The Causes of Unemployment in Iran DNA Strategies to Overcome the Crisis

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ABSTRACT

This research is about the causes of youth unemployment. We can say this study is related to better understanding of the situation and, finally, to find ways to reduce unemployment and revised the system and the culture of employment in the community. We used questionnaires and interviews with high reliability and validity to obtain the way to solve the unemployment crisis in Iran. According to results of data among 13 provided solutions, transformation of the higher education system, increase investment and attention to the performance of investments in the country have the greatest impact to reduce unemployment and on the other hand improve the social security insurance has the least impact.

KEYWORDS: unemployment, Crisis, investment

INTRODUCTION

Job related to innate abilities and talents of each person, is something that everyone necessarily will encounter in daily life. However, this job can be really pleasant and interesting for a person or something beyond his/her expectations. This issue was chosen to research because currently unemployment become crisis in Iran where is rich in natural resources and manpower. When there is unemployment in the society, it means that there is not coordination and correct relations between activities and affairs and also economic relations are incorrect and utilization pattern of resources and facilities is inefficient. Especially after the victory of Islamic Revolution by the year 1988 because of the regional strategic reasons, population growth policy was raised. So that because of the Iran-Iraq war and increasing number of casualties we saw high fertility rate in Iranian families. This increase in the number of children in families, caused problems related to labor supply in several years after the war. As well as to enhance capacity and scientific level of the young generation and create a temporary stop to solve the problem of unemployment, increasing the number of universities and accepting students were on the agenda which can be examined from multiple dimensions. On the one hand, for short term, the issue of youth employment faded and the young people were studying at universities and on the other hand after several years, our country was faced with numerous educated youth with high expectations for employment in careers proportionate to their status.

LITERATURE

The definition of unemployment
- Unemployment means that the person in charge of turning the economic cycle of the family, have not money and certain income and cannot provide equipment needed to themselves and their families.
- According to the Statistical Center of Iran, Unemployed person who is seeking work but in spite of his/her request cannot find a job.

Definitions of employment
Since 2005 and according to General Population and Housing Census of 2006, any person who is employed for an hour a week, is employed.

Types of unemployment
1. Frictional unemployment: In this unemployment there is gathering information process from both groups (workers and employers). Composition of aggregate demand and the number of new entrants into the labor market that are working for the first time, is the effective factor in the frictional unemployment.
2. Structural unemployment: Occurs when there is no conformity between supply and demand. Structural unemployment often due to heterogeneity of the workforce and their lack of complete possible substitution,
so whatever the investment required to replace unemployed workers due to delays in aggregate demand has more costs, duration of structural unemployment become longer.

3. Cyclical unemployment: Occurs when demand for labor is low in general, the distinction between cyclical unemployment and others kind of it is the key to recognize the general situation of labor market.

4. Seasonal unemployment (monsoon): In some season demand for certain job increase or decrease.

**Kinds of unemployment from scientific view:**

1. The natural unemployment
2. The cyclical unemployment

Natural unemployment cannot be countered, but the latter should be resisted. The purpose of politics is also to control this kind of unemployment. The second type of unemployment divided into two groups of optional and involuntary. In Optional part, a person does not looking for work and are optional unemployed, but in involuntary part a person is looking for work but cannot find work.

**The causes of unemployment in Iran**

- Excessive imports and not supporting the production and the domestic industry
- Providing licenses for the indiscriminate imports into the country in different parts
- The lack of bank support in the provision of liquidity and working capital of units
- Sanctions and the rising cost of raw materials
- Lack of government attention to entrepreneurial projects (large amount of investments leads to capital industries like oil and gas, steel, petrochemical and military industry and this issue cause lack of government’s attention to entrepreneurial projects and rising rate of unemployment.
- Low economic growth (to apply all applicants who enter the labor market each year, it is necessary that economic growth reach to at least eight percent).
- Iran's government dependent economy
- Increasing the number of students (according to this report during the 10 past years, the Iranian government with the aims of controlling young jobseekers to labor market tries to develop the university situations and decrease their movement towards unemployment).
- Saturated government agencies (Filling the capacity of recruitment in the public sectors is proposed as the other factor of unemployment. Following the victory of Islamic Revolution and especially after the war, increasing the number of paid public officials stated in the government agenda of Iran. Now on one hand the capacity of recruitment in the public sectors have reached to its end and on the other hand because of the excessive recruiting, heavy financial burden imposed by the Iranian government).
- Students don’t learning skills: the student does not have the necessary skills to enter the labor market. (Due to limited job opportunities and with the aim of balancing the labor market, suitable institutions to provide skill trainings forum skilled graduates and job seekers, should be developed).

Everything is mot skill: (As mentioned before the problem of Iran's university graduates to find jobs related to their field of study is not only the lack of necessary skills to enter the labor. Our universities must deliver expert graduates to the society).

**Precipitating factors of unemployment in Iran**

(A) Decline in private sector investment, especially in urban areas, and the impossibility of use of fixed capital (construction) sector, due to failure in the production of large industrial sites and the failing industrial production rate.
(B) Intensification of inflation - enhancement the wages and thus increase the cost of fund and production costs.
(C) Raw material dependence on foreign countries. Increase in the foreign trade of the country.
(D) Changes in currency and customs policies and changes in the trade process.
(E) The reduction of banking, tourism, domestic and transport services.
(F) Decrease in construction activity due to incomplete construction works and the uncertainty of ownership in the private sector.
(G) Heavy congestion of the workforce in public services and agricultural sectors and the labor dispute between owners and farmers in some parts of the country and the stagnation of these land in rural areas.
(H) Non-compliance of some activities with Islamic criteria.
(I) Lack of facilities and infrastructure in many rural areas in the establishment of new workforce and attract them.
Extreme pressure of existing provisions of social insurance for workers in small workshops employment and the lack of ability to pay the employer's share of twenty percent by owners, due to low profitability.

**Crisis point**

According to Azar, the head of Iran's Statistics Center standards, standards say that if the youth unemployment trait is at least 2 times the overall unemployment rate you have reached to the crisis point and now we are in such a situation. But it is important that students are ending their studies and are required to work and the most important thing is the quality of the work. Whatever the degrees rise from under diploma to diploma and from diploma to B.A and higher levels, the unemployment rate will increase. Job creation is easier and more affordable for people with low literacy than creation jobs for an educated person.

**13 ways to release from unemployment crisis**

It seems that the government, to solve the employment problems of the country, actually should focus from short-term policies to medium and longer plans so that create employment be sustained and adopted programs become effective.

**Strategies to reduce unemployment in the medium term**

In order to create generator employment, development in employment opportunities and reduce unemployment in the medium term, due to the effective factors for create occupation, suggestions and solutions can be presented as follows:

1. **Increase investment and attention to the efficiency of investments in the country.**
   
The final link in the production is employment. It means that if there is no capital, production is not taking place and, if there is not production, jobs will not be created. Thus providing favorable conditions such as security and reforms to increase investment will increase production and employment.

2. **Preventing contraband of the consumer and unnecessary goods.**
   
The main feature of contraband goods is that, they are producible and utilizable inside. Smuggling in Iranian recent years has grown significantly. According to studies, every one billion dollars in imports will cause the loss of 100 thousand jobs. Considering the amount of jobs lost by imports and the importance of employment to secure the country in political crisis, it is necessary that the country use all of its power, even organizations like intelligence, to fight with trafficking.

3. **The use of existing businesses and increase their capacity**
   
Many small and medium enterprises of the country have readiness to increase their production capacity, and if pay attention to this problem, it is possible to increase the capacity of employment agencies. While some parts of enterprises actually engaged in their production capacity and utilization of their empty capacity would be less expensive than creating a new agency.

4. **Paying attention to existing capacities and incomplete projects**
   
In Iran, the number of projects which due to inadequate facilities or improper management remains incomplete is high. These projects with attention and credibility can finish. Completion of these plans, can lead to create jobs and prevent the waste of resources spent for them.

5. **Regarding the import of investment goods instead of consumer goods**
   
Imports of production inputs and investment goods is a factor for the growth in production and increase employment, while importing consumer goods producible within is the means of destroying employment opportunities. So rules for imports should be amended in such a way that provide the ground of investment goods importation and be a barrier to entry consumer goods.

**Solutions to reduce unemployment in the long term**

1. **Transformation in the higher education system**
   
The unemployment rate of educated people is higher than the unemployment rate of total society in the last few years. Therefore it seems it is necessary that a special program for the educated class, individually, be considered. Also, when making decisions in the education sector, should pay attention to the needs of the labor market and higher education, teach the skills to their students which the labor market currently needs.

2. **Modify the labor market regulations**
   
Now, many of the country's labor market rules contradict each other. For example, Setting up a new business is a very difficult matter and laws that have been adopted to support the workers, have been constrained the employers and manufacturers.
So with these strict rules cannot expect a lot of investment and production incrementing the country, except with the revised rules.

3. Regard the small and medium industries
Requisite to implement small and quick impact business projects is to create suitable conditions for the activity of them and it means that by suitable legislation for the agencies the situations of entering small enterprises to the market will be provided. As well as improving the business environment, including reducing the time and cost of obtaining licenses and starting work, destroys the barriers to investment for small business.

4. Tourism
Iran has 9 types of climate of the total 13 different climate that exists in the world and also possess abundant historical, religious and natural attractions. Therefore, it is necessary that the areas where have appropriate background to become a tourist region to be identified carefully and necessary exploitations should be performed.

5. Stability in government policies
Employment results in manufacturing and production results in investment and capital needs security. If the government by providing conflicting policies cause confusion in the community, and investor with uncertainty of the future performance of government cannot be predicted, so has no sense of security for own capital and does not invest.

6. Improving social security insurance
Many people after retirement age because of insufficient wages and to provide living expenses enter the business market again. So many young people lost jobs. By creation of appropriate conditions and adequate rights and proper activities of the group, for engaging them, this group will stay away from the labor market and youth employment will be more.

7. Replacement of domestic labor instead of foreign labor
According to the Inappropriate conditions of Iran’s neighbors (Afghanistan and Iraq), a large number of legal and illegal immigrants enter into the country that would fill existing job opportunities. In recent years, good efforts have been done in terms of return the illegal residents.

8. Foreign investment
With market reforms and make political stability as well as stability in government policies, setting will provide to enter the foreign capital to the country that will create jobs for local workforces. According to the cases mentioned, it should be noted that before any policy for employment and the labor market, we must first consider the characteristics of the market and for each market with specific features should separately policy.

METHODOLOGY

The analytic hierarchy process
This method employs two inductive and deductive approaches simultaneously. In the hierarchical analysis the human mind use an organized knowledge for decision making and this is the most important superiority of hierarchical analysis to other methods.

After the formation of decision-making group and determine the agenda, to make an accurate and strong team decision the following steps should take: 1. Making hierarchy 2. Doing paired comparisons

The process of hierarchical analysis will help for optimal decision making and selecting an option according to different criteria and priorities.

AHP enable a person to correct the definition of a problem and improve his/her decision and judgment. This paper attempts to analyze the use of hierarchical methods for solutions to solve the unemployment crisis. For this purpose, the Excel and Expert Choice11 software are used.

Data collection Method
Data for this study were collected from 216 individuals entrepreneurs. The numbers of participants were 35 female and 181 male. In order to collect data, a questionnaire containing questions to identify and rank the solutions to solve unemployment was used. This questionnaire has been distributed in two stages.

In the first stage, a questionnaire with 13 questions was designed to identify strategies to solve unemployment; For each question a score of 1 to 10 was considered, after collecting the questionnaires, the questions which score less than 7 were eliminated; because in this study all of the questions received a score higher than 7, none of the characteristics of the executives removed. In the second stage a questionnaire for paired comparisons of the characteristics of successful managers designed that is in the form of 9matrix
Research questions and hypotheses

Research questions

Is it possible to rank the unemployment crisis’ solutions based on AHP?

Hypothesis: It is possible to rank the unemployment crisis’ solutions based on AHP.

The analysis of data

After applying the two-step questionnaire to collect data, these questionnaires were distributed among the population of this study that covers all managers over 5 year experiences (including 35 women and 181 men, a total of 216). It should be noted that degrees of the population in the study, comprised of 14 diploma, 42 associate, 137 bachelor and 23 master degree or higher. Next, the questionnaire validated by distributing among 15 elite and professors of management in the universities of Lorestan province that more than 80 percent of them chose the appropriate and perfect options. Then the reliability of the questionnaire was tested by completing 30 questionnaires and using Cronbach's alpha coefficient. Cronbach's alpha coefficients obtained from the distribution of the questionnaires was 0.822

Finally, with regard to the validity and reliability of the questionnaire, data were collected and analysis of data by using hierarchical analysis was performed as follows:

Identify solutions to solve the unemployment crisis

In order to identify these ways a questionnaire with 13 questions and Likert scale with 10 options was designed. The results of the collected questionnaires are summarized in Table 1.

Table 1. The results of the collected questionnaires related to the identification of ways to solve the unemployment crisis

<table>
<thead>
<tr>
<th>Questions of Questionnaire</th>
<th>Average</th>
<th>Questions of Questionnaire</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question 1</td>
<td>8.28</td>
<td>Question 8</td>
<td>7.55</td>
</tr>
<tr>
<td>Question 2</td>
<td>7.72</td>
<td>Question 9</td>
<td>9.25</td>
</tr>
<tr>
<td>Question 3</td>
<td>8.80</td>
<td>Question 10</td>
<td>8.45</td>
</tr>
<tr>
<td>Question 4</td>
<td>7.74</td>
<td>Question 11</td>
<td>7.84</td>
</tr>
<tr>
<td>Question 5</td>
<td>8.68</td>
<td>Question 12</td>
<td>7.50</td>
</tr>
<tr>
<td>Question 6</td>
<td>7.89</td>
<td>Question 13</td>
<td>9.30</td>
</tr>
<tr>
<td>Question 7</td>
<td>8.80</td>
<td>Question 13</td>
<td>9.30</td>
</tr>
</tbody>
</table>

Due to the fact that the average scores given by the respondents to the questions is more than (7), all factors have been considered as effective factors on unemployment.

Ranking the ways to solve the unemployment crisis in AHP

In this section in order to rating ways to resolve the crisis of unemployment by using the AHP, at first the paired comparisons matrix of factors were determined. For example paired comparisons matrix for factors to solve the unemployment crisis are summarized in table No. (2).

Table 2. Paired comparisons matrix for solutions to solve unemployment

<table>
<thead>
<tr>
<th>Strategies to reduce unemployment in long term</th>
<th>Strategies to reduce unemployment in the medium term</th>
<th>Effective factors in the Directors’ success</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.00</td>
<td>2.00</td>
<td>Strategies to reduce unemployment in the medium term</td>
</tr>
<tr>
<td>2.50</td>
<td>1.00</td>
<td>Strategies To reduce unemployment in long term</td>
</tr>
</tbody>
</table>

Next inconsistency coefficient for provided responses and the relative importance coefficients of each factor were calculated. The results of these calculations are summarized in Table No. (3).
Table 3. Ranking the ways to solve the unemployment crisis in AHP

<table>
<thead>
<tr>
<th>inconsistency coefficient</th>
<th>The relative importance coefficients</th>
<th>Solutions to solve the problem of unemployment</th>
<th>Strategies to reduce unemployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.03</td>
<td>0.634</td>
<td>Strategies to reduce unemployment in the medium term</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.366</td>
<td>Strategies to reduce long-term unemployment</td>
<td></td>
</tr>
<tr>
<td>0.06</td>
<td>0.727</td>
<td>Increase investment and pay attention to the efficiency of investment in the country</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.236</td>
<td>Preventing contraband of the consumer and unnecessary goods</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.764</td>
<td>The use of existing businesses and increase their capacity</td>
<td></td>
</tr>
<tr>
<td>0.03</td>
<td>0.273</td>
<td>Paying attention to existing capacities and incomplete projects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.278</td>
<td>Regarding the import of investment goods instead of consumer goods</td>
<td></td>
</tr>
<tr>
<td>0.00</td>
<td>0.376</td>
<td>Foreign investment</td>
<td>Strategies to reduce unemployment in long term</td>
</tr>
<tr>
<td></td>
<td>0.664</td>
<td>Replacement of domestic labor instead of foreign labor</td>
<td></td>
</tr>
<tr>
<td>0.00</td>
<td>0.134</td>
<td>Improve the social security insurance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.624</td>
<td>Stability in government policies</td>
<td></td>
</tr>
<tr>
<td>0.00</td>
<td>0.283</td>
<td>Tourism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.568</td>
<td>Regard the small and medium industries</td>
<td></td>
</tr>
<tr>
<td>0.00</td>
<td>0.673</td>
<td>Modify the labor market regulations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.583</td>
<td>Transformation in the higher education system</td>
<td></td>
</tr>
</tbody>
</table>

Since all the consistency coefficients calculated for all factors is less than 0.1, the answers to the questions have acceptable internal consistency and after the implementation Analytical Hierarchy Process all of the unemployment solutions were finally rated. The results of these calculations are summarized in table (4).

Table 4. Final ranking factors (attributes) associated with successful managers by AHP

<table>
<thead>
<tr>
<th>The contribution of each factor (in percent)</th>
<th>Factors affecting to solve the problem of unemployment</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.8</td>
<td>The transformation of the higher education system</td>
<td>1</td>
</tr>
<tr>
<td>13.5</td>
<td>Increase investment and pay attention to the efficiency of investment in the country</td>
<td>2</td>
</tr>
<tr>
<td>12.7</td>
<td>Regard the small and medium industries</td>
<td>3</td>
</tr>
<tr>
<td>11.4</td>
<td>Modify the labor market regulations</td>
<td>4</td>
</tr>
<tr>
<td>7.7</td>
<td>Tourism</td>
<td>5</td>
</tr>
<tr>
<td>5.8</td>
<td>Stability in government policies</td>
<td>6</td>
</tr>
<tr>
<td>5.6</td>
<td>Replacement of domestic labor instead of foreign labor</td>
<td>7</td>
</tr>
<tr>
<td>5.4</td>
<td>Regarding the import of investment goods instead of consumer goods</td>
<td>8</td>
</tr>
<tr>
<td>5.2</td>
<td>The use of existing businesses and increase their capacity</td>
<td>9</td>
</tr>
<tr>
<td>4.9</td>
<td>Preventing contraband of the consumer and unnecessary goods</td>
<td>10</td>
</tr>
<tr>
<td>4.5</td>
<td>Paying attention to existing capacities and incomplete projects</td>
<td>11</td>
</tr>
<tr>
<td>3.4</td>
<td>Foreign investment</td>
<td>12</td>
</tr>
<tr>
<td>3.1</td>
<td>Improve the social security insurance</td>
<td>13</td>
</tr>
</tbody>
</table>

Conclusions

The hypothesis of this research was designed about the possible ways to solve the unemployment crisis based on AHP rating. Besides the results of the hypothesis test showed that it is possible to rank these solutions. Accordingly 13 factors in terms of strategies for reducing unemployment in the medium and long term were identified.

In the rating of these solutions, development of higher education system, increase investment and attention to the performance of investments in the country, regard the small and medium industries, ranking first and third respectively. Also foreign investment and improve the social security insurance were in the final rank.

Suggestions:
Today, almost all people believe that the "other" must do decision-making and outsiders, including family and senior managers generally blamed. While these people must accept that they should take the first and most basic step by themselves.

To revision this culturally viewpoint the higher education' preparation should be taken seriously. Not only seeks qualification but also along with theoretical training at the university, instruct students by skills and performance trainings. Government planning at the macro level is also very impressive. These programs should be based on a scientific basis, and be strict in implementing the action. Knowledge-based companies should actually be considered. According to the small organizations you can create multiple jobs. National zeal should be used to create jobs. Today, unfortunately, domestic productions ignore. Establish effective rules, eliminating unnecessary rules and monitor the performance of relevant organizations include the tasks of MPs.

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