

A labor market investigation of the Jewish-Arab differences in academic major choices

Gal Ben Chorin

There is a noticeable difference in the academic majors chosen by Arab and Jewish students in the Israeli higher education system. This paper examines how labor market outcomes contribute to the disparity in major choices by applying a two-phased analysis. In the first phase I calculate the gaps in graduation rates, wages, income and months of work per year between Bachelor's degree graduates from different ethnic groups and gender in each major while controlling for individual abilities using Psychometric test scores. In the second stage I employ a conditional logit model on the labor market expectations and the wage, months of work and income gaps in order to examine their effect on the choice of academic majors made by individuals from different ethnic groups and genders.

The paper finds significant wage and income gaps between Jews and Arabs in six out of eight majors, and these gaps have a significant effect on the major choices of Arab students and account for 13-27% of the ethnic differences in major choices. In addition, preferences over academic majors are found to differ considerably between Jews and Arabs, with the latter caring less about expected wages, but more about expected months of work and the probability of graduating relative to Jewish students. I conclude that Arab students are more risk-averse than Jews in the choice of academic majors, and that this difference might be a reaction to discrimination against Arabs in the workforce, leading them to choose safer majors.