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STUDIES ON REGULATION

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Abstracts

Ariel Ezrachi, David Gilo, *The Anticompetitive Effects of Grace-Period Arrangements Between Wholesalers and Retailers*

This paper explores the anticompetitive effects of the grace-period strategy, often used in contracts between suppliers and retailers in the food market. This strategy involves a predefined postponement of the implementation of the suppliers' announced increase of the wholesale price. It enables retailers who enjoy the grace period to raise their retail prices while still paying the suppliers their earlier, lower wholesale prices. The paper analyzes the mechanisms by which this strategy might decrease competition and increase retail prices. Accordingly, it suggests ways this strategy may be challenged as an antitrust violation or a violation of the Israeli Act for the Promotion of Competition in the Food and Pharma markets, 2014.

Odelia Minnes, *Balancing Bankruptcy with Antitrust Law: Economic Implications and Policy Solutions*

Insolvency is an economic condition that threatens both a corporation's financial viability and legal frameworks governing its potential bankruptcy. This Article examines the tension between bankruptcy law and antitrust law that arises when an insolvent firm seeks to merge with, or be acquired by another company in a way that could restrict competition in the relevant market. The central question is whether antitrust law should accommodate the firm's inability to meet its debts and permit greater market concentration – and thus, reduced competition – in order to preserve the firm's economic value. The article examines this topic from multiple perspectives. First, it explores the normative and theoretical foundations of bankruptcy law and antitrust law. Second, it considers recent case studies in which this conflict arose, analyzing the facts of each case, the role of antitrust considerations, and the results of their application. The study reveals that the application of antitrust law in bankruptcy contexts lacks predictability, and that the criteria guiding antitrust authorities' decisions remains insufficiently clear. To address these deficiencies, the article presents a novel approach that establishes a normative link between bankruptcy law and antitrust law through an economic analysis of the law. Finally, it makes several policy recommendations derived from this approach.

Hagit Bulmash, Lior Frank, *Court Procedures, Document Discovery and Legal Rights in Administrative, Civil, and Criminal Proceedings in Competition Law*

Procedures in Competition, Civil, and Criminal courts have different effects on legal rights and the parties. Some legal procedures are purely technical and have no effect on substantive rights. However, some are more significant and affect the essence of competition and the rights of the general public in light of the effect of competition laws on general goods and services.

Against this background, the article discusses the delicate balance between the right of access to justice and the goals for which competition laws were enacted. An improper balance between substance and efficiency might, in some cases, cause irreversible competitive damage and excessive or insufficient deterrence - depending on the results of the procedure.

Tamir Shanan, Doron Narotzki, *Regressive Aspects in the Tax Treatment of Employee Equity Compensation*

Employee stock-based compensation has become a crucial tool for recruiting and retaining employees, particularly in the high-tech industry. While this practice has become widespread globally, with annual volumes reaching billions of shekels in Israel alone, its origins can be traced to a social experiment conducted in the United States by Louis O. Kelso and his partner through their private company in the mid-1950s. Subsequent decades saw the development of extensive literature highlighting both the significance of human capital in corporate success and the strategic advantages of employee stock-based compensation, including its role in addressing agency problems in corporate law. This compensation method is especially valuable for companies lacking sufficient capital that offer competitive salaries to highly qualified employees whose expertise is vital for corporate growth and sustainability. Beyond its immediate financial aspects, stock-based compensation strengthens the employer-employee relationship and provides long-term retention incentives through vesting periods and trading restrictions. This article examines the progressivity of tax arrangements governing employee stock-based compensation in Israel, comparing them with international practices. We propose an alternative model that better aligns with common approaches among OECD member countries while maintaining balanced tax treatment.

Sigal Nagar-Ron, Sagit Kedem-Yemini and Tammy Razi, *An Intersectional Analysis of Inequality in Israeli Academia via Process Mining*

This first-of-its-kind study examines academic recruitment and advancement processes of tenure-track faculty members in higher education institutions in Israel through an intersectional lens (gender, nationality, ethnicity, and the intersection between these categories), using process mining. The study empirically examined the recruitment and advancement tracks of academic faculty members, based on an analysis of a sample of 371 CVs of tenure-track faculty members in two academic institutions. A mathematical model was developed by identifying critical points in academic faculty recruitment and advancement processes. Process maps were used to identify both standard and irregular processes.

The findings indicate that inequality in higher education is not based separately on gender, ethnicity or nationality, but also on their intersections, specifically ethno-gendered and national-gendered disparities. The sample reveals that Ashkenazi men enjoy an advantage already at the entry stage (both numerically and at a higher entry rank than the basic level), as well as meriting faster advancement when compared with the other categories. The next two categories - which have an advantage, albeit a smaller one, - are Ashkenazi women and Mizrahi men. According to the study findings, the categories with the highest degree of underrepresentation are those of Mizrahi women, Arab women, and Arab men. Furthermore, Arab men and Mizrahi women not only face acute underrepresentation in the academic faculty, but also the average time for their advancement at the various tenure-track stages is three times longer than that of faculty members (both men and women) in the other categories.

This study contributes in three ways: (1) **Theoretically**, it introduces an innovative application of the intersectional approach for examining diversity among tenure-track faculty members in higher education systems; (2) **Methodologically**, it is, to the best of our knowledge, the first study to apply process mining technology to map organizational processes in the academia, and to identify specific barrier points for various social groups; and (3) **Practically**, its findings can help policymakers in the Council for Higher Education develop tools and regulatory mechanisms to promote more diverse academic faculties.

Dana Nayer, *Gender Gaps in Israel's Hi-Tech Industry – Where Lies the Problem?*

Gender gaps in the Israeli hi-tech industry - with some 33% female employees and even fewer managers - have not changed over the past few decades. Previous papers and studies have shown that gender diversity is important not only for the promotion of healthier work environments, but also for organizations' productivity and success.

Conducting two studies and using both quantitative and qualitative methods, we studied gender gaps in recruitment processes and working environments in the hi-tech industry. In the first study, we measured the impact that gender, family status, and technological-military service had on decisions regarding CV quality, and overviewed candidates' employment prospects. In a two-part study (four study conditions), we presented 136 hi-tech head-hunters with the CVs of two fictitious candidates (one male, one female). Under one study condition, the CVs were similar, except for gender and military experience (service with Intelligence Corps' Unit 8200). Under the other condition, the CVs were similar except for gender and family status (married with children / single). The main findings indicate that gender gaps in the Israeli hi-tech industry can rarely be explained by gender bias in the early recruitment stages. We also found that family status impacts on estimated wage levels, so that married candidates are expected to earn more than single candidates, regardless of their gender.

In the second study, we interviewed 25 female workers in the hi-tech industry, using semi-structured in-depth interviews about their experiences at work. We identified four key themes: (1) Coping difficulties and women promotion in a predominantly male environment; (2) difficulties in balancing career and family life; (3) the importance of mentoring programs and support systems for women; (4) potential self-biases and personal obstructions. The findings indicate that while numerous factors could lead to gender gaps in the work environment, few practical solutions have been suggested.

We argue that both studies' findings have further and important implications on the formation of Israel's hi-tech work culture. Using first-hand information from recruiters and female workers in Israel's hi-tech industry, this paper contributes to the existing literature as well as to work practices.