J. Basic. Appl. Sci. Res., 2(7)6367-6375, 2012
© 2012, TextRoad Publication

ISSN 2090-4304
Journal of Basic and Applied Scientific Research
www.textroad.com

Employment Free (Liberalized) Trade and Employment; A Case Study on Manufacturing Sector in Iran (during 1971-2010)

Mehdi Farahani[1] and Elham Ghafourian[2]

[1] Karaj Branch, Islamic Azad University, Karaj, Iran
[2] Science and Research Branch, Islamic Azad University, Tehran, Iran

ABSTRACT

The world is currently an arena for the performance of various processes as well as global forces. Today's world is witness to both constructive and destructive events with varying natures. This study tries to analyze the effects of free (liberalized) trade on employment in the manufacturing sector in Iran during 1971-2010. To this end, labor demand function in the manufacturing sector is considered as a function of real wage, capital utilization expenditures, real value-added, and globalization index. In order to estimate the labor demand function, the ordinary least squares (OLS) estimator has been utilized. Findings indicate that except for real wage, all other variables have a positive and significant relationship with employment in manufacturing sector in Iran during the mentioned period.
JEL Classification: F11, F12, E22, E24.
Key words: Free **(**Liberalized) Trade, Employment, Manufacturing Sector

1. INTRODUCTION

Globalization of different perspectives and different dimensions such as culture, economics and politics has been studied this has added to the complexity and ambiguity. Despite all the objections and agree that globalization is neither good nor evil, but is also good and evil. In other words, globalization is both savior and destroyer it is said that the core concept of globalization is outlined in the sense other units of framework for efficient and not many of the phenomena and current events. Secondly, the phenomenon of globalization is an inevitable result. First of certain historical developments, thirdly, as a condition of this process remain stable into the next phase will eventually, that some of the "global integration" are. In a simple definition of globalization as the expansion of relations between economic, political, and cultural together governments, he said. Whatever the global economic integration, financial and environmental the main jewelry after the economy is summarized. Globalization is a phenomenon unknown frontier and border another thing, thanks to the global communications revolution, the time is short and small place. As the transformation of "separation of space-time" and Harvey "compress time and space" refers.

ARBETA globalization to mean profound changes in the labor market such as changes in economic structure and labor force, Shortages of skills and relative wages, employment, sensitivity etc. are as all these factors, the implied impact on the welfare of workers and thus, the success of the process of globalization can also leave.

Toward economic globalization, the phenomenon has been dramatic [2]. The biggest move of the WTO can be seen 153 countries have now joined the World Trade Organization, and a number of countries are joining the. Iran's membership in the organization has accepted the offer, but the accession process, which takes a matter of.

The main hypotheses of this research are:

1 - The real value of industrial exports to the demand for labor in this sector has a direct relationship.

2 - The real value of imports to industry demand for labor this relationship is indirect.

3 - The real value of total exports and imports in the industrial sector, the effects of import-export more industry is a direct relationship with employment in this sector and the effects of import-export sector is more, with employment in this sector has an indirect relationship.

4 - Economic globalization (free trade) in the current state of Iran's economy, the demand for labor in the industrial sector will have a negative effect.

Greenaway and Nelson [1] studied on the relationship between globalization and the globalization of labor markets and labor market, there are three questions in this article is:

1 - The impact of globalization on workers' wage rate is fixed or fluctuates?

2 - The internal labor market policies are effective tools to reduce or modification these effects.

3 - Do labor market policies have important side effects on economic efficiency?

***Corresponding Author:** Mehdi Farahani (M.Sc.), Karaj Branch, Islamic Azad University, Karaj, Iran. Email: elham.ghafourian@yahoo.com

These questions rose by developing countries and in transition. Recipients of wages in these countries do not necessarily represent the majority of the work force, because many workers do their work, In addition, the ability to implement the policies of the labor market is limited, and efforts in implementing such policies often do not include recipients of wages in the private sector.

He [1] concludes that during long-term, global effects can be quite different and the effects of trade releases on wages in the medium term is to change from negative to positive and will be positive but globalization can reduce the wages of workers in sectors that are supported by the work. Another result is that differences in access to education for population may lead to differences in labor receipts and reducing differences in educational levels are the most effective way to reduce the difference in reception.

Scott [3] in articles use such as ¬ Heksher-Ohlin during 1990 with two models, for the production of industrial goods in 45 countries across five continents of the test selected.

In the first model, all countries produce all goods are, while the second model states in the production of certain goods due to inventory their resources, can do expertise. The results of this study reject the first model to industrial products between the countries. If all countries act this way, the wages of all workers by reducing the price of goods User Inversely affect and are the second model for globalization suggest.

Perriard, [4] stated that employment in the Philippines for the period 1980-2000 using data and using ordinary least squares method deals the effect of globalization on employment level and structure

To test whether the trade increases employment elasticity, a typical application for the transfer of labor associated with globalization, estimates as follow.

12) $$E_t = F(o_t, w_t, r_t, z_t)$$

Where, employment, real output, real wage rates, cost of capital, and transfer agents are transfer ¬.

In this study, three factors used that are:

1 - The ratio of exports to gross domestic product

2 - The ratio of imports to gross domestic product

3 - Total exports and imports relative to gross domestic product

If the production of export goods use as much of the work force, Demand for labor with other conditions being constant, the increase in exports increases, If imports are replacing domestic production, It is expected that the demand for labor with other conditions being constant, is inversely related to imports, has direct relationship with the labor force and, it effect of imports exceed exports, the demand for labor has an indirect relationship.

Estimation results, the effect of trade on overall employment levels shown to be that the demand for labor with a positive value, with negative real wage and the cost of capital is positive the elasticity of labor demand rather than exports and imports will increase. The ratio of total exports and imports to GDP has a positive effect on labor demand. Therefore, in developing countries like the Philippines, it is very dependent on imports to domestic production. He showed that the increase in the desire to export, semi-skilled workers in the manufacturing industry and the industrial sector, the total demand for labor will increase, but the tendency to import on labor demand is unclear.

In work in Bangladesh and Kenya, Bangladesh and Kenya for the period 1976 to 1998 AD, used to the following model to estimate the impact of globalization on employment [2].

13) $$L_{it} = \beta_{۰} + \beta_{۱} W_{u} + \beta_{۲} Q_{it} + \beta_{۳} Z_{it}$$

Where employment in industry at time t, the real wage in industry at time t, the actual production in industry at time, and the degree of openness of the industry.

Wofford [5] concludes that in Bangladesh, the increase in imports and exports increased, leading to increased production and employment levels. Such a result not observed in Kenya, ¬. In Bangladesh, the increase in global economic growth will increase in industrial employment, but in Kenya, the net effect of globalization on employment is negative.

Rodrik, [6] in an article of free trade on employment and wages in Tunisian industries, Employment and wage equations using data available in the period 1971-1992 AD estimated the Ability to import and export goods sector in Tunisia .

They are the result of long-term effects of relative prices of imported goods is thus consistent with what release by theory - Samuelson," is predicted. If the user are export goods, reducing tariffs and demand ¬ numerous factors (labor) increases in the economy, wages are above mentioned. Greenaway et al. [7, 8] in the article "The effect of trade on level of industrial employment, " impact of trade on employment for 167-factory industry in the United Kingdom reviewed. For this, a dynamic labor demand function can build Export and import considered in a panel framework for the period 197-1991 AD.

The result was an increase in trade volume, in terms of both imports and exports both in terms of Reduced to the desired level of labor demand, and with this view are consistent with the more open the economy, leading to increased efficiency of labor used in the firm.

However, the limited evidence that substitute foreign workers to local workers wage will be increases in the labor demand function it also concluded that the effect of regulating trade through import the Europe Union and Japan to trade with East Asia is far more relevant.

Ramadan [9] studied in the article "Economic globalization and its effects on employment," the relationship between economic globalization And employment levels in 18 countries for the period 1980-2000 AD, by means of correlation coefficients and statistics. For the size of a globalization of the economy from exports to GDP ratio, the share of manufactures exports and foreign direct investment to used GDP ratio capital. His conclusion is in four countries, Argentina, Philippines, South Africa and China's correlation coefficient for all three indicators of economic globalization is a positive sign. In Brazil, Morocco, Venezuela and Mexico sign a negative correlation coefficient is positive and in two cases. In Singapore, Thailand, Malaysia and Turkey correlation between unemployment and economic globalization has a negative sign is in all cases. However, in Tunisia, India and Ghana or in any way unemployment statistics are not available or the number of observations is very small and therefore need to be separately and item description.

Dana, [10] article states that “ranked according to number of industries, foreign trade capacity of the industry, "Identify the industries in each of the other industries, it is for policy makers and decision makers at the macro level is a country of particular importance

They concluded that increased exports are, in Iran imposed the division of labor to industries that focuses on industries that have been around uninterested In fact, the relative priority indicators and per capita value added in industries with low average productivity gain of, the business has gone up. In other words, trade releases priorities have changed, but improvements in other indicators used and passive theory of division of labor in the industrial economy of the country, their interest on it, it is truer.

Akbari and Glory [11] conclude that the effect of trade liberalization on employment in the paper industry. The trade in manufactured goods between South and North countries has a positive effect on employment and labor market. Jobs lost and jobs gained is not in the industrial countries is very low in developing countries is very high and growing business that does not necessarily increase wage dispersion Goods made in the leading industrial countries as developing countries, leading to lower dispersion of wages .

In this review considered the Asian newly industrialized countries and the countries of Latin America. The results show that making industries to export industries competing with imports, and trade in manufactured goods are not Between developing countries and developed based on the principle of comparative advantage theory Heksher-Ohlin does not work And study the effect of trade on labor market experience does not match, But he believes that the conclusion must be confirmed by other studies.

Because the amount of labor migration in developing countries to industrialized countries is very large, thus, the effect of trade liberalization on the part of labor cannot explain. However, his opinion, subject migration of skilled labor in developing countries to industrialized countries to ignore if the migration trends continue, developing countries will be difficult in the long-term.

1-1. Theoretical Foundations

Overall, the economic globalization process can increase the integration of global markets for goods, services and factors of production, he said. In economic literature, the economic criteria that have to know as low tariffs, lack of centralized planning program, and are small differences in the black market exchange rate.

The main aspects of Milner Green, Lee's and the Milner Round Agreement, its consequences and results in global economic growth and employment were analyzed [12]. Overall assessment, it is through the interaction of markets and the subsequent effects coefficient, significant effect on growth and employment and also more stable the rules governing international trade will be achieved, we will control; but to realize these benefits, the agreement depends on the complete and not far from guaranteed. A potential threat was the re-emergence of protectionism in industrial countries. The problems arising from free trade to adjust appropriately to avoid collisions The full implementation of agreements in the industrial countries, the need for further adjustment in low-skill industries and is widely used in the following. This is likely to exacerbate the unemployment problem, unless effective mitigation policies are applied Adopt such policies rather than policy or return to protectionism would recommend.

Globalization effect is through economic growth at macro level and the level of employment. Different methods based on the initial inventory of natural resources and countries. Infrastructure facilities, available technology and the degree of the domestic economy already exposed to international competition, changes the share of industry parts.

Heksher-Ohlin theory [13] explain some aspects of industrial production and trade compliment of industrial trade product patterns trade between industrialized countries and developing countries must explain to In particular, why the developing countries against import goods requiring skilled labor, goods exported to the user.

International trade and foreign direct investment often which includes companies hire salaried workers in the private sector, and often they work Therefore, access to global markets and capital flows has Most of the labor demand by firms And competition in the labor market due to changes in spending or income among workers who return to their own work.

One of those Heksher-Ohlin models [13] addressed is the abundance of factors of production. Producers, who produce the goods they produce is relatively abundant, And increased production of goods which are relatively scarce factor of production is reduced to According to this theory, a country can export goods cause more frequent, more products have been used in its production.

2. EXTRACT THE LABOR DEMAND FUNCTION

In economic literature established the detection of total employment, which depends on assumptions about economic enterprises these assumptions are often implicitly time comes, Based on the making models that can determine the total employment. In general, there are many ways to expressed extract labor demand function, each of them are appropriate in certain circumstances. Some theories in the context of labor demand, and some form of static to deal with other dynamically. Even in static conditions, depending on market conditions of perfect competition or imperfect competition ruling, the issue will be different Also in terms of static or dynamic attitude towards this subject. On the other hand, one of theories is based on the equilibrium in the labor market and others is based on an imbalance in the market are designed.

The simplicity of discussion, only the least cost method is used to determine the demand for labor work determine the main variables in the model, we assume fully competitive market firms are active and are receptive to the price.

One of the important issues in the theory of the firm, is the problem of minimizing the total expenditure on inputs of given level of production and the corresponding output and input prices least cost method, which is one of the methods used to extract work labor demand function and its determinants of technology changes on the import of industrial goods makes it stand. In this method, for different levels of production, the minimum expenditure needed to reach is Production levels expected to bring the cost function of firms the cost function as a function of the level of output, input price can defined, and firm behavior under perfect competition does not fully describe.

This method for the production function Cobb - Douglas to work:

3) $f(x_2, x_2) = x_1^a x_2^b$

The least of which is:

4) $\min\limits_{x_1, x_2} \quad w_1 x_1 + w_2 x_2$

So that:

5) $x_1^a x_2^b = y$

In this case, we have a special function that can solve or replace it with the Lagrange method. Alternative methods, including constraint solving as a function of

6) $x_2 = (y x_1^{-a})^{1/b}$

Then putting it to the maximum of the objective function achieved without:

7) $\min\limits_{x_1} \quad w_1 x_1 + w_2 (y x_1^{-a})^{1/b}$

The differential based on and we will be zero. Get the resulting equation to find as a function of operating conditions.

Thus, if the demand for labor (E) and the demand for capital (K) consider the labor wage (W) and the cost of capital (r) will be and the true value (AV) as the index of output y we consider.

With:

$$\gamma = \frac{1}{a+b}, \beta = \frac{b}{a+b}, \alpha = \frac{-b}{a+b}, O = (\frac{a}{b})^{\frac{b}{a+b}}$$

We have:

8) $E(W, r, AV) = O W^{\alpha} r^{\beta} AV^{\gamma}$

Now if we take the logarithm of both sides of the equation, the demand for labor as it is in:

9) $Ln[E(W, r, AV)] = Ln(O) + \alpha Ln(W) + \beta Ln(r) + \gamma Ln(AV)$

To express the impact of globalization on labor demand in Iran, according to previous studies can indicators of economic openness in equation (7) can use. So the labor demands function can demonstrated as follows:

10) $Ln[E(W, r, AV)] = \mu + \alpha Ln(W) + \beta Ln(r) + \gamma Ln(AV) + \theta Ln(Z)$

Where Z is the indicator variable and this is an open industry that demonstrated to the following:

X ratio of the export sector to the real value of industry sector

M ratio of actual import value-added industry to industry

XM than the true value of total exports and imports of industrial sector to industrial sector

The demand equations for labor force, according to global indicators used in this case, the following relations come:

11) $Ln[E(W, r, AV)] = \mu + \alpha Ln(W) + \beta Ln(r) + \gamma Ln(AV) + \theta Ln(X)$

12) $Ln[E(W, r, AV)] = \mu + \alpha Ln(W) + \beta Ln(r) + \gamma Ln(AV) \theta Ln(M)$

13) $Ln[E(W, r, AV)] = \mu + \alpha Ln(W) + \beta Ln(r) + \gamma Ln(AV) + \theta Ln(XM)$

2-1. Model

In this paper, studied the effect of releases on employment in industries using Assumptions relative abundance of factors of production and supply and demand for labor ,The method is used, the effects of other factors mentioned above, the estimated three equations and only change the indicator variable will be at least To test whether the globalization of industry employment to increase Whether the conventional labor demand in the industry despite the global indices in industry sector: 1- the real value of industrial exports to the industrial sector, 2- The real added value of industry imports and industry and 3 - the total import and export of industrial real value added of industry) estimated.

According to Theoretical, ¬ can say that is the natural logarithm of employment as the industry is:

14) $LnE = f(LnWS, LnAV, LnPK, LnZ)$

Where, L_NE logarithm of employment in industry, L_nWS logarithmic rate of wages to prices in industry t Established in 1997 (million riyals), L $_n$AV logarithm value to the industry in 1997 constant prices (billion riyals) LnPK logarithm of the cost of capital in the industrial sector (index terms) and the logarithm LnZ openness indicators The industrial sector includes LnX-1 ratio logarithm of real value-added export industry to industry, LnM-2 logarithm of the real added value of industry imports and industry LnXM-3 logarithm of the ratio of total exports and imports of industrial real value added to the industry.

2-1-1. Industry employment

This variable is entered as the dependent variable in the model and the effect of other variables (value added industry to fix prices Real wage rates, cost of capital and globalization indicators) can estimated through model, Note that in each model, all variables except the index of globalization have remained constant, these models can estimate the impact of globalization of the investigated variables.

2-1-1-1. Value added industry

It is produce by the economy, the demand for labor expected to increase advance beyond. The use of existing capacities also affects the demand for labor. Therefore, any increase of capital productivity, will increase the demand for labor.

By definition, a value-added activities by subtracting the value of operation and materials used in the production process intended, since the theoretical basis, the production function of labor, capital, and indicators of globalization, we consider and other factors such as energy consumption, and natural resources in the model did not arrive, value instead of the product we put. In fact, large parts of the human activities are adding value to apply the value to justify the production rate can achieve. However, the impact of inflation and rising prices on the benefit we do not have Amounts of benefit used fixed price.

2-1-1-2. Real wage rate of industry

In a competitive market, wages set in the labor supply and demand. In the absence of the labor, market is not competitive and monopolistic forces are active in the economy such as labor unions. Wage levels can be, in addition to the forces of supply and demand of labor, the discussed power of workers and employers' organizations. In addition, governments from the wages shall pay less. In addition, the government through public sector wage for employees on salary levels, the private sector is also effective, because private employers to attract new workers to minimum wage Public sector pay equal wages to hire these forces. Since wages are the two components of productivity growth and inflation set, when there is inflation, The maximum wage growth with productivity growth equality and the efficiency is constant when there is inflation in the economy Wage growth than inflation should be equal If wage growth is more than inflation, although the purchasing power workers will increase, But on the other hand, real wage increases for producers with flexible labor market reducing the demand for labor.

The result is a reduction in employment levels. If the job market is not flexible, rising real wages, increased production will be, And if consumer prices are not transferable, reduced profitability and capital investment firm The result is a reduction in production capacity in the long run In other words, reducing capital investment and merge facilities and capital equipment, gradually be reduced to manufacturing firms And finally the closure of firms and workers being laid off would be. The real minimum wage increase, Demand for unskilled labor force, and young adolescents will reduce .Few countries forced into job security. This means that some employers (mainly large employers) cannot to dismiss a worker without the explicit permission. Since this is a political authorization, employers may be afraid to hire workers under permanent contracts they are not able to expel the bad condition of economy. However, in most developing economies, the cost to paid separately separation is necessary. Employers need workers who lose their jobs without their own mistakes have to pay compensation this compensation often depends on salary and years of service.

2-1-1-3. Cost of capital in industry

The relationship between wages and the employment rate is Determined that the employer can determine the level of wages, how many workers would like to hire. Assuming that labor and capital, the two main Production, the demand for labor, production levels and prices of labor and capital will be In this regard, the demand for labor productivity levels and positive relationship with the price of labor has a negative relation The

rising cost of capital, as a complementary factor of production, Labor demand and reduce production as a substitute, will increase the demand for labor.

As mentioned above, as both labor and capital are complementary considered in case that could indicate the use of high technology in production With advanced technology in production process, although the rate of labor force has decreased But because of the need for skilled labor and skilled labor in the production of such equipment are And towards the other, without access to skilled labor, such equipment can't use their expertise, Thus, both labor and capital are complementary. Old technology in production processes to use less equipment and expertise required to, unskilled labor can easily Replacement machinery and equipment, so are labor and capital can be considered as the two factors acting together (Note that need to be replaced by two factors, it certainly does not represent the full replacement That can only be used for the production of a factor, but there will be imperfect substitution between two factors

2-1-1-4. Opens industry standards

In many cases, the releases process with the consolidation of economic variables considered In order to avoid inflationary pressures are continuing to grow and achieve and the resulting increase in domestic aggregate demand the boom in capital investment, and create a positive impact on employment levels.

If industrial production for the export of many factors the workforce used, with other conditions fixed and the desire to increase exports, labor demand curve will move upward in large industrial sites. On the other hand, if industrial imports replace domestic production it expected that all other conditions constant, the demand for labor in the industrial sector reduced Total net exports and industrial imports, the sum of these effects can be reversed to express.

These assumptions based on research.

1 - The ratio of exports to value added industry demand for labor in this sector has a direct relationship

2 - The ratio of imports to value added by industry sector demand for labor in this sector is inversely related.

3 - Ratio of total exports and imports value-added industry. The industry exports more than imports, with the demand for labor in this part of the direct relationship if an export is more than imports in industrial part, with the demand for labor in this sector has inversely related.

It should say about the export of industrial through increased production could Using the active labor force in the liberalization process, which directly affect employment. It is obvious that any amount of goods or products intended user and to be more dependent on domestic resources, it will be impact on employment.

On the other hand, for the issuance of export goods from production centers gather and should be ready for export It is natural that it should done by force in the transportation sector, Traders and exporters, customs and government forces engaged in the ..... In addition, due to the export activities will be coordinated

In the case of imports and its impact on employment, can consider two different effects. First, if industrial imports as a substitute for domestic industrial production are increase in industrial imports certainly, a threat to GDP Demand for labor in the industries also will reduce In this case; imports have a negative impact on labor demand in the industry.

In the second case, if industrial imports to supplement domestic production industry is and the import of raw materials to be used in some industries can expect an increase in industrial imports, demand for industrial labor force increased And in other words, unlike the previous case, the demand for labor will have a positive impact on industrial imports.

The ratio between total exports and imports to value added in industry, depends on the ratio of exports to value added in industry Labor demand and the ratio of imports to value added in a section this is the demand for labor. In other words, if both effects are positive, and consequently the total effect will be positive but if you have two different affects, should see which one of it is most.

3. RESULTS AND DISCUSSION

3-1. Results of model estimation

As mentioned in the present model, the standard labor demand can be combined with indicators of globalization wrote , As a function of variables of value-added industries, Real wage rates in the industry, the cost of capital in the globalization of industry and three indicators were defined for globalization, we have the following three equations

15) $\mathrm{LnE} = \mathrm{f(LnWS76, LnAV76, LnPK, LnX)}$

16) $LnE = f(LnWS76, LnAV76, LnPK, LnM)$

17) $LnE = f(LnWS76, LnAV76, LnPK, LnXM)$

The equations will estimate as follows:

18) $LnE_t\theta_0 + \theta_1 LnW_t + \theta_2 LnPK_t + \theta_3 LnAV_t + \theta_4 LnX_t + u_t$

19) $LnE_t\theta_0 + \theta_1 LnW_t + \theta_2 LnPK_t + \theta_3 LnAV_t + \theta_4 LnM_t + u_t$

20) $LnE_t\theta_0 + \theta_1 LnW_t + \theta_2 LnPK_t + \theta_3 LnAV_t + \theta_4 LnXM_t + u_t$

3-2. Results of estimating equations

The following tables are results of estimating equations of the first, second and third of industrial employment:

Table 1. Results of the first equation estimates the employment sector

Variable	coefficient	t statistical number	possibility
C	13.10	16.78	0.00
76(-1)LnAV	0.13	1.15	0.26
76(-1)LnWS	0.06	1.53	0.14
Lnr	0.05	2.39	0.02
LnX	0.03	3.24	0.00
(1)MA	0.60	3.73	0.00
R-Squared: 0.97; Adjusted R-Squared: 0.97; Durbin – Watson Stat: 1.87; Prob (F-Statistic): 0.00			

All estimated coefficients except for the first equation, the coefficient of log wages in the industrial sector with a constant coefficient of the logarithm of real value that added by industry sector with a lag, on level of 98%was mean. Ensure that all the coefficients of the independent variables (Logarithm of the cost of capital in the industrial sector, the logarithm The real value of exports to the logarithm of employment in industry and manufacturing sector with a lag) The dependent variable (log employment in industry) have a positive impact.

Table 2. Results of the second equation estimates the employment sector

Variable	Coefficient	T statistical number	Possibility
C	12.49	15.30	0.00
76(-1)LnAV	0.25	2.17	0.04
76(-1)LnWS	0.005	0.13	0.89
Lnr	0.05	2.49	0.02
LnM	0.02	1.69	0.06
(1)MA	0.61	3.41	0.00
R-Squared: 0.97; Adjusted R-Squared: 0.96; Durbin – Watson Stat: 1.87; Prob (F-Statistic): 0.00			

The estimated coefficients for the second equation shows that the logarithm of real value added by industry, Logarithm of the cost of capital in the industrial sector, natural logarithm of the ratio of imports to value added in industry and the logarithm of employment in industries with a continuous dependent variable (log employment in industry) have a positive impact There are significant at the 94% level, but the coefficient of the logarithm of the logarithm of wages on employment in the industry is meaningless.

Table 3. Results of the third equation estimates the employment sector

Variable	Coefficient	T statistical number	Possibility
C	12.52	15.47	0.00
76(-1)LnAV	0.28	2.16	0.04
76(-1)LnWS	0.006	0.14	0.89
Lnr	0.06	2.53	0.02
LnXM	0.03	2.11	0.04
(1)MA	0.59	0.30	0.00
R-Squared: 0.97; Adjusted R-Squared: 0.96; Durbin – Watson Stat: 1.87; Prob (F-Statistic): 0.00			

For the third equation, coefficient of the logarithm of all variables except wages was estimated. In the industrial sector at 95 percent, it can be significant. These coefficients indicate the positive impact of independent variables (logarithm of real value added by industry, Logarithm and the logarithm of the cost of capital in industry total exports and imports relative to real value added in industry) The dependent variable will be (logarithm of employment in the industrial sector).

With the stickiness of wages due to labor contracts, is expected changes in wage labor employment rate does not affect and as you can see, this variable has been brought to a pause It means that a relationship with industry employment sector in Iran.

Real value added in industry sector by an increase in demand for labor in the following year, and thus increasing employment in the industry be hence, as you can see, this variable brought to a pause. With regard to the definition and calculation methods, the coefficients obtained in this study, Represents the elasticity of demand for labor in the industrial sector than any of the independent variables.

The coefficients obtained labor demand in the industrial sector value added Real industry price elasticity is most stable in 1998 and the total exports or imports, industry or both Based on the estimated number equation) that has the least traction is, exactly, with a percentage change in each independent variable, percent change In labor demand in the industry to change the real value of industry sector 0.25 (In equation, 2 and 0.03

(in equation 3) can be changes in the real value of exports for the period prior to the industrial sector 0.027 Percent (in equation 1), for a change in the real value of industry imports to 0.029 percent (In equation 2) and for changes in the real value of total exports and imports Industry in 1.031 percent (in equation 3) .

4. CONCLUSION

In this study, the relationship between employment, industry sector, with all variables other than wages in the industrial sector (in all equations) and real industrial value added (only in the first equation) is meaningful as Thus, according to the estimates, we can conclude Increasing the real value of that part of Iran's economic boom in the country, Improve investors' future expectations, will increase investment in the country, there is a tendency to increase production and thus increases the demand for labor be Hence, employing more labor and employment industry will increase.

Any decrease in real value added in this sector, the recession will occur therefore tend to reduce production, and thus we are faced with a surplus of labor and employment industry will decrease. Positive relationship between investment and employment of Iran's industrial sector of the view that capital and labor are the two factors of production, Capital rather than labor is replaced, but this means a succession of perfect substitution between the two is not a factor, but there is an imperfect substitute. Thus increasing the cost in this section, the desire to find a substitute for the capital increase because the labor and capital are substitutes, reducing the use of capital, most of the labor force and employment in the industrial sector will increase. If the reduced cost of capital in this sector, with the increased use of capital, using less labor and employment, thereby will reducing the industry.

Increase the export sector; the new currency into the country and the trade balance is positive, thus increasing the income of exporters and producers, the economic boom in the form Economic recovery, increased production in the whole society, requires more labor to the increased demand for labor and employment will be in this sector.

Exports reducing cause decrease of trade balance, low income and thus reduce the exporters and producers cause recession in the country. The country is in recession, due to the lack of significant production, less labor is needed the demand for labor in industry declined, employment is less in this sector.

The first research hypothesis, there was a direct relationship between the real values of exports with the demand for labor in this sector in Iran. Considering that, Iran imports is about two-thirds, the capital goods and intermediates Thus, with increasing imports of industrial goods entering the country due to requirements in other industries And suitable for production, labor demand and employment will increase.

Reduction in the import sector, due to lack of required technology And therefore not suitable for production, labor demand and employment will decrease in industry sector. The second research hypothesis rejected that there was indirect relationship between the real values of imports to industry demand for labor in this sector in Iran.

The relationship between total exports and imports value-added industrial real in this section, because in this respect than any of the export and imports alone is also positive, it is direct Thus, increasing the proportion of total exports and imports of industrial The real value in this sector, the country's economic boom created And t will increase labor demand and employment in the industrial sector. Any decrease in the proportion of total exports and imports of industrial real value added in this section Recession in the country and the demand for labor Employment in the industry are low, the study will confirms the hypothesis. The fourth research hypothesis was that the negative effects of globalization of the economy in the current situation in Iran The demand for labor in the industrial sector, rejected according to three previous hypotheses.

The results of the estimates, due to the significant relationship between employment and industry wages in this section (in all three equations), wages in industry, it is not impact on employment.

RECOMMENDATIONS

Globalization is a fact, positive or negative, which is rapidly advancing as how we assess the positive or negative, it is secondary issue, which wanted or not assesses the Iran’s economy. In this case, most important task is to prepare for make better use of its advantages to avoid the disadvantage of it.

To deal with globalization, first it is necessary to formulate economic laws consistent with the global economy, on the one hand, and secondly to identify and protect areas pay The ability to have a presence in global markets and on the other hand, Unable to identify the sectors in dealing with this phenomenon, they also seek to strengthen around of it.

Based on the results and the positive effect of increased exports and imports of industrial on the demand for labor, the proposal would presented, is that trade barriers will removed in Iran. It imports, exports are increasing, and this increase is the coefficients obtained in this research will increase industry demand for labor.

REFERENCES

1. Greenaway D, Nelson D. 2000. The assessment: globalization and labour-market adjustment. Oxf Rev Econ Policy 16(3): 1-11.

2. UNCTAD, 1994. World investment report 1994. Transnational corporations, employment and the workplace. New York, UNCTAD.
3. Scott, W. 1992. Organizations. Rational, natural, and open systems. Englewood Cliffs, Prentice-Hall.
4. Perriard, M. 1995. Towards a measure of globalization. Working paper No. 250, Institute of Economic and Social Sciences, University of Fribourg, Fribourg.
5. Wofford, T. 2002. Competitive advantage: strategy and human resources. Journal of applied management and entrepreneurship 7(1): 135-147.
6. Rodrik, D 1992. The Rush to Free Trade in the Developing World: Why So Late? Why Now? Will IT Last?" NBER Working Paper No. 3947, National Bureau of Economic Research, Cambridge, MA.
7. Greenaway D, Hine R.C., and Wright P. 1998. An Empirical Assessment of the Impact of Trade on Employment in the United Kingdom. Centre for Research on Globalisation and Labour Markets, 98/3.
8. Greenway, D., W. Morgan and P. Wright 2002. Trade Liberalization and Growth in Developing Countries", Journal of Development Economics, 67: 229-244.
9. Ramadan AI, 2005. Economic globalization and its effects on employment. Journal of Economic Studies, 68: 155-178.
10. Dana, F; Young S, Azari M. and Mohebbi, R. 2003. Ranks countries according to industry classification. The industry's capacity to trade liberalization. Quarterly Economic Bulletin, 13: 71-111.
11. Akbari SA, Glory S. 2002. Effects of trade liberalization on industrial employment. Bank and the Economic Journal, 33: 54-55.
12. Greenaway, Hine and Milner, 1995. evaluate empirically the relative importance of horizontal and vertical IIT in the UK.
13. Edward E. Leamer, 1995. The Heckscher-Ohlin model in theory and practice. (February 1995).
14. Program Planning and Management Organization of Iran, 1997. Economic Affairs and Coordination. (July 1997). Data collection, statistics, time series of economic, social, and 1997.