

National Report on Youth Employment in the Islamic Republic of Iran

INTRODUCTION AND OVERVIEW

The population changes in the last two decades have led to the population increase in the ages under 24 years as compared to the total population. In 1977 of the 33 million people of the country 19 % or nearly six million and 4 thousand people belonged to the youth age. In 1987 the youth age group composed 19% of the total population which was around 49.5 million people, their number reaching around 9 million and 400 thousand. With the increase in the number of people in this age group in 1986 the population explosion in the age group of 15 -24 years of age led to a sharp increase in the youth population by 20.5% in proportion to the total population of the country and composed nearly one fifth of the total 60 million population of the country (or more than 12 million people). During this period whilst there was a rise in the total population of the country by around 78 % the youth showed a 93% increase of the year 1977.

The largest percentage of growth was seen in the urban areas which despite low rate of fertility they received large amounts of rural immigrants or like wise, as a result of expansion of the urban areas and transformation of some of the villages into towns, they were to hold larger populations with the population of the youth age groups holding a larger share out of the total youth population of the country. This indicates that by the year 2006 the total population of the youth will reach up to 17.5 million people equal to 25% of the total population of the country. Of this population by 2006 around 50.1% will compose the age groups of 20-24 years of age and around 50% will comprise the age group of 15-19 years of age.

This report has endeavoured to first examine the present opportunities, the challenges and the major problems on the way of employment and the means for maintaining a sustainable living for the youth and offers an overall view about the present conditions and major concepts and issues related to the economy of the country.

Generally speaking, the major economic and employment opportunities in Iran can be categorized into four main areas namely, 1- agriculture, 2-mines and industry 3-services and 4-present opportunities in the ICT section

These areas are mainly under direct control of the governmental system and only to a relative extent to the private sector. As for the youth employment since the ICT section requires educated forces it holds the largest capacity for attracting the youth work force. The services section is the next area holding a large capacity for attracting the youth work force since it does not require highly educated forces. Currently, the mines and industry and the agriculture sections are not being well received but with the present potentials and facilities they hold a very important position. However, for many reasons young people are more attracted to the former three sections.

The National Youth Organization as a national entity related to the youth issues in Iran has defined youth as a person in an age group ranging from 14-29 years. The basic areas of the economic activities of the youth are mainly in the information

technology and communications and services. Which in the latter area young people are usually attracted to the governmental and the related job systems. This is highly significant in as far as that the dominant culture on the youth for finding jobs and vocational opportunities is to endeavour to find governmental jobs in all the areas of services ,technical ,industry and agriculture which depicts the incumbency of the government over economy .The biggest obstacle here is the overloading of the work force in this area and the predominance of highly influential connections in place of a standard system for attracting a new work force .

In other areas, incompatibility between the needs of the job market and the skill based trainings for the youth as well as the weak functioning of the social services system in the non- governmental sectors are the most significant deterring factors against entry into the work force. Nevertheless, it should be pointed out here that it is still important to move towards establishing micro- scale vocations by the youth themselves.

Despite the fact that the majority of the youth seeking jobs and holding small work shops are from among the average to lower classes of the society, but the most important problem is lack of basic capital for ensuring the formation of small jobs.

In order to remove these problems and obstacles the young workforce have moved towards learning vocational trainings and technical skills as well as receiving self employment loans.

In another section, certain factors such as nepotism and poor system of social services have caused efforts for alleviating these obstacles to yield unfavourable results .

B. ECONOMIC CONTEXT

An overview to Iran's Economy

Iran had a population of 64 million people in the year 2000 with an annual growth of 1.6 % during the years 1990 -2000. Considering the large area of land the population density stands at 47 persons per km sq. Life expectancy from birth is 71 years of age and the infants mortality rate under the age of 5 equals 33 per one thousand.

From human capital stance, the existence of nearly 2.1 million graduates of which 1.8 million of them are engaged in various production and services sectors, the existence of nearly 300 thousand unemployed individuals as well as 1.6 million students in the governmental and non-governmental sectors and around 17.7 million students at school age ranging from primary to high school reveals a high level of potentials in the area of human capital for the future.

Based on the purchasing power in the year 2000 the Gross Domestic Product GDP equalled to over 378 billion US Dollars and the annual per capita production was nearly equal to 5900 US Dollars .The growth percentage of GDP in the 1990-2000 was around 3.6 %, the value added share in the agricultural sector was 20 %, in the industry 37 % and services around 43%of the total GDP. Moreover, the household consumption costs were 66%, the state' consumption costs around 7 %and the gross domestic capital around 17 % of the GDP.

The human capital development index indicates a considerable growth rate during the past two decades turning from 0.566 in the year 1980 to 0.646 in the year 1990 and to 0.719 by the year 2001.

Iran's Economic Potential

With possessing 18 % of the total natural gas supplies, Iran ranks the second largest country in the world, the first being Russian Federation. The oil supplies of the country comprise 8.6% of the world's oil supplies and it holds 5.2% of the world capacity for production. Iran holds a significant position among the countries in the region for its industrial potentials, roads and harbours and energy production plants.

Climatic variations, vast areas of land, agricultural resources in 14 diverse climatic regions, 20 hectares of operational lands, 12.4million hectares of forests, 90 million hectares of pastures and the potential for using 130 billion cubic meters of water from the total water reservoirs, the existence of 10.000 plant species and a large number of different animal species, all provide the adequate grounds for supporting the youths' vocation.

The existence of ethnic and cultural diversity and the cultural potential for a peaceful cohabitation in different areas has given the opportunity to Iranians to play an effective role at international level despite differing cultures and nations.

The geo-strategic situation of the country as being located on the route between east and west and access to regional and global markets as well transport of goods and services are all some of the economic opportunities available to the country.

The cultural heritage and the historic records of more than 100 thousand years of identified history places Iran among the top ten countries in the world possessing cultural heritage.

As mentioned earlier, based on the definitions of the Youth National Organization a young person is defined as the one who stands in the age group of 15-29 years of age. Based on the latest census on housing and population the youth population holds 20.15 % of the total population of the country or nearly 1/5of the 60 million total population (or nearly 12 million people).

By holding a glance at annex 2 we can find the proportion of the youth population to that of the total population, the young employed population to that of the total population based on the sex disaggregated statistics.

C. YOUTH'S EMPLOYMENT IN THE FUTURE

Considering the present economic conditions in Iran and the existing potentials of the country as mentioned earlier, it is noteworthy to mention that the structures of the youth population make it necessary for the authorities and policy makers to give them special attention. 36 million population under the age of 25 whilst it is considered as a privilege for the country, but nevertheless, the issues concerning their education and employment, housing and livelihood is a matter which requires a high economic growth of nearly 8% and an investment rate of more than 10% within a long period.

Youth Economic Activity

The youth of our country like other young generations of the world are interested to join in modern activities in the agricultural transformational industries, industries and services in particular services which would focus more on ICT and as it is expected from the working groups they show more interest in areas of technical and specialized occupations.

Basically since there is no conformity on the definitions made over the formal and informal sectors in the labour market it is difficult to discuss the presence of the young generation working in the informal sector of the labour markets. Based on the data collected from the labour market of the country ,nearly 20 % of the present working groups are active in the informal sector of the labour market without considering their age groups .How ever ,our youth and generally speaking the young work force are less interested in the informal sector of the labour market since they have achieved a high level of education .

In Iran the urbanization process in the past two decades has gained a fast speed and the rural markets in comparison with the urban markets have had less prosperity .The Urban population in the last two decades has had an annual growth of nearly 4.3%. It is anticipated that the supply of the work force in the urban regions which was over 9.7 million people in 1996 will raise up to nearly 5% within the next future decade. The supply of the rural work force which was over 6.3 million people in 1996 will raise up to 2 % within the next future decade. Therefore, it is expected that the majority of the young working groups will be present in the urban labour markets.

The urbanization of the future labour market in Iran is quite evident. However, the issue of women's employment with regards to an increase in their education level and their growing interest for participating in various economic activities is considered as a fairly new phenomenon.

D. SOCIAL AND INSTITUTIONAL SUPPORT

- All girls and boys are provided with free education up to high school levels before entering the higher education institutes .After the compulsory education there is a widespread and equal competition for entering the higher education institutes Moreover ,broad-based training courses ,as well as private institutes have all provided the opportunity for people to have easy access to education .
- Professional trainings required for employment takes minimum of two years excluding military services for boys .Of course the minimum period needed for finding a job after graduation is around 2-4 years.
- In the official declarations youths are considered as an opportunity yet in actual fact due to lack of comprehensive planning, in many instances specially in the case of employment they are reminded as a serious challenge.
- With regards to the inconsistency of opportunities in the rural and urban areas naturally, there would be an unequal access to opportunities though there are similar conditions for job opportunities with regards to offering facilities.

- Most of the young people view employment as having access to governmental occupation in various sectors in particular in the clerical and services sectors and in the private sector they show more interest to service occupations.
- The specific problems related to the increase in the young population such as housing, marriage and employment which are usually prevalent in the developing countries have lead to some serious concerns which has made the majority to view employment as a disadvantage and a troublesome issue for the society .
- This is the natural outcome of any population growth which in turn leads to an increase in the unemployment rate. However, considering the cultural and religious framework of the Iranian society, apart from the issue of drug addiction which is of relative concern the rate of crimes and moral corruptions and alcohol addiction is very low among the Iranian youth .

By looking at the rate of young people's participation in the elections in the past decade and their active participation in various fields such as formation of non-governmental organizations and guilds associations they indicate an overall increase in their socio-political awareness although there have been no indication of a clear relationship between unemployment and participation.

- Both girls and boys have equal access to public trainings in the fields of technical and professional courses which have had a considerable progress in the last recent years. Efforts are being made to bring forth coordination between these trainings and market requirements. Of course, public trainings fail to prepare the youth to take part in the labour markets.
- The expansion of private agencies and institutes which are responsible for informal trainings as well as responding to the social needs indicate the serious considerations given to these issues.
- The private sectors, institutes, agencies and semi- governmental companies, the cooperative sections and foreign investments (in only a small degree) play a major role in the working conditions of the country and despite the fact that no clear plans have yet been offered but the general plan for reducing the tasks of the government and handing them to the private sectors including the private sector investment in the construction activities and food industries all show that more attention have been given to this matter.

The United Nations agencies generally have direct cooperation with the non-governmental organizations in the deprived regions and some times they cooperate with the government for establishing work shops and operating small projects.

Although these cooperation have focused on small projects but it should be reminded that they have had no determining and effective role in the employment section.

E. POLICY PROGRAM FRAMEWORK

In the employment system correct information system is the foremost important circle connecting the elements of the system to each other which plays an effective role in organizing and improving the employment development process.

The information system of the country has administered various systems for offering job opportunities. However, based on the latest statistics and data presented by the Ministry of Labor and Social Affairs the following organizations have been helpful for offering facilities and providing the grounds for supporting job -creating plans:

- The Ministry of Labor and Social Affairs
- The Technical and Professional Training Organization
- Job services centres
- The General Office for the Vocational Development Abroad
- The Welfare Organization
- The Ministry of Cooperation
- The Cooperative Fund
- The Technical Cooperation Office of the Presidency
- The Agriculture Bank
- The Islamic Revolution Martyrs Foundation
- The Collaboration organization for employment of the University Graduates
- The Ministry of Mines and Industry
- The Youth National Organization

Among these, perhaps we could refer to some institutions such as the Ministry of Labor and Social Affairs and their affiliates such as the vocational support funds and the job counselling centres as the major performers in this area.

But the actual policies and programs of the government for the employment of the youth which naturally play the most important role concerning employment move around the following issues:

Short- term solutions:

Reducing long working hours and occupying more than one job ,early retirement ,foreseeing legal obligations and encouraging laws ,implementing large projects dependent on man power and monitoring the allocated credits for job creations.

Average term solutions: Technical and professional development training, dispatch of work force to foreign countries, foreign investment attractions, benefiting from the existing capacities in the production and services units, reducing the duration for operating unfinished investment and identifying and promoting new vocations as needed.

Long term solutions: Promotion of productivity, alleviating obstacles promotion of investment, production and development of the social security system.

Perhaps, a short glance at the issue of employment in the third socio-cultural and economic plan would help to clarify the above mentioned points more easily [annex 1].

Considering the young population growth and the policies of President Khatami's cabinet, special attention have been given to the youth in the laws and executive regulations .The promotion of the National Youth centre during his Presidency to an organization and promotion of advisory into deputy for the head of

this organization, establishment of the Youth Supreme Council and young people participating as advisors for the authorities of the country all indicate the importance of this issue.

There are evident concerns over the issue of employment in general in the second and third socio-political and economic plan of the country. However, it is not a straight forward issue among the youth themselves, since the issue of employment is the concern of the whole nation and not just a particular group or community.

In the article 157 of the legislation for the third development plan The National Youth Organization is in charge of solving the problems of the young people and to promote their generation. As mentioned earlier, in the second and particularly in the third socio-cultural and economic development plan of the Islamic Republic of Iran there have been many policies for encouraging self employment or entrepreneurship.

As statistics indicate Iran is a very young country with highly active potentials in the work force. (By examining the pyramid of the age group 15-29 years of age which compose a large part of the active work force ,not only will there be a large capacity of work force entering the labour market ,but also in the recent ten years we should expect to witness another wave of active work force entering the labour market .What is evident is that in addition to providing sufficient numbers of job opportunities for these people who are of major concern ,the important point to consider is training skilful work force which would yield the needed feedback into the economy and the occupations necessary for the society .In order to achieve this objective the past economic development plans have failed to `adjust themselves` with the conditions of the future labour market and they only glanced at the current situations .That is why ,in the future economic development plans efforts should be made to focus more attention to the population issues and the quality of employment. Therefore, endeavours should be made to examine the youth employment conditions ranging between 15-29 years of age which comprise the most important age groups of the labour market besides the policies of the third plan and whilst presenting the weak and strong points of the third plan and the past plans, recommendations should be made for improving the employment conditions in the future .

What follows is a list of risk and stimulating factors which affect the youth in the labour market.

Stimulating factors

- Young active labour market or in other words low average age of employment
- Increase in the youth population growth and low mortality rate and hence a growing trend in the active labour market
- A growing trend in the rate of participation and the rate of women's active population growth during the third plan which appears to continue in the future
- A growing trend of employment distribution in the industries among the age group of 15- 29 years which enlightens a new move from the services section into the industrial section.

Risk factors

- Lack of conformity between the growth rate of job opportunities in the agricultural and industrial sectors with the growth rate of the active population which would turn into a serious crisis.
- Lack of conformity between job opportunities and current specialties of the youth in the labour market due to inadequate planning in the past.
- Unconformity and inadequate coordination between the education systems and job opportunities (despite the large number of work force with a higher education degree , there is a wide gap between the rate of employment in the higher education and the normal standards).
- Decrease in the investment process in the country which has influenced the second plan and has lead to a high productivity rate in the capital.
- Absence of a definite centre for decision makings in the area of employment and hence the existence of scattered decision makers which have lead to heavy costs without an appropriate feedbacks in the job creation process .

F. CONCLUSION

Based on the observations made in the former chapters the following can be concluded with regards to the employment status of the youth in the age group of 15-29:

- In the years 1996 and 2000 the average growth rate per year in the age group of 15-29 was around 57.4% which is nearly three times the growth rate of the total population indicating the fact that plans and policies should be monitored in a way as to focus more on this age group.
- The urban diversity of the age group 15-29 has reached from 62% in 1996 to 64% in the year 2000 depicting an increase in the urban living as a result of more migrations from the age group of 20 -24 years which is due to the fact that the young people of this age group living in the rural areas are mostly married or occupied in some sort of activities .Moreover ,the young people from the age group of 15-29 which comprise the larger group of the unemployed in the rural areas plan to migrate to the urban areas .In fact, the problems related unemployment of the youth in the rural areas is confronted mostly by the age group of 15-29 years which is one of the main reason for the ever increasing migration to the urban areas .
- The average growth rate of women's active participation in the years 1996-2000 has doubled the number of men .In other words , in later years we would witness more active participation of women (15 -29)within the labour market as compared to men .Hence, it is necessary for the job creation plans to pay more attention to women and to maintain balance in the job opportunities .
- The Average growth rate of youth participation (15-29) in the years 1996-2000 was 1.27%. In other words ,it has had a growing trend in the following years .This indicates that there have been a change in the society's views regarding training and employment which has lead to the increase in their numbers and would continue to do so .

- The average growth rate of unemployment among the youth in the age group of 15-29 was equal to 13.2 % which is lower than the other two age groups (less than half).
- The work force demanding the age group of 15-29 from around 3.5 million people in 1998 has reached to 6 million people in the year 2000 which is an annual increase of 2.5 %, the largest of which is related to women seeking jobs. Moreover, demanding women's share in the work force is constantly growing.

Key Areas for Action

- Providing the means for the employment of the young work force in the foreign labour markets
- Prioritizing allocation of financial resources needed for the unfinished investment plans in the private sector and the cooperatives
- Anticipating supporting policies for attracting and promotion of economic activities which require specialized work force
- Reducing the production costs including costs related to the use of manpower for promoting the employers to recruit new work forces
- Establishing and developing small scale industries and to make efficient these industries in order to promote employment of work force and national production
- Banks support and monetary institutes of the entrepreneur industries in order to develop industry and to encourage the private sector through granting loans and job creation credits
- Guiding the youths towards technical and professional training centres and educating the needed work force of the labour market.
- Precise and systematic planning in order to distribute the young work force in occupations appropriate to their profession and interest.
- Preventing people to be occupied in more than two jobs in two or more different organizations in order to give opportunity to the youth for better participation and competition with the experienced individuals.

ANNEX 1

1. Removing and replacing all foreigners occupying jobs without work permits (article 48)
2. Encouraging employers of the existing work shops to maintain their new work force through vocational services centres of the Ministry of labour and Social Affairs through discount on the insurance rate and reduction of the tax payment by the employers (article 49)
3. Granting facilities in the less developed areas for the purpose of job creation (article 50)
4. Granting subsidies to the investors for the facilities of their interest in the private sectors and cooperatives for establishing private technical and professional institutes (51)
5. To rationalize the electricity, telephone and water costs and to fit the rate of educational prices for the purpose of supporting production .(article 52)
6. Dispatch of work force to foreign countries.(article 53)
7. Offering facilities to the investors in the job creation plans and small scale industries through supporting a portion of the profit and work prices by the banking facilities system (article 54)
8. Granting facilities to agricultural and livestock's plans, construction of buildings and housings and completing the industrial and mines plans in the non -governmental sectors (article 55)
9. Granting interest -free loans for providing working instruments for those people who do not have the facility to provide their working apparatus ,such as the jobless people living in the villages and the jobless women headed households and the professional trainers in the technical and professional sectors.(article 56)
10. Training with the view to dealing with various small businesses which require small capital through different radio –television networks (article56)

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