

Israel Innovation Authority Releases 2025 High-Tech Employment Status Report

Report highlights global growth, strong R&D momentum, and key challenges in workforce composition

TEL AVIV, ISRAEL, April 7, 2025 /EINPresswire.com/ -- The Israel Innovation Authority has published its 2025 High-Tech Employment Status Report, offering a detailed snapshot of employment trends in the Israeli high-tech sector. The report reveals that while global activity is expanding and demand for R&D talent continues to rise, local employment growth has leveled off—pointing to opportunities for renewed investment and strategic action.

The report shows that the number of high-tech employees has stagnated since 2022, and in 2024, their number even decreased by about 5,000—for the first time in at least a decade.

Key findings include:

- Between October 2023 and July 2024, approximately 8,300 high-tech workers left Israel for a year or more—around 2.1% of the high-tech workforce.
- Israeli high-tech companies now employ about 440,000 people abroad, compared to approximately 400,000 in Israel.
- Despite this global presence, about 60% of new recruitments in 2024 were in Israel.
- As of December 2024, the number of job vacancies in high-tech reached approximately 17,000—marking a return to growth.
- High-tech employment growth in 2024 was concentrated in R&D positions.



Dror Bin, CEO, Israel Innovation Authority (Credit: Hanna Teib)

Dror Bin, CEO of the Innovation Authority: "The high-tech employment report reiterates the need for continued focused investment in the industry that is the main growth engine of the Israeli economy. At a period where we're facing security, political, and economic challenges, the data points to challenges that require immediate attention: stagnation in employment, a change in the mix of positions, and an increase in the volume of relocation. To ensure the future of Israeli high-tech, a combined effort of the government and industry is required – investment in human capital, improving skills, returning employees who left Israel, and expanding business activities here in Israel. The Innovation Authority will continue strengthening the local ecosystem, promoting diversified growth, and maintaining Israel's standing at the forefront of global innovation."

Significant slowdown in high-tech employment – Trends and data

The Innovation Authority notes that the stagnation in employment is uneven across all high-tech segments. While the total number of employees is shrinking, there is an increase in R&D positions, some of which have increased and in 2024 reached over half of the employees in the industry. This is in contrast to a continuous contraction in headquarters and product positions that goes against the ambition to expand companies and create whole companies that operate from Israel. The trend indicates that companies in the Israeli high-tech industry continue to prefer to invest in technology and reduce investment in the fields of management and operations in Israel.

According to the report, in 2024 the number of people employed in high-tech was 391 thousand, a decrease of 1.2% which is about 5,000 employees, compared to the previous year. This is a clear sign of a dwindling of the growth trend that characterized the Israeli high-tech in the last decade.

In addition, the relative share of high-tech among all employed people in the economy hovers around 11.4%, with no real change in the last three years, this comes following a rapid growth rate during the decade between 2012 and 2022.

A key figure that emerges from the analysis of the employment data in private Israeli high-tech companies based on the location of employees and their position is that the private Israeli high-tech companies employ about half of their R&D personnel abroad - even though human resources in this field of activity are Israel's most significant relative advantage. In addition, about 75% of these companies' business operations personnel are employed overseas". In total, both R&D and business operations departments make up about 80% of the employees in private Israeli high-tech companies.

Combining these two data sets highlights the potential for a future increase in Israeli high-tech employment. Only last year, the private Israeli high-tech companies recruited about 4,500 R&D employees and over 2,000 business operations employees abroad. It should be noted that

despite the existing advantage of recruiting employees in positions such as sales or marketing closer to the designated market for reasons of closeness to customers or cultural understanding, it seems that there is also room for increasing their relative share domestically, in Israel.

Significant challenges in Israeli high-tech – Exit of quality personnel from Israel

The report estimates that from the beginning of the war in October 2023 to July 2024, approximately 8,300 high-tech employees left Israel for a span of one year or more. Policy measures for the return of these employees to Israel may and should be considered.

Change in employment mix

Along with the general stagnation in high-tech employment, there was a change in the mix of high-tech employees and the proportion of people employed in R&D increased from 37% of those employed in high-tech in –2012 to about 50% in 2024. Despite a 44% increase in the number of headquarters and product employees between 2012 and 2024, their proportion of all employees was significantly reduced. This means that the main employment opportunities are for those with technological education and abilities. This finding raises concerns about the ability of the State of Israel and the high-tech industry to meet the goals of the Perlmutter Committee regarding the number of high-tech employees, resulting in damage to the overall business of the Israeli high-tech companies.

The wage gap and its consequences for the Israeli labor market

According to the data, the wage gap between high-tech employees and the rest of the economy continues to widen. In 2024, the average salary in high-tech was NIS 32.3 thousand, 2.8 times the average salary in the economy, and this is due to the increase in high-tech employment in R&D positions that maintain high salary levels albeit the decrease in employment in headquarters professions.

An increase in the volume of open jobs

Resumed growth in job vacancies is a positive sign of the industry's recovery.

Israeli high-tech companies employ about 440,000 people overseas

The operation of Israeli high-tech companies in global markets requires a massive presence in these markets. The report shows that more than half of the workforce of Israeli high-tech companies is currently outside of Israel. While management, R&D, and product positions are still filled primarily in Israel, in areas such as sales, marketing, and customer service, most employees are employed outside Israel. However, it should be noted that in 2024, 59% of Israeli high-tech companies' recruitments were in Israel.

The report emphasizes that action must be taken to implement the recommendations of the Perlmutter Committee, to support an increase in the number of employees with required high-tech skills thus increasing the number of employees in the Israeli high-tech industry. To support the increase in employment of non-R&D positions in Israel, there is an urgent need to strengthen non-technological employees' skills, with an emphasis on improving spoken English.

The report presents for the first time a broad and in-depth view of the employment in Israeli high-tech companies, both within Israel and overseas. Of the approximately 390 thousand employed in the industry in Israel, approximately 250 thousand work in Israeli high-tech companies – private and public – and approximately 90 thousand work in multinational companies. In addition, about 50 thousand employees are employed in IT companies, providing technological services.

Following this data, a new analysis indicates substantial gaps between the volume of employees in Israel compared to those employed overseas: the private Israeli high-tech companies employ a total of about 430 thousand employees, about 190 thousand of them in Israel and 240 thousand overseas, while public companies employ about 260 thousand employees, – only about 60 thousand of them in Israel. This data emphasizes the potential inherent in expanding the local activities of Israeli companies and leads to an in-depth analysis of sectors and options that will help strengthen and expand high-tech employment within Israel.

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