2001; Hisrich and Drnovsek, 2002; Martin and Wright, 2005; Essers & Benschop, 2007; Nasser, Mohammed & Nuseibe, 2009; Piperopoulos, 2012; Vimolwan, Jennyvi, Cañete (2020),) points to a number

<sup>1</sup> GEM index:

<https://www.gemconsortium.org/economy-profiles/israel-2> - in Hebrew;

<https://www.gemconsortium.org/report/gem-2017-2018-global-report>

of attributes that are considered to have an influence on women's entrepreneurship: education and experience, motivation to open an independent business, sources of initial financing, social position and personal connections, and social networks.

**Education and experience:** To become entrepreneurs, women must identify opportunities, assess their potential, and convert them into a successful business. Education and professional experience play a central role in shaping women's attitudes toward entrepreneurship and opening an independent business. From his examination of the relevant literature, Piperopoulos concluded that the average entrepreneurial woman is 35-54 years of age, married, has children and previous experience in the private sphere, and holds a BA or at least completed high school (Devine, 1999; Weeks, 2001; Piperopoulos, 2012).

**Motivation:** Various factors may motivate women to become entrepreneurs. Robinson (2001) classified them into push and pull factors. Push factors mostly relate to negative conditions, whereas pull factors are attributed to positive developments. The push factors include low income, dissatisfaction with the current job, discrimination at work, low pay, rigid working hours or even no opportunities to work, need to increase the family's income, need to separate from the spouse, divorce or change of residence, and death of a family member (Ljunggren and Kolverreid, 1996; Carter et al., 2001). The pull factors include need for self-fulfillment, satisfaction at work and personal challenge, independence, flexibility between personal life and family life, control and management of time, and aspiration to assist others

**Financial resources:** Early research on women's access to sources of business financing showed that women's inferior social status and their commitment to their families made it difficult for them to raise the capital required to manage a business. Other studies found a narrowing of the gap between men and women in the ability to get loans (Verheul & Thurik, 2001), although different studies point to a discrepancy in access to loans (Constantinidis, Cornet & Asandei, 2006). During the covid period the association Women's Enterprise Organizations of Canada (WEOC, 2021) conducted a survey examining how to support women entrepreneurs. It

indicated that there is a reluctance by women to seek out financial opportunities regardless of the source and despite potential benefits (WEOC 2021). The survey also indicates that difficulties accessing capital are not only a COVID-19 issue and include a lack of awareness of options available in Canada, and a lack of clarity about who qualifies and what is needed to qualify for governmental support. (WEOC 2021).

**Social position and networking:** According to Nilufer (2001), in developing countries socio cultural factors have an influence on women's inclination to become entrepreneurs. These factors include religious values, ethnic diversity and familial situation. Contrarily, Rolland and Carswell (2004) did not find any correlation between socio cultural factors, such as religious values and ethnic otherness, and a reduction in the rate of business startups. Indeed, the empirical findings as regards the influence of social networks on women's entrepreneurship are not conclusive (Carter et al., 2001; Piperopoulos, 2012). Women tend to make connections with other women, and even when they belong to social networks the latter are connected also to their relatives, who in any event aren't eager to help the women of the family. All of this may raise obstacles for the business community in forging relations with women entrepreneurs, and in gathering information and communicating with other factors concerning them. Our study will show that the chances of engaging in entrepreneurship of *Haredi* married women who are mothers are affected by the age of the youngest child.

Opening an independent business affords more flexibility and the ability to combine the work and family duties (Boden 1996; Connelly 1992; Loscocco 1997; Yukongdi & Cañete, 2020). Findings show that working from home is a pull factor as regards mothers' decision to become independent, and they use this channel of employment to combine work with childcare; whereas men prefer to work for pay, regardless of the type of employment — as salaried worker or self-employed (Craig, Powell & Cortis, 2012). The development of electronic communications, the transition to working online in the corona period, the online commerce and the international market are factors facilitating and spurring this trend.

As regards *Haredi* women, then, working from home by opening an online business is an

additional and attractive option, which can ease their way under both hats: earner of the family livelihood, and caretaker of the household and children. A study examining the strategies of working *Haredi* women found that they employ practical strategies of time management, proper meshing of their various duties, asking help from their surroundings in order to withstand the pressure, and setting goals for the tasks ahead of them; as regards emotional strategies, the primary one is adoption of a lenient view of a pressure-laden reality (Kolik, 2012). The dilemma that characterizes non-*Haredi* women, as regards priorities between home and work, is foreign to the *Haredi* women in the study; most of them will devote time and effort to their careers only after all the family needs have been met (Kolik, 2012). *Haredi* men too are likely to open businesses to allow for a combination of work and Torah study.

### METHODOLOGY

#### Research Data

The data for this research was taken from the manpower survey of the Israeli Central Bureau of Statistics (CBS) for 2016. This was the most updated survey extant at the time of the research and it is available in PUF (Public Use File) format for use by the general public, providing updated information on the State of Israel's population and periodically tracking the Israeli labor force's attributes as well as developments in its structure. The survey population is the permanent population of the State of Israel aged 15 and above, including residents of the Israeli settlements in the Palestinian Occupied Territories, de facto immigrants, and permanent residents living abroad for a period of less than a year, and not including tourists and temporary residents living in Israel continuously for less than a year. The survey sample is a sample of residential units and includes everyone living in the unit even if they do not own it. Beginning in 2012, the survey moved from a quarterly to a monthly format, as a result of which the survey sample size rose from 10,000 residential units to 12,000 units per month (for more details, see CBS 2019a).

This study focuses on the *Haredi* population in Israel—men and women of working age (25–64). The focus on these ages makes it possible to examine the working potential and the effects of skills, family events, and labor market attributes on entry to the labor market

and behavior in it. The choice of 25 as the lower age limit stems from the fact that many of those in the age range of 18–25 study at yeshivas in dormitory conditions and are not included in the periodically ongoing manpower surveys; their inclusion would result in downward biased estimates with regard to the *Haredi* population, even though most *Haredim* do not serve in the Israel Defense Forces and are ostensibly free to work already from age 18. Likewise, the survey focuses on those who define themselves under the employment status of salaried worker, self-employed, employer, or not working at the time of the survey, and omits kibbutz members, members of cooperatives, or family members who work for no pay due to their unique attributes.

The *Haredi* population was identified using a series of questions that appear in the periodically ongoing manpower surveys that only started in 2016.<sup>2</sup> These questions were meant only for Jewish men, to ascertain whether they ever studied at a yeshiva, large or small.<sup>3</sup> *Haredim*, including women, were also identified by the self-reporting of all respondents with regard to their level of religiosity, and only those who defined themselves as *Haredi* were chosen. Additional methods of identifying the *Haredi* population (see Friedman et al., 2011) cannot be employed in manpower surveys: one method, which is based on the geographical dispersion of voting patterns for “*Haredi*” political parties (Gurvitz & Castro, 2004), cannot be employed because the towns with a high concentration of voters for Haredi parties (e.g., Beitar Ilit or

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<sup>2</sup> The questions regarding yeshivas are asked only in the periodical samples, so the estimates derived from the file are representative of the entire population without the permanent samples (which were extracted from the 2008 Census). It is true that, in this way, the estimate of the total *Haredi* population or those studying at yeshivas is lower than what would have resulted if information from the permanent sample was also available, but the sample is nonetheless representative, albeit smaller, and all the more so considers the fact that the missing permanent listings are relatively old and were taken from an external and not periodically ongoing source (2008 Census).

<sup>3</sup> The survey asks Jewish men whether they studied at additional types of yeshivas, like a high-school yeshiva or an IDF-affiliated yeshiva, which are meant for the national-religious rather than the *Haredi* population, whereas other yeshivas large and small are traditionally meant for *Haredim*.



Modi'in Ilit) number less than 100,000 inhabitants and are not included in the PUF files.<sup>4</sup> Another method that was not adopted in the present research focuses on identifying *Haredim* by the type of an individual's last school. According to Dahan (1998), a household is to be defined as *Haredi* if at least one of the household members studied or is studying at a large yeshiva. The problem with this method is that it also captures national-religious individuals that are not *Haredi*,<sup>5</sup> who cannot be distinguished from *Haredim* by means of military service (as proposed by Friedman et al., 2011) because it is altogether impossible to identify soldiers in the manpower surveys.<sup>6</sup> Ultimately, the sample included 13,071 *Haredim*; 7,154 (55%) of them were men and 5,917 (45%) were women.

### Variables

#### Dependent Variable

This is a categorical variable that includes the following categories: (1) salaried worker, (2) self-employed (including employers), and (3) not working. The variable was constructed on the basis of the variable "status at work" that appears in the manpower survey. Everyone that reported they were self-employed employing one or two salaried workers, self-

employed employing 3 or more workers, or self-employed employing no workers at all was classified as self-employed; salaried workers were classified according to the original reporting; and everyone that reported they were not a salaried worker and not self-employed (and not a member of a cooperative, kibbutz member, or family member working without pay, all of whom were, as mentioned above, omitted from the sample) was classified as not working (in the survey these individuals also reported zero working hours).

#### Independent variables<sup>7</sup>

Sex—based on the variable "sex" in the original, the variable was recorded as follows: 1 (woman), 0 (man).

Age groups—based on the variable "age groups," a series of binary variables was defined: ages 25–30 (coded 1, 0=other), 30–35 (coded 1, 0=other), 35–45 (coded 1, 0=other), 45–55 (coded 1, 0=other), 55–64 (coded 1, 0=other).

Marital status—based on the variable "familial status": 1 (married), 0 (unmarried).

Number of children (up to age 17) in household—calculated as the sum of the number of children in age groups 0–1, 2–4, 5–9, 10–14, and 15–17.

Age of youngest child in household (up to age 17)—as defined in the original. Since this variable was examined in the original according to ordered age groups, it will be treated as a continuous variable.

Academic degree—based on the variable "education level": 1 (B.A., M.A., or Ph.D.), 0 (other or no educational certificate).

Number of years of study—as defined in the original: the sum of respondent's years of study.

Number of household members employed in the labor market—as defined in the original.

Residential density (number of people per room)—as defined in the original. Since this variable was examined in the original according to ordered categories, it will be treated as a continuous variable.

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<sup>4</sup> Starting from 2012, with the transition to the manpower survey in its monthly format, the survey sample grew considerably and, with it, so grew the probability of identifying individuals out of the survey's respondents. Accordingly, and in accordance with the Statistics Ordinance (Revised), 5732–1972, para. 17, which mandates maintaining the confidentiality of individuals' data, the CBS's confidentiality committee decided to restrict all variables that might make the individuals identifiable in the PUF files (CBS, 2009b). Therefore, of the geographical variables included in the past, what now remains in the file are only residential districts and towns with a population of 100,000 or more.

<sup>5</sup> Ostensibly, the same could be said of questions regarding studying at yeshivas of different types. Nonetheless, the group of those who reported studying at a yeshiva as their last type of school is bigger and includes relatively high rates of respondents who do not define themselves as *Haredi*.

<sup>6</sup> According to information provided by the CBS, in accordance with instructions from the IDF Security Officer, there is a blanket prohibition on using the survey to identify IDF servicemen (in mandatory or regular service) in any way. These instructions were given in a consultation held in 2012 upon the inclusion of army servicemen among the employed.

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<sup>7</sup> Despite the importance of examining whether an ethnic enclave exists in a residential area where *Haredim* live, it was impossible to examine this variable due to the restrictions on the data. See *supra* note 3.

Professional trade measure (PTM)—coded based on the variable “trade”: 1 (managers, academics, engineers, technicians, agents, and those with an associated trade), 0 (other).

Usual working hours—as defined in the original.

### Analyzing the Data

Presenting the analysis of the data will proceed in three stages. In the first stage, the descriptive statistics will be presented, which are meant to serve in examining the sociodemographic attributes of Haredi women and men (of working age) participating in the study, and then the attributes of *Haredim* according to their employment conditions: salaried workers, self-employed, and those who are not working. Since there is relatively scant knowledge about the *Haredi* population in Israel, it is important to examine the attributes of the *Haredim*, including their demographic attributes (age, number of children, age of the youngest child, and marital status), human capital attributes (number of years of study and academic degree), and labor market attributes (professional trade and working hours). The comparison by gender and employment condition is relevant mainly because the research questions in this paper deal with examining the employment, lack of employment, and type of employment of *Haredim* in general and of men and women separately in particular.

In the second stage, we employed a multinomial logistic regression in which the odds are estimated to belong to a certain category of the dependent variable in comparison to the category serving as the basis of comparison. In the present study, the dependent variable, as mentioned above, consists of three categories— (1) salaried worker, (2) self-employed, and (3) not working; so, the regression coefficients are estimated by means of two equations: the first equation estimates the (log) odds of being a salaried worker versus not working, and the second estimates the (log) odds of being self-employed versus not working. Likewise, in a separate equation, the (log) odds of being self-employed versus being a salaried worker are also estimated. All the equations are tested for the entire *Haredi* population and for men and women separately, in keeping with the research questions.

In the third stage, we conducted semi-open interviews with Ultra-Orthodox people to widen our understanding of *Haredi* society. Specifically, we address the “why” questions and consider more deeply the issues which are brought up by the interviewees such as their attitudes towards entrepreneurship, the state, and their fellow *Haredi* members. We ensured the interviewees' anonymity, continuity, and got their full consent for conducting the interviews.

### FINDINGS

Before examining the characteristics of *Haredim* in accordance with their employment situation, it is important to take note of the human capital characteristics, demographic characteristics, and labor market characteristics of the entire working age (25–64) of the *Haredi* population and by division according to sex (Table 1). Table 1's findings align with what is known from the literature about the *Haredi* population in Israel. It is a relatively young population (about 70% are below the age of 45), mostly comprised of married couples (above 90%), who live in relatively high density (about 20% at a density of over two people per room), and who have a relatively high number of children (over three children on average) who are at young ages (for over 50%, the youngest child is below four years old). Moreover, since years of schooling also includes study at yeshivas, it is not surprising that *Haredi* men have over 20 years of schooling on average, although only a small share of them (about 10%) have an academic degree as compared to *Haredi* women (about 24%) who, on average, have a lower number of years of schooling (about 15). Women's studies reportedly reflect a high school education and/or academic education of value in the labor market, and not Torah studies. Regarding labor market characteristics, the rate of salaried workers among *Haredi* women is higher than the rate among *Haredi* men (52% vs 46%, respectively), as is the rate of those engaged in professional and managerial occupations (PTM) (46% among women vs 35% among men). Lastly, the rate of self-employed people among the entire *Haredi* population is low for both sexes, slightly higher among men than among women (9% vs 7%, respectively). The rate of *Haredi* men who are unemployed is

higher than that of *Haredi* women (46% vs 42%, respectively), which may, at least in part, explain the finding that the average number of

those employed in a *Haredi* household is less than two people.

**Table 1.** Sociodemographic characteristics of Charedi Men and Women

Sociodemographic characteristics	Men (n=7,154)	Women (n=5,917)	All (n=13,071)
<b>Age</b>			
25-30	18.4%	21.6%	19.8%
30-35	18.5%	20.2%	19.3%
35-45	30.1%	30.0%	30.1%
45-55	18.9%	17.1%	18.1%
55-64	14.2%	11.1%	12.7%
<b>Married</b>	90.8%	94.1%	92.3%
<b>Age of the youngest child</b>			
No children	18.7%	14.9%	17.0%
0-1	26.3%	38.6%	37.3%
2-4	20.7%	21.9%	21.3%
5-9	11.5%	12.4%	11.9%
10-14	8.4%	8.0%	8.2%
15-17	4.4%	4.2%	4.3%
<b>Mean Number of children aged &lt;17 in the household (s.d)</b>			
	3.23 (2.47)	3.57 (2.50)	3.38 (2.49)
<b>Density of accommodation (number of persons per room)</b>			
<0.49	2.6%	2.1%	2.4%
0.5	3.0%	3.2%	3.1%
0.55-0.99	13.0%	11.1%	12.1%
1	11.8%	9.0%	10.5%
1.01-1.49	20.3%	20.1%	20.3%
1.5-1.99	21.5%	22.6%	22.0%
2	11.0%	12.4%	11.6%
>2	16.8%	19.5%	18.0%
<b>Mean Years of Schooling (s.d)</b>	20.47 (6.84)	14.51 (2.70)	17.77 (6.14)
<b>Academic degree</b>	12.3%	24.0%	17.6%
<b>Status of work</b>			
Not working	45.7%	41.5%	43.8%
Salaried worker	45.5%	51.5%	48.2%
Self-employed	8.8%	7.0%	8.0%
<b>Mean number of employed in the household (s.d)</b>	1.55 (.977)	1.45 (.920)	1.50 (.953)
<b>PTM</b>	35.1%	45.7%	39.9%

To examine the characteristics of *Haredim* in the labor market, Table 2 compares *Haredim* who are self-employed to *Haredim* who are salaried workers and to *Haredim* who aren't employed. It indicates that the gender division among *Haredim* who are salaried workers and among *Haredim* who aren't employed is almost equal: the rates of Haredi men who are salaried workers and who aren't employed are similar to the rates of Haredi women who are salaried workers and who aren't employed. Among self-employed *Haredim*, the men are in the majority (60%) and there is a higher rate of married individuals (96%), although the rate is also high in the other employment situations

(above 90%). On the other hand, *Haredim* who are unemployed are younger, have families with young children (the age of the youngest child of over 60% of those with families is below four years), and live in relatively high density (about 22% at a density of over two people per room). Likewise, their human capital is low relative to the human capital of *Haredim* in the other employment situations, and very few hold an academic degree (about 12%, the lowest among a group in this data). Their many years of schooling, at least regarding the men among them, apparently reflect Torah studies and not years dedicated to higher learning. Lastly, it is interesting to

note that self-employed *Haredim* and those who are salaried workers devote a considerable number of hours to work (about

35 weekly hours), and a significant share of them (over 50%) are employed in professional and managerial (PTM) occupations.

**Table 2.** Sociodemographic characteristics of Charedi population by work status

Sociodemographic characteristics	Not working (n=5,724)	Salaried worker (n=6,306)	Self employed (n=1,041)
<b>Women</b>	42.9%	48.3%	39.7%
<b>Age</b>			
25-30	20.2%	20.8%	11.6%
30-35	20.5%	18.2%	19.1%
35-45	28.9%	31.1%	30.1%
45-55	16.6%	17.9%	26.9%
55-64	13.8%	12.0%	12.3%
<b>Married</b>	92.9%	91.2%	95.7%
<b>Age of the youngest child</b>			
No children	17.0%	17.9%	11.6%
0-1	42.4%	33.5%	32.5%
2-4	19.2%	22.4%	25.9%
5-9	10.0%	13.7%	11.0%
10-14	7.2%	8.1%	14.3%
15-17	4.2%	4.4%	4.7%
<b>Mean Number of children aged &lt;17 in the household (s.d)</b>			
	3.54 (2.59)	3.21 (2.41)	3.58 (2.38)
<b>Density of accommodation (number of persons per room)</b>			
<0.49	2.9%	2.0%	2.1%
0.5	3.0%	3.4%	1.7%
0.55-0.99	10.0%	13.9%	12.8%
1	8.7%	12.0%	11.5%
1.01-1.49	19.4%	20.4%	23.7%
1.5-1.99	20.9%	22.3%	25.7%
2	13.3%	10.6%	9.0%
>2	21.8%	15.4%	13.5%
<b>Mean Years of Schooling (s.d)</b>	19.10 (6.82)	16.73 (5.27)	16.73 (5.70)
<b>Academic degree</b>	11.5%	23.3%	16.5%
<b>Mean number of employed in the household (s.d)</b>	1.00 (.823)	1.90 (.857)	1.93 (.827)
<b>Mean usually hours of work per week (s.d)</b>	0	34.86 (13.20)	34.81 (16.19)
<b>PTM</b>	----	59.3%	51.7%

The data in Table 2 indicate that the profile of the *Haredim* who turn to entrepreneurial work and make their living from being self-employed is in accordance with some of the theoretical explanations for turning to entrepreneurship. The *Haredi* self-employed are mostly men, but there are many women as well, who have families, and who turn to entrepreneurship as a way to channel their education and draw higher returns from it in the labor market. In fact, a significant share of the self-employed (and of the salaried workers

as well) have an academic certificate and hold a professional occupation, and they live in lower density relative to those who are unemployed. In other words, higher education might “draw” *Haredim* into the labor market as salaried workers and as entrepreneurs, and, furthermore, by virtue of this work, their economic situation and living standards might have improved. Here, those whose education level is the lowest and whose residential density is the highest do not work at all. These latter individuals are also relatively likely to

have young children in the home, and the men among them reportedly study for many years. Nonetheless, it is important to note that these are merely descriptive data that cannot afford a full picture of the effects of *Haredi* characteristics on their participation or lack thereof in the labor market. To examine the effects of *Haredi* characteristics on their odds of entering the different employment situations, Tables 3–5 present multi-category logistic regression models to estimate the odds of working age (25–64) *Haredim* of being employed as salaried workers as opposed to not working (Model 1 in each of the tables), and their odds of being self-employed as opposed to not working (Model 2). First, we examined the entire *Haredi* population (Table 3). The findings show that Haredi women's odds of going to work and being either a salaried worker or self-employed versus not working are higher than those of *Haredi* men (by 15% and 75%, respectively), and the odds of older *Haredim* (aged 55–64 as the reference category) going to work and being either a salaried worker or self-employed versus not working are higher (by 50–70%) than the odds of most, if not all, the other age groups. Likewise, the more children *Haredim* have, the higher their odds of being salaried workers or self-employed ( $\text{exp}\beta=1.055$ ,  $\text{exp}\beta=1.252$ ). However, the greater the residential density in which they live and the lower the age of the youngest child (for salaried workers vs. not working only), the higher their odds of not working. It may be that the need to provide for a large number of children is exactly what spurs *Haredim* to go to work, whereby it becomes possible for them to live in larger, less crowded apartments.<sup>8</sup>

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<sup>8</sup> “Number of employed people in the household” has been introduced as a control variable, but its significance is trivial because it includes those who are salaried workers or self-employed and not those who do not work at all (Cramer's  $V=.387$ ,  $p<.000$ ).

at yeshivas.

The findings concerning the entire *Haredi* population further show that, as opposed to the descriptive data, when we control for the socioeconomic background of *Haredim*, married individuals' odds of being self-employed versus not working are lower (by 34%,  $\text{exp}\beta=.662$ ) than the parallel odds of unmarried *Haredim*. Additionally, *Haredi* academics' odds of being either salaried workers or self-employed versus not working are lower than the odds of nonacademic *Haredim* (by 52% and 28%, respectively). Likewise, the more years of schooling (including at yeshivas) *Haredim* have, the higher their odds of not working versus being a salaried worker or self-employed (each additional year of study lowers their odds of working in the two employment situations by 7%–9%). Below, we shall see that it is possible to explain the misalignment of the data by the differential effects of human capital as well as family status on work among men and women.

Upon examination of the multi-category logistic regressions for men and women separately (Tables 4 and 5), the findings that emerge are similar regarding most of the variables examined, although some are gender-dependent. For example, we find that older (ages 55–64) *Haredi* women's odds of being self-employed or salaried workers versus not working—like the odds of older people generally in the *Haredi* population—are higher than those of women in all the other age groups. Whereas, for most *Haredi* men, age has no effect on their odds of working and there is no difference between the various age groups. Another difference between the genders has to do with family status. For *Haredi* men, the effect of family status is similar to its effect in the entire population, however, for married *Haredi* women, the odds of being employed as salaried workers versus

not working are higher than for unmarried *Haredi* women (by 66%,  $\exp\beta= 1.660$ ). Furthermore, *Haredi* women's odds of being self-employed versus not working are similar for both married and unmarried women. This is the case too for the education variables: *Haredi* men, like the entire *Haredi* population, are less likely to be salaried workers or self-employed if they are academics and have more

years of schooling (including at a yeshiva). For *Haredi* women, the results are exactly opposite: those with academic education have higher odds (by 82%,  $\exp\beta=1.816$ ) than those without such education of being self-employed, and the more years of (reportedly secular) schooling they have, the more likely they will either be salaried workers ( $\exp\beta=1.085$ ) or self-employed ( $\exp\beta=1.015$ ).

**Table3.** Multinomial Exponential Logistic Coefficients for explaining the odds of working as salaried worker or self-employed vs not working among Charedi population

Independent Variables	Model 1		Model 2	
	Salaried worker vs. not working		Self-employed vs. not working	
Sex (Male omitted)	1.149	**	1.749	**
Married (not married omitted)	.942		.585	**
Age (55-64 omitted)				
Age 25-30	.550	**	.964	
Age 30-35	.500	**	.532	**
Age 35-45	.462	**	.653	**
Age 45-55	.715	**	.630	**
Number of children	1.055	**	1.252	**
Age of youngest child	.925	**	1.007	
Years of Schooling	.931	**	.913	**
Academic degree	.481	**	.719	**
Number of employed	4.680	**	4.719	**
Density of accommodation	873.	**	.754	**
Intercept (B)	2.433	**	.055-	
N	13,071			
-2Log Likelihood	16,033			
Cox Snell R <sup>2</sup>	.296			

\* $p < .05$  \*\* $p < .01$

**Table4.** Multinomial Exponential Logistic Coefficients for explaining the odds of working as salaried worker or self-employed vs not working among Charedi men

Independent Variables	Model 1		Model 2	
	Salaried worker vs. not working		Self-employed vs. not working	
Married (not married omitted)	634.	**	.518	**
Age (55-64 omitted)				
Age 25-30	1.242		2.256	**
Age 30-35	837.		.815	
Age 35-45	.609	**	.893	
Age 45-55	.806		.698	*
Number of children	1.126	**	1.337	**
Age of youngest child	.877	**	.963	
Years of Schooling	900.	**	.885	**
Academic degree	.446	**	.575	**
Number of employed	6.360	**	6.301	**
Density of accommodation	.865	**	.744	**
Intercept (B)	1.515	**	-.438	
N	7,154			
-2Log Likelihood	8,499			
Cox Snell R <sup>2</sup>	.387			

\* $p < .05$  \*\* $p < .01$

**Table 5.** Multinomial Exponential Logistic Coefficients for explaining the odds of working as self-employed or not working vs salaried worker among Charedi women

Independent Variables	Model 1		Model 2	
	Salaried worker vs. not working		Self-employed vs. not working	
Married (not married omitted)	1.660	**	598.	
Age (55-64 omitted)				
Age 25-30	261.	**	415.	**
Age 30-35	269.	**	308.	**
Age 35-45	299.	**	.391	**
Age 45-55	603.	**	556.	*
Number of children	.971		1.140	**
Age of youngest child	.942	*	1.022	
Years of Schooling	1.085	**	1.015	*
Academic degree	.888		1.816	**
Number of employed	3.586	**	3.687	**
Density of accommodation	.893	**	.776	**
Intercept (B)	1.687	**	-1.448	
N	5,917			
-2Log Likelihood	7,074			
Cox Snell R <sup>2</sup>	.223			

\* $p < .05$  \*\* $p < .01$

These findings are in accordance with what is known about the *Haredi* population in Israel. *Haredi* men tend not to work—regardless of their age—and invest the majority of their time in Torah study, remaining reliant on women for their livelihood. Therefore, when *Haredi* men get married, they are less inclined to work, while married *Haredi* women are more inclined to be employed, mainly as salaried workers, than not to work. As opposed to male *Haredi* academics that tend not to work, the effect of human capital on women’s employment is similar to that in the non-*Haredi* population: the more years of schooling and academic education women have, the better their prospects in the market and the greater their inclination to work.<sup>9</sup> It is also interesting to note that, while the literature recognizes the effect of family life mainly on the market prospects of women, for the *Haredi* population, the effect of children is apparent also among the men. The more children a family has, the greater the inclination is among both sexes to be employed rather than not to work. Additionally, the younger the youngest child in the household, the lesser the inclination to work. In other words, the need to care for young children on the one hand but to

provide for a large number of children as well affects both men and women.

Another interesting comparison that arises from the descriptive data presented above, concerns the choice of employment pattern in the labor market. Table 6 presents the odds of being self-employed versus being a salaried worker for the entire *Haredi* population (Model 1), for *Haredi* men (Model 2), and for *Haredi* women (Model 3). The findings for the entire population show that the odds of being self-employed versus being a salaried worker are higher for women (as compared to men), for academics (as compared to non-academics), for those engaged in professional occupations (as compared to those not engaged in non-professional occupations), for young people (aged 25–30 and 35–45, as compared to those 55–64), and for the unmarried (as compared to the married). The odds of being self-employed versus being a salaried worker also rise the more children a *Haredi* has, the less education (including at yeshivas) they have acquired, the older the youngest child in the household, and the lower the residential density. Furthermore, when we examine the variables’ effects only among *Haredi* men (Model 2), the findings are almost identical, with the exception of the family status variable regarding which no difference was found between the odds of the married and the unmarried of being self-employed versus being salaried workers. Nonetheless, significant differences emerge regarding

<sup>9</sup> Since years of schooling also reflect studies at a yeshiva, among the *Haredi* population, especially the men, the correlation between years of schooling and an academic degree is low (Cramer’s  $V = .175$ ,  $p < .000$ ).

Haredi women (Model 3). Haredi women's odds of being self-employed versus being a salaried worker are entirely uninfluenced by the woman's age, by her number of years of schooling, or by the age of the youngest child in the household. In other words, in

comparison to Haredi men, among Haredi women, some of the human capital variables have no effect on their pattern of employment; rather, as we saw above, they affect whether women even enter the labor market.

**Table 6.** Binary Exponential Logistic Coefficients for explaining the odds of working as self-employed vs salaried worker among Charedi population (1), men (2) and women (3)

Independent Variables	Model 1: All		Model 2: Men		Model 3: Women	
	Self-employed vs. Salaried worker		Self-employed vs. Salaried worker		Self-employed vs. Salaried worker	
Sex (Male omitted)	.5221	**	-----		-----	
Married (not married omitted)	.621	**	.816		360.	**
Age (55-64 omitted)						
Age 25-30	1.752	**	1.817	**	1.589	
Age 30-35	1.065		.975		1.142	
Age 35-45	1.413	*	1.446	*	1.309	
Age 45-55	.881		.866		.921	
Number of children	1.187	**	1.187	**	1.174	**
Age of youngest child	1.088	**	1.099	**	1.085	
Years of Schooling	.981	**	.984	*	1.016	
Academic degree	1.496	**	1.290	*	2.046	**
Weekly working hours	1.053		.845		.998	
PTM	1.503	**	1.283	*	2.101	**
Number of employed	1.008		.991		1.028	
Density of accommodation	864.	**	.860	**	.870	**
Intercept (B)	-2.448	**	-1.953	**	-3.175	**
N	13,071		7,154		5,917	
-2Log Likelihood	16,033		8,499		7,074	
Cox Snell R <sup>2</sup>	.296		.387		.223	

\* $p < .05$  \*\* $p < .01$

The above findings lend support to theories of entrepreneurship that underscore pull factors more than push factors. Put differently, Haredim do not turn to entrepreneurship as an alternative channel of occupational mobility in the absence of higher education, but, rather, higher education is the prime determinant of their participation or lack thereof in the labor market. Higher education for women encourages them mainly to enter the labor market, while the opposite holds true for the men: the more years of schooling men have, and the extent to which they are academics, the greater their odds of not working versus being salaried workers or self-employed. If they do work, both male and female Haredi academics turn to entrepreneurship more than to salaried employment relative to nonacademic Haredi men and women. This is the case too with regards to men and women in professional occupations. This may be related to academics' and professionals' abilities to acquire the managerial and organizational skills needed to open a business of their own,

and their ability to accumulate economic and cultural capital. The findings also indicate that children do not push Haredi women into entrepreneurship as a way of combining work and family duties, as the tendency to be self-employed rather than a salaried worker the higher the number of children is, is shared by men and women. Furthermore, the age of the youngest child has no effect on this tendency among women. The effect of children on Haredi men's employment is apparent not only in their employment patterns but also, among the women, in their very entry into the labor market. The younger the youngest child, the more of an obstacle they are to their parents' work, and, the higher the number of children, the greater the tendency to be a salaried worker or self-employed rather than not work at all. Lastly, based on existing data, it is not possible to consider theories that underscore economic inadequacy as a motivating factor for entrepreneurship. For, even if we take residential density as an indicator of the economic situation of



*Haredim*, it is impossible to know whether working as entrepreneurs has improved their economic situation and consequently their

### Semi-Open Interviews

The study conducted two semi-open interviews with a married Ultra-Orthodox couple in their 60s. They have 8 children and about 40 grandchildren. These interviews present insight that supports the quantitative findings received and deepens the understanding of the motives for *Haredi* entrepreneurship, the attitudes towards secular society and the state and the secular society, and the division of labor within *Haredi* families.

First, the interviews indicate that the family opened a business due to financial constraints but also by choice. The interviewee opened a family business inside her home to cover debts she accumulated, but she also chose to do so because her children had moved out and their growing burden had decreased significantly. She spoke enthusiastically throughout the interview about her satisfaction with this work: “There is nothing to be desired. If you’re consistent and persistent, you can go far and wide... It’s something I’ve learned from life. That’s my personal message. There’s a strong inner will, you push it, and even if there are obstacles you must not despair, because you want to go far. I’ve worked very hard, with a lot of toil, and there’s satisfaction.”

Second, a traditional division of labor according to which the man works and the woman takes care of the house also exists in *Haredi* society. It is interesting to see that the interviewees said that until the opening of their business in 2017, the division of labor was characterized by the general society: the woman had an academic degree in education and worked as a teacher for 12 years, but, at some point, the burden of family and raising children was too great and she left her job and stayed at home. The husband, on the other hand, worked as an accountant at VAT—a governmental authority—and supported the family. “I did everything on my own,” she said. “I couldn’t wait for him to get home. Not that he didn’t want to join, he just wasn’t home.” After the children grew up, wanting to repay loans, the woman started a business. She said that not all women are suitable for teaching – occupation of many *Haredi* women, and some study other fields, but some open a business to demonstrate creativity, initiative,

living standards, or if their economic situation was good from the outset.

and independence: “It exists a lot. Women are looking for something creative to support the house. I have a lot of girlfriends like that. Shop managers, combing wigs, renting wedding dresses. Most of these business owners are Ultra-Orthodox women looking for a livelihood.” She also shared how there is now an awareness of the importance of academic education for women’s work, and that Torah education is not enough: “My daughter graduated from school with great distinction, got married, and realized that if she wanted to go further and progress, the studies that *Haredim* learn were not enough. She received her B.A. in Business Administration in Jerusalem. She was accepted to work at a bank today and tells me: ‘I changed my life.’”

Third, the Ultra-Orthodox woman is responsible for the livelihood of the house, but her partner can serve as a family member free of charge and help her manage the business on an ongoing basis. In this context, the husband said: “It is not good that everything falls on her. A house that does not make a living, there is no country road. My wife has worked hard all her life, and I’m a part of it. [part of her life so he must help her].” Furthermore, the woman said that, in the younger generation, you see more *Haredi* men working outside the house and indoors: “I see my sons and I admire them. They learn and they feel a heavy responsibility to help their wives. They make dinner, lay down the kids, bedtime story..” “Nothing dictated by providence, they make it out of goodwill to help the women who work.” The younger generation, both women and men, also sees entry into high-tech professions as important. The interviewee said that her son knows computers and although he did not study in the field, he repairs computers for a living while her daughter-in-law works in a high-tech job.

Another fact that arose from the interviews is that *Haredi* men can channel their Torah studies into work for wages so that, in their view, work and holy studies are not conflicting areas. The interviewee, who worked as an accountant, studied at the same time, and began giving sermons at events and synagogues. Over time, he left his job, devoting himself entirely to Torah studies, when more and more places invited him to deliver sermons and speak the words of the

sages. He was paid for this, but little. Such a way to make a modest living from the Torah, he argued, exists in all religious professions and should be used to make a living, and, most importantly, to maintain spirituality: “Today the world is more material. The Torah is giving them guidance. It’s that I’m glad my kids went to study Torah. They are more appreciative of spirituality. The secularists are running after the material, there are no families, it’s a simulated honor.” The interviewee said, in this context, that livelihood is also important among men and that “the disciples of the sages who study will not be angels. At some point, life brings them out and they work.”

When it comes to state and state support for the Orthodox, it is indicated that there is economic support, especially in the coronavirus era. This does not encourage them not to work but vice versa. The couple recounted how the state allowed them economically and bureaucratically to open the nursery business and, not only this, but the state funds—at least partially—the care of the children of disadvantaged and disabled *Haredim* who want to go to work: “I had a mother whose child was in my nursery care, who said: ‘Look how the state helps,’ that she and her husband are disabled and the state helps them. Gives them an allowance of 600 (around 194 US\$) to enter a rehabilitation center, just stick stickers on garbage bags... A disabled couple was depressed due to the work freeze during the corona crisis, we let them work, the woman comes out happy, showers, and wears makeup to go to work. Beautiful things happen in this country.”

### DISCUSSION

This study sought to examine the attributes of working age *Haredim* as an “ethnic enclave” group, their employment status, and their likelihood of entering entrepreneurship in the *Haredi* sector, distinguishing between *Haredi* men and *Haredi* women. This examination is important in light of the limited extant knowledge regarding the employment of *Haredi* men who devote most of their time to Torah study outside the labor market, while *Haredi* women serve as the primary breadwinners in the household. It is also important considering the data which show that, in recent years, there has generally been a rise in the rate of *Haredim* that work, women and men alike (Malach & Kahaner, 2017).

Furthermore, diversification has occurred in the occupations they pursue, including working as entrepreneurs and working in the high-tech sector (Azencott, 2018; Mati-Jerusalem). Therefore, one of the central questions examined in this study is identifying the attributes of *Haredim* who are employed as salaried workers or who open a business of their own and the attributes of those who do not work at all. This study also employed qualitative methods as explanatory and confirmatory approaches, addressing the “why” questions, to understand more deeply the attitudes and behavior of *Haredi* society.

The study’s findings indicate that *Haredim* who do participate in the labor market, either as salaried workers or as self-employed, have relatively high human capital, and a significant share of them hold academic degrees in a professional occupation relative to *Haredim* who are not working. The latter are younger and have families with small children, and their residential density is high. These findings are unsurprising and in line with theories and studies pointing to a connection between education and entering the labor market on the one hand, and between lack of employment and low economic circumstances on the other. In effect, these findings do not distinguish the *Haredi* from the non-*Haredi* population, and they show that the processes occurring among the *Haredim* are similar to those in the labor market generally, either encouraging or suppressing their inclination to enter the labor market. However, these similarities between the *Haredi* and the non-*Haredi* population do not extend to the socioeconomic background of *Haredim*, especially when it is examined separately among men and women. The findings of the model that examined *Haredi* men and women’s chances of working as salaried workers as opposed to their chances of not working, and their chances of working as self-employed as opposed to their chances of not working, show that *Haredi* women, not men, generally behave in accordance with the non-*Haredi* population. This similar behavior refers to the effect of human capital attributes on their inclination to enter the labor market: high education and being past middle age (55–64) are correlated with higher chances of *Haredi* women working as salaried workers or as self-employed as opposed to not working. However, among *Haredi* men, age has no effect on their chances of working and high education is correlated, rather, with low

chances of working. Accordingly, it was found that in the *Haredi* population, women have a greater inclination than men to work both as self-employed and as salaried workers, whereas men are inclined not to work at all. Likewise, married women have higher chances of working as salaried workers than unmarried women, whereas married men have higher chances of not working.

These findings confirm previous knowledge about *Haredi* society, which states that it has the attributes of a closed society and functions according to the socio-cultural norms of an enclave unique to it. The central norm is the supreme importance ascribed to creating a family and procreating, with a division of labor that consists of men devoting their time to Torah study, even at the expense of work time, and women going out to work in jobs that show respect for their conservative way of life (Leon, 2010; Sivan, 1991). It is worth noting that our qualitative data show that the *Haredi* society is not homogenous in this respect; a traditional division of labor also exists in *Haredi* society: the *Haredi* men utilize their knowledge about Torah and work for pay and the *Haredi* women stayed at home taking care of their children until recently.

Another finding that is unique to the *Haredi* population concerns the effect of children on employment. The literature dealing with women, in general, has shown that women's work and their patterns of employment throughout their lives are impacted first and foremost by events that occur in the family—primarily births—and by the normative demand of women to invest their time in caring for the family at the expense of work time as part of fulfilling their role as women. As a result, the presence of young children in the home and the number of children are among the primary factors impacting the nature of women's employment and their pay (Buding & England, 2001; Del Boca & Wetzels, 2007; England, 2005). Contrarily, the present study's findings show that, although among the *Haredim* the number of children and the age of the youngest child do impact the employment of women, they also impact the employment of men. The more children there are in the family, the greater the inclination to work as salaried workers or as self-employed rather than not work among both sexes. However, the younger the youngest child in the family, the lower the inclination to work. These findings attest to the

possible existence of an “income effect,” which means that the more children there are in the household, the greater the need to work for the family's livelihood (Becker, 1960). Additionally, caring for young children is an obstacle to entering the labor market for both sexes.

The findings regarding the effect of children on both men's and women's work also speak to the theories that view entrepreneurship as an alternative for combining work with family. Although these theories have referred mainly to women that carry the burden of a double role (Aharon 2016; Craig, Powell & Cortis 2012), they certainly may also apply to *Haredi* men. Indeed, focusing on the employment choice of *Haredi* men by estimating an additional model (which compares their chances of working as self-employed and their chances of working as a salaried worker), reveals that the more children *Haredi* men have and the lower the age of the youngest child, the greater their chances of being self-employed rather than salaried workers. It seems reasonable that opening a business, which can be operated from home and is characterized by flexible working hours, and which affords autonomy and independent discretion, is an additional attractive option for fathers, and mothers, making it possible to study Torah while supporting the family economically and helping care for the household. Another explanation associating the number of children with the inclination to entrepreneurship posits that children constitute a potential labor force for operating a business within a closed community. Studies dealing mainly with the entrepreneurship of immigrants in the destination country show that, in the absence of economic and social connections and in light of language difficulties, immigrants and ethnic minorities make use of family members as an inexpensive and reliable labor force, thus avoiding or minimizing the risk that employing unfamiliar workers entails and the time devoted to monitoring the activities of such workers (Kanas, van Tubergen & van der Lippe, 2009). In other words, it may be that, for the *Haredim*, children and family members play a similar role, especially since interaction with non-*Haredi* society is limited and their religious beliefs impose harsh standards upon them. The qualitative data indeed show that the Ultra-Orthodox female interviewee is responsible for the livelihood of the house, but

her partner serves as an unpaid family member who helps her manage the business on an ongoing basis. Our women interviewee indicates that the decision to open up a nursery from her house is convenient and plausible due to her husband's support.

The findings about *Haredi* men's and women's chances of being entrepreneurs as opposed to salaried workers also support theories propounding that those with academic education and/or who are professionals are more inclined than others to open businesses because their education allows them to acquire more easily the organizational and managerial skills needed to open and establish a commercial business. They are also the ones who succeed more than others in accumulating the necessary initial capital—economic and social—to help them become entrepreneurs (Constant & Zimmerman, 2006; Le, 2000). It follows that *Haredi* entrepreneurship does not constitute an alternative channel for employment mobility and economic success in the absence of education (Donato, Wakabayashi, Hakimzadeh & Armenta, 2008; Kanas, van Tubergen & van der Lippe, 2009), but is a channel for those with education to exploit their skills and abilities. This is the case for the female interviewee who opened a nursery due to economic constraints but also as a way of using her academic degree and her long-term teaching experience.

### CONCLUSIONS

Several conclusions follow from the above. First, although the data do indeed show that *Haredi* men are more inclined than *Haredi* women not to work, a significant share of them do work for pay. Second, since those with professional occupations and who are academics are more inclined to work as self-employed rather than as salaried workers, it may be possible to entice *Haredi* men to work by means of investing in their human capital. This proposal is not new and it has been known for some time that the state is investing heavily in encouraging secular studies among *Haredim* already at school age, thereby trying to open new possibilities for future integration into the labor market (see, e.g., Prime Minister's Office, 2010). The first signs of such a development can be seen in the relatively new phenomenon of *Haredi* women who work as salaried workers, but also as entrepreneurs, in the high-tech sector (Knesset Research and Information Center, 2014), and a

similar phenomenon can perhaps be encouraged among *Haredi* men. The qualitative data show that both *Haredi* women and men, especially among the young generation, work in the high-tech and finance sectors. Furthermore, the uniqueness of *Haredi* society—regarding children's effect on men's and not only women's chances of working, and on their chances of working as self-employed as opposed to as salaried workers—indicates a certain measure of gender equality even in a society with traditional views on gender roles. This is contrary to non-*Haredi* society, in which children generally have no effect on men's employment patterns, and women handle the childcare.

Indeed, this finding does not mean that *Haredi* men participate equally in the domestic duties, but it does indicate that they too have to juggle work, Torah study, and childcare. The male *Haredi* interviewee succeeded, to some extent, to combine his Torah studies and his work for wages so that, in his view, work and holy studies are not conflicting areas. Therefore, a family policy that provides children with educational frameworks during the day and at minimal cost may free the *Haredi* family from the burden of childcare and allow the women predominantly to be involved in work that pays in the labor market. For the men, such a move may have the opposite effect, for they would then not be forced to work and could devote all of their time to Torah study. Therefore, future research should consider and examine how it may be possible to encourage men's employment, without necessarily predicating it on economic need, for example, by using their knowledge of the Torah to work as professionals in the religious sector.

Finally, the findings point to the importance of entrepreneurial work among the *Haredim*. For some of them, it constitutes, so it seems, a pull factor into the labor market, with them perhaps including their children as workers in the family business. On the other hand, it may serve as a way for professionals to exploit their education and maneuver between home and work and to demonstrate “creativity, initiative, and independence.” It follows that encouraging entrepreneurship among the *Haredim*, awarding subsidies and grants for opening businesses—as in the case of the *Haredi* interviewees—and opening new entrepreneurial opportunities for them can serve as ways of encouraging their

employment, without undermining their culture and faith.

The employment of family members in a family business is a phenomenon that characterizes many businesses inside an ethnic enclave or the so-called “enclave culture” (Leon, 2010), in other words, businesses that employ mainly *Haredim*, are targeted at *Haredim*, and are located in their residential areas (Malchi & Lifshitz, 2015; Malach, Kahaner & Regev, 2016; Sofer-Fruman, 2007). Similarly, to what is described in the literature dealing with the attributes and effects of the ethnic enclave among immigrants (see, e.g., Flap, Kumcu & Bulder, 2000; Min & Bozorgmehr, 2000; Rodriguez, 2004), it is reasonable that *Haredim* establish businesses inside the ethnic enclave to meet the social, cultural, and economic needs of *Haredi* society. Establishing a business inside the enclave is made possible by the social capital they can acquire through social, familial, and community connections, which sometimes compensates for their inability to compete with businesses located outside the enclave.

The present study was unable to examine directly the effect of the ethnic enclave on the work of *Haredim*. However, as noted above, its findings—such as the effect of the number of children on the inclination toward entrepreneurship—indirectly attest to such an effect. It follows that future research should examine, by means of collecting all the relevant data, the effect of the enclave on the work of *Haredim*, and more generally the attributes of businesses inside the enclave and outside it. In addition to these structural factors, others that have been adduced by the literature on entrepreneurship (Blau, 1987; Blanchflower, 2000, 2004; van Tubergen, 2005) could be examined, such as the existence of institutional support, sectoral unemployment, and regulations in the labor market, and their effects on *Haredim*'s inclination toward entrepreneurship. Due to the lack of data, the present study also cannot directly examine the effect of the family's economic circumstances on their chances of working in the various types of employment, so this was examined indirectly through the residential density variable. Therefore, this parameter too should be examined in the future, with the emphasis being placed on the effect of income. In this way, by understanding all the factors that impact *Haredi* employment, it will be possible to

construct programs suited to *Haredi* society's unique cast, with respect for preserving its culture and values, and toward liberating it from the need for institutional support.

Finally, the study shows the importance of state support for entrepreneurial activity. The qualitative data indicates that the state economic support, especially in the coronavirus era, encouraged the female *Haredi* interviewee to open a business, and other *Haredi* women to work outside their homes. Hence, future studies should examine the possible effect of state support directed especially at *Haredi* women and men entrepreneurs and their potential customers.

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