

First International Workshop on Labor Market Studies



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Education	PhD in Economics, University of Manchester, Manchester, UK
Research Interests	Macroeconomic Theory, Economic Development, Political Economics, Public Choice
Key Professional Activities	• Preparation of the First Five Year Plan of Iran (1988) • Preparation of the Third Five Year Plan of Iran (1999) • Design of the Oil Stabilizing Fund for Iran (1999) • Preparation of the Legal Framework for the Privatization Plan of Iran (1999) • Preparation of Iran's Industrial Development Strategy Document (2003)



Labor Market in Iran Current Facts and Future Challenges

Masoud Nili

Head of the Institute for Management and Planning Studies

Outline



Trends in the labor market of Iran

Major recent changes

Challenges and recommendations



3 stages of labor market in the past 20 years

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Before 2006:

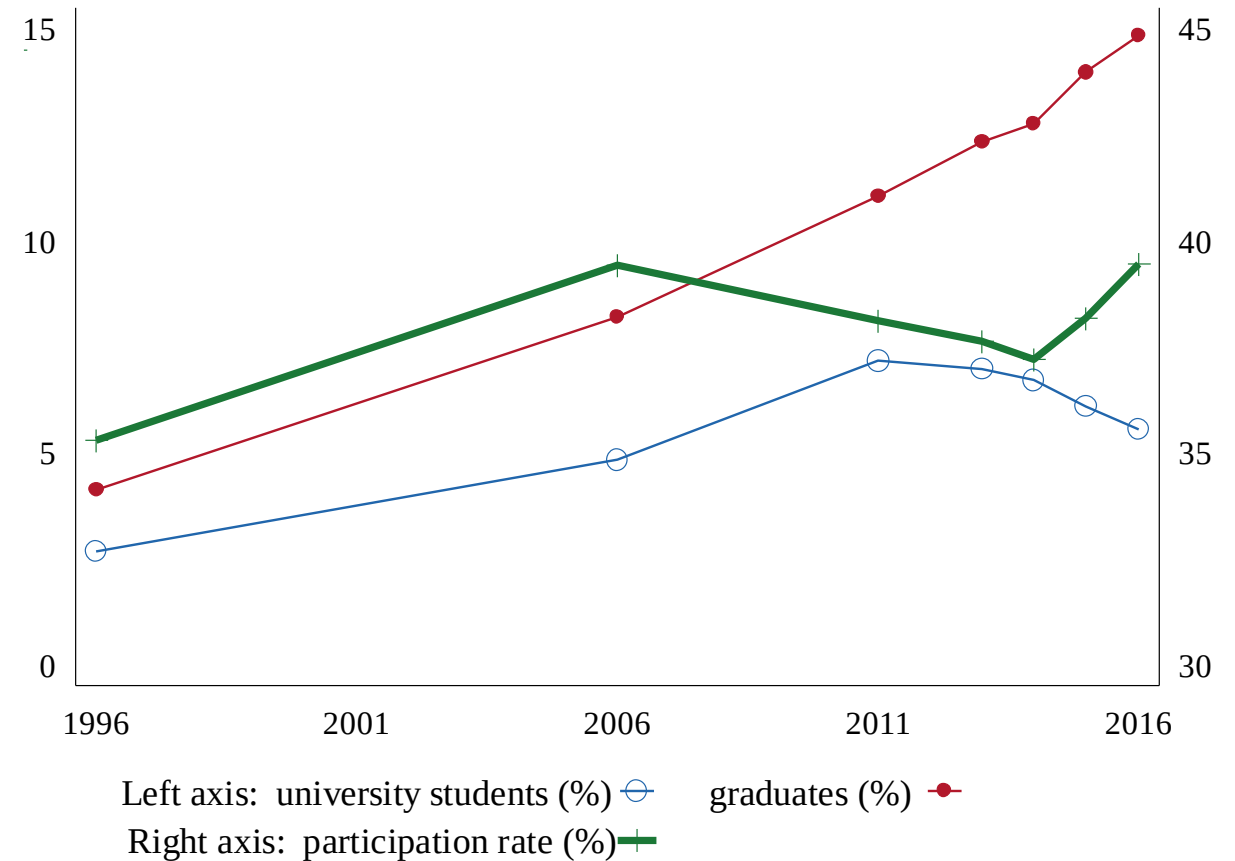
higher education ↑
labor participation ↑

2006-2013:

higher education ↑
labor participation ↓

2013-now:

higher education ↓
labor participation ↑



Ins to and outs from labor market

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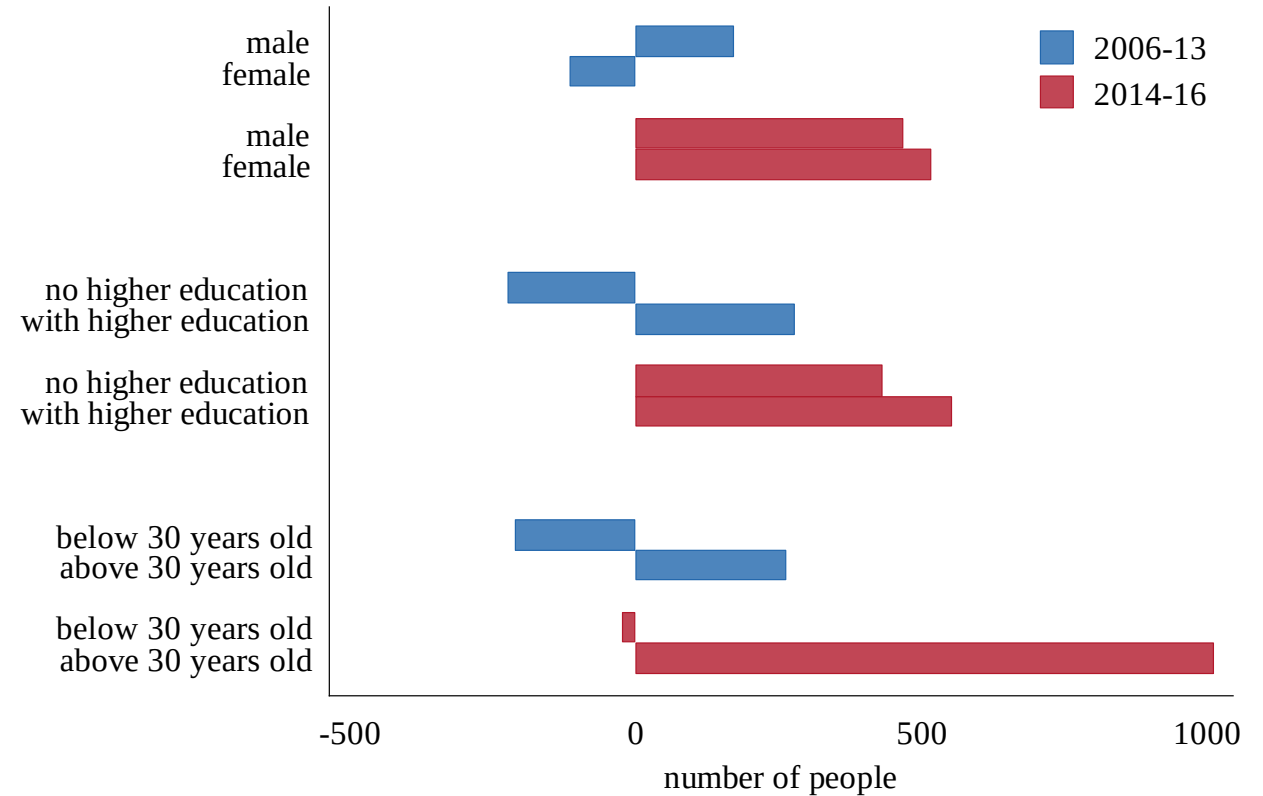
2005-13:

- 72,108 net annual job creation
- Women replaced by men
- Low educated replaced by high educated
- Below 30 replaced by above 30

2014-16:

- 641,875 net annual job creation
- Female entrants rose above male
- Both low and high educated entered
- Youth replacement reduced

Average change in active population per year



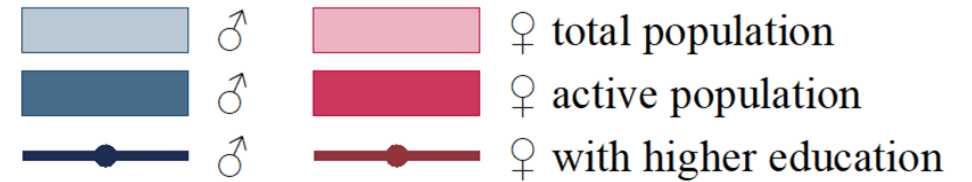
Age picture in Iran

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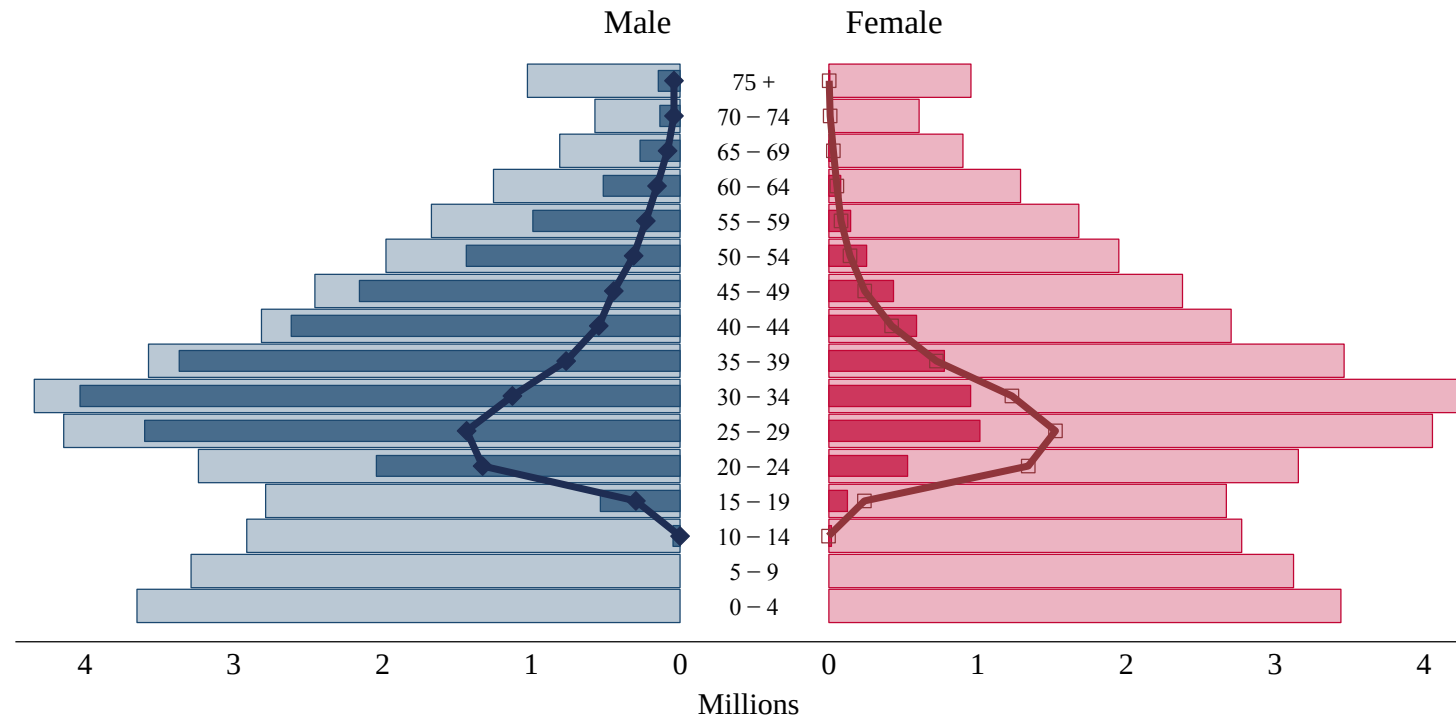
Pick ages: 25-34

Equal portion in higher education 20% vs. 18%

Large gap in participation: 65% vs. 15%



Population Pyramid of Iran, 2016



Age pattern of participation in different years



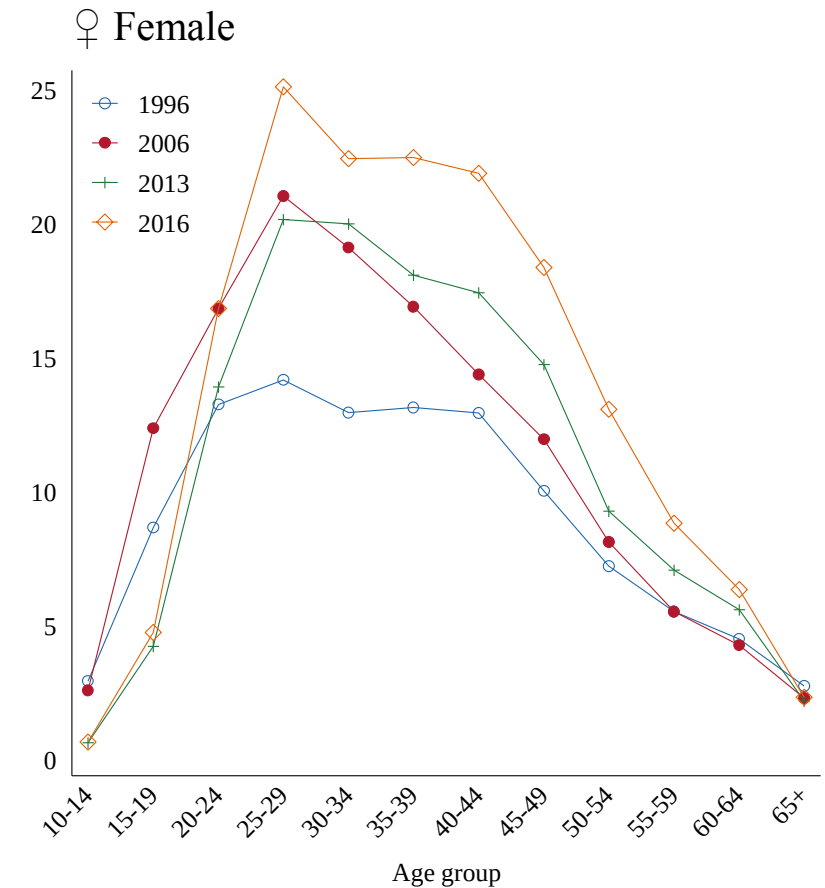
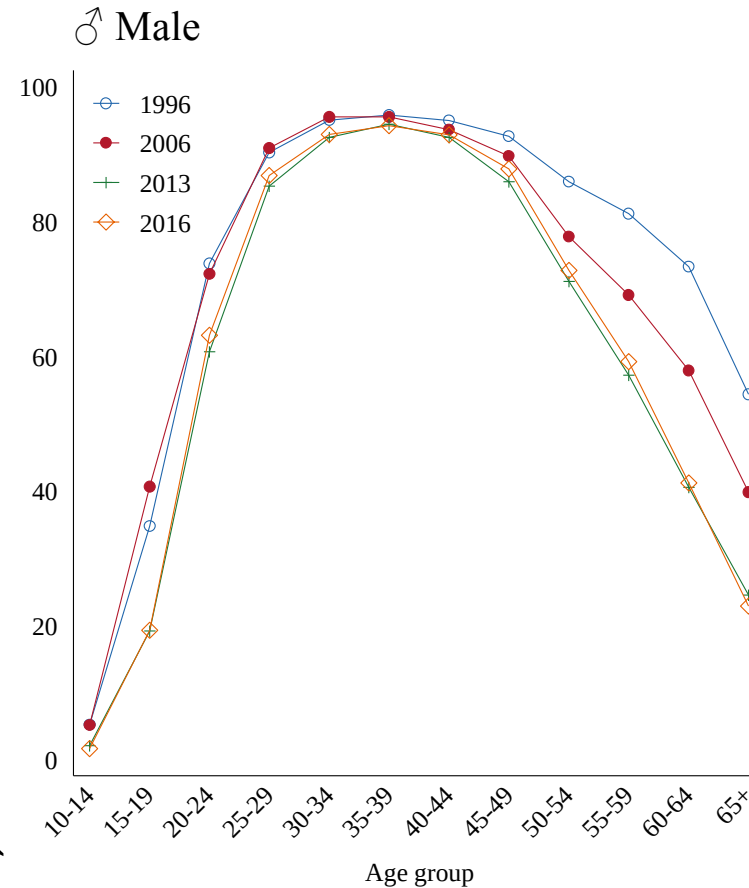
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1996-2013:

- 50+ exit earlier
- Retirement rate↑

2013-2016:

- -30 enter earlier
- Youth participation↑

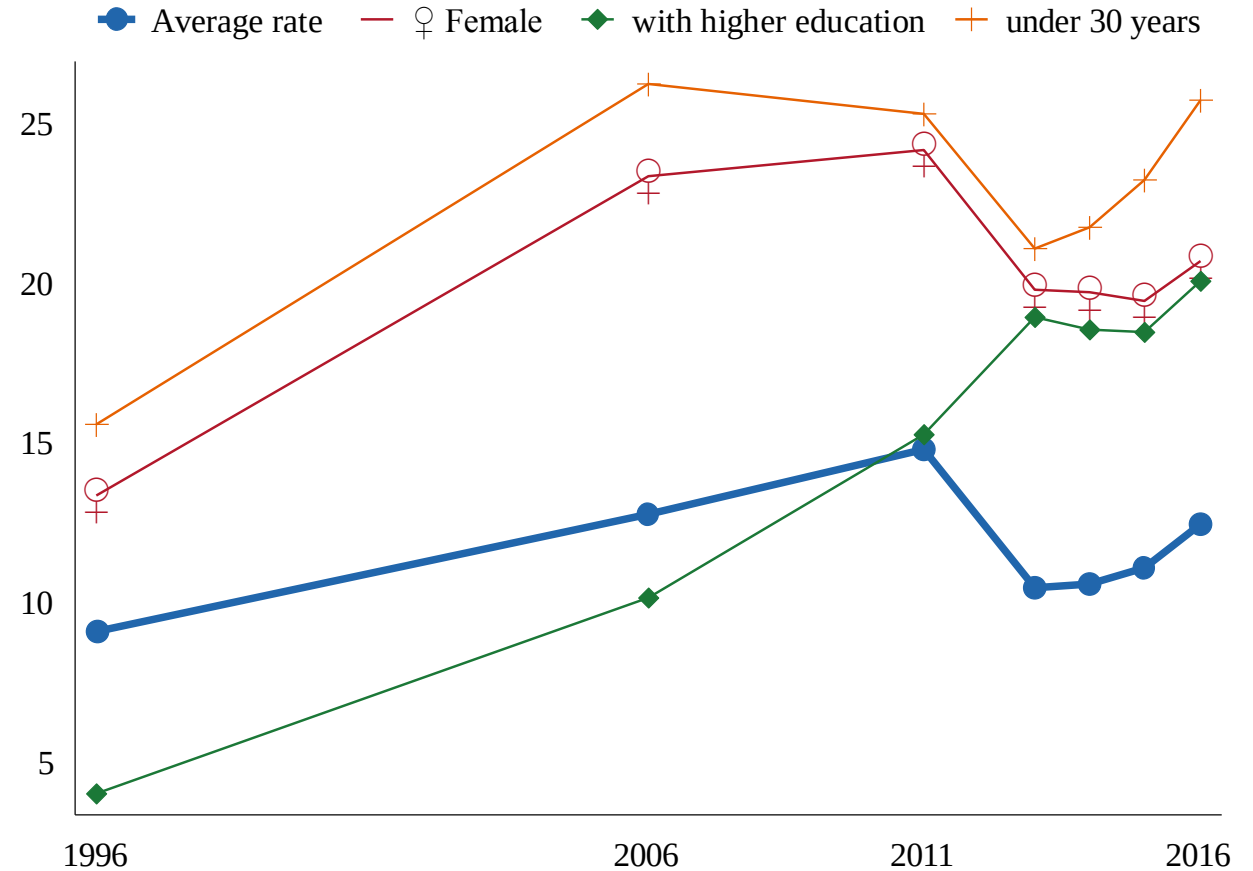


Unemployment rate among different groups

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- Unemployed population:
 - 3.3 million in 2016
- Unemployment rate is higher than average among
 - Women
 - Higher educated
 - Youth



Summary of challenges

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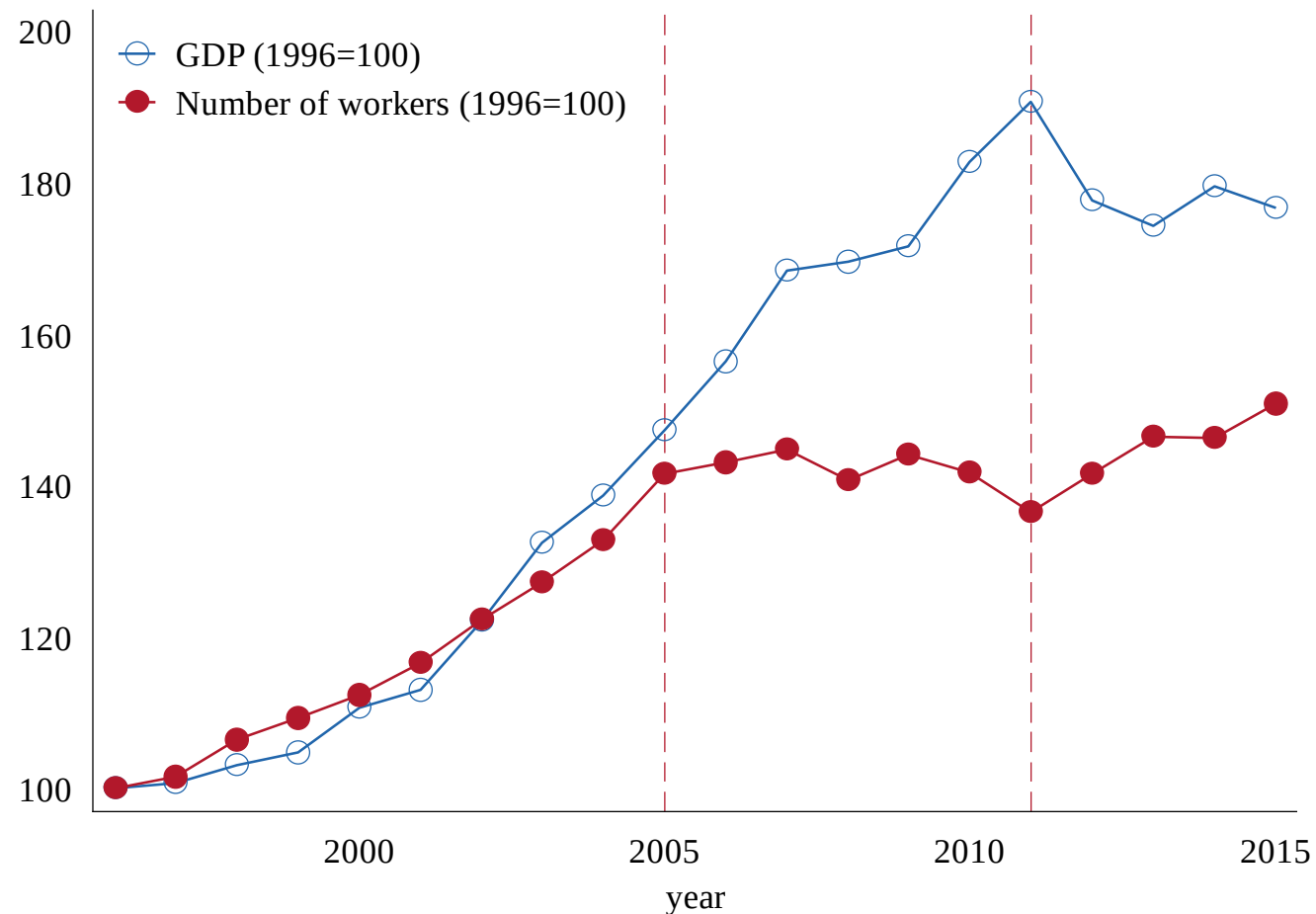
- Female participation rate is much lower than the world's average, it can continue to increase
 - With high number of female graduates, the increasing trend is more likely now than 10 years ago
- A large group of university graduates requesting high quality jobs
- Youth do not study as long as before and enter earlier
- Large number of retired people and huge deficit of pension funds
- 3.3 million unemployed people



Has the growth in Iran been inclusive?

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After 2005, employment seems to be counter-cyclical to GDP.





- Passive labor market policies:
 - Inclusive and job-creating economic growth
 - Female-oriented jobs, jobs for youth and educated
- Active labor market policies:
 - Lowering the frictions in matching
 - Vocational trainings
- Managing unemployment:
 - Even if job creation equals the entrants, still 3.3 million remain unemployed.
How to deal with them?



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Cooperatives, Labour and Social Welfare*



*Institute for Management
and Planning Studies*

