



Labor Force in Iran

July 2017



Tehran Chamber of Commerce, Industries, Mines, and Agriculture; TCCIM, is the capital largest independent and non-profit networking and business support organization. Representing the interests of more than 16 thousands of companies, TCCIM connects business people and offer its members a wide range of practical and professional services.

For more information visit <http://en.tccim.ir>

In regards to promotion of research and development, Economic Research Department of the TCCIM prepares different reports about Iran's economic and trade performance. This report provides a quick overview of the Iran's labor market during the selected periods.



Did you know?

About 39.4% of the population of working-age (over 10 years old) are economically active in Iran.

The economically active population has been increasing in Iran. Recent statistics indicates a 4.4% rise in 1395 as compared with the previous year.

Approximately 87.6% of the economically active population employed in 1395. This ratio stands over 89% for men.

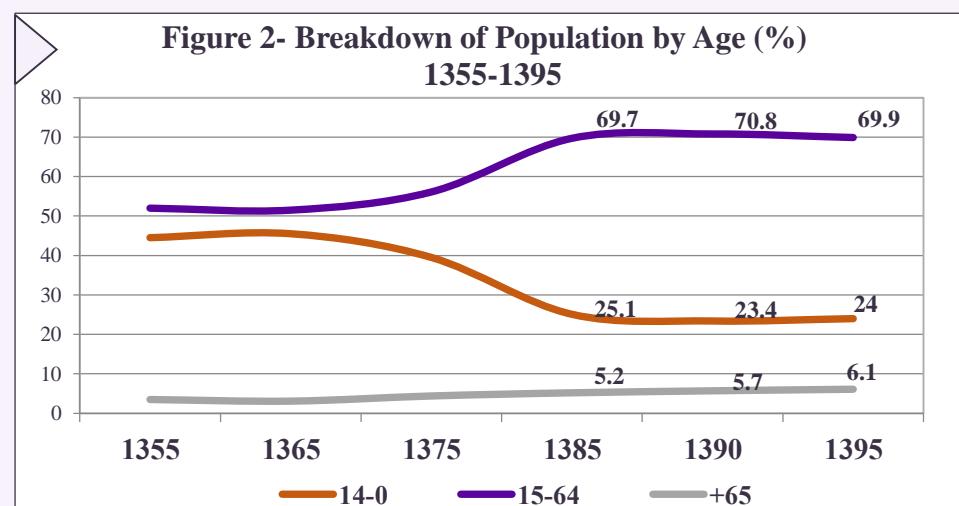
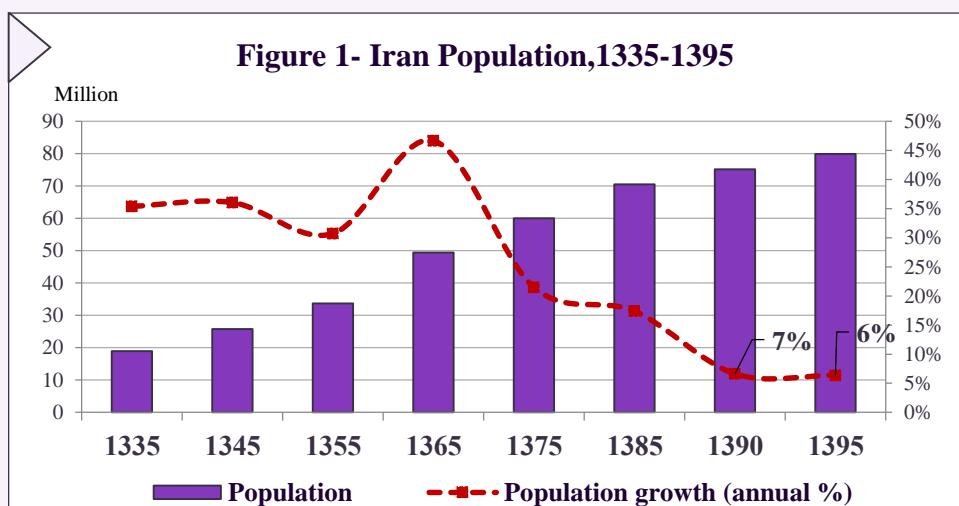
More than 50% of the employed population is engaged in the service sector. Additionally, the industry sector accounted for about 32% of the total active population in 1395.

The demographic window in Iran will be open till 2045. During this period, consistent investment in human capital and appropriate policy choices are necessary to make the most of the demographic window of opportunities.

Population

Iran's population has been increasing slowly since 5 years ago and reached approximately 80million in 1395. The estimates indicate a growth of 6.7 percent according to last corresponding period (Figure 1). The remarkable point of Iran's population is that demographic window has been opened since 1385 in Iran. It refers to the period of demographic transition when the proportion of the population of working-age group (15-64 years of old) is truly more than other groups (Figure 2). In other words, the ratio of dependents to working-age population (Dependency Ratio) decreases in this specific era. Therefore it is considered a unique opportunity for economic growth by boosting investments in human capital.

According to United Nation estimates, the demographic window has been opened in 2005 and will be closed in 2045 in Iran (4 decades).



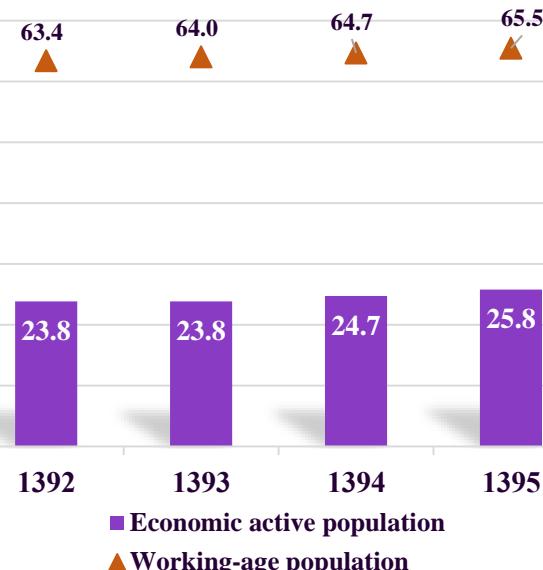
Data Source: Statistical Center of Iran

Active Population

The Population of people aged 10 or over (working-age group), is estimated approximately 65.5 million in 1395 (Figure 3). About 39.4% of this age group, who have been employed or have been able to take part in the production of goods and services, are economically active in Iran. The number of people is considered as the active population has risen in recent years. It stood at about 24 million people in 1393 and increased to about 26 million people in 1395 (Figure 3).

Almost 81% of the economically active population is consisted of men. However, the percentage of women in this group has been slightly growing.

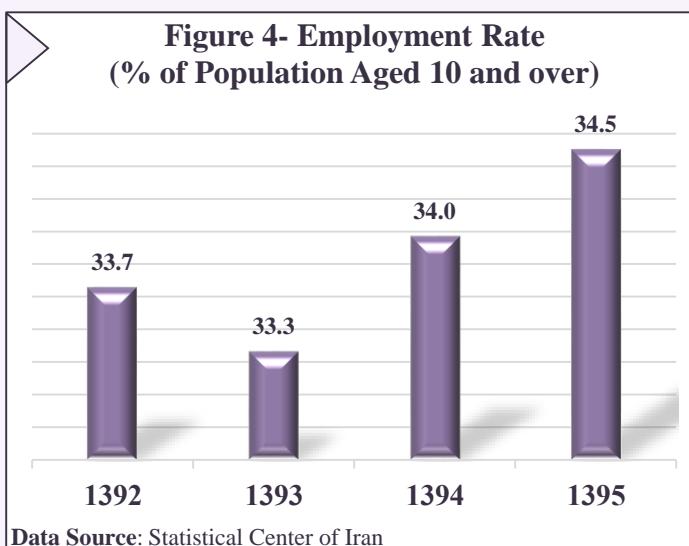
Figure 3- Working-age and Economically Active Aopulation, (Million)



Data Source: Statistical Center of Iran

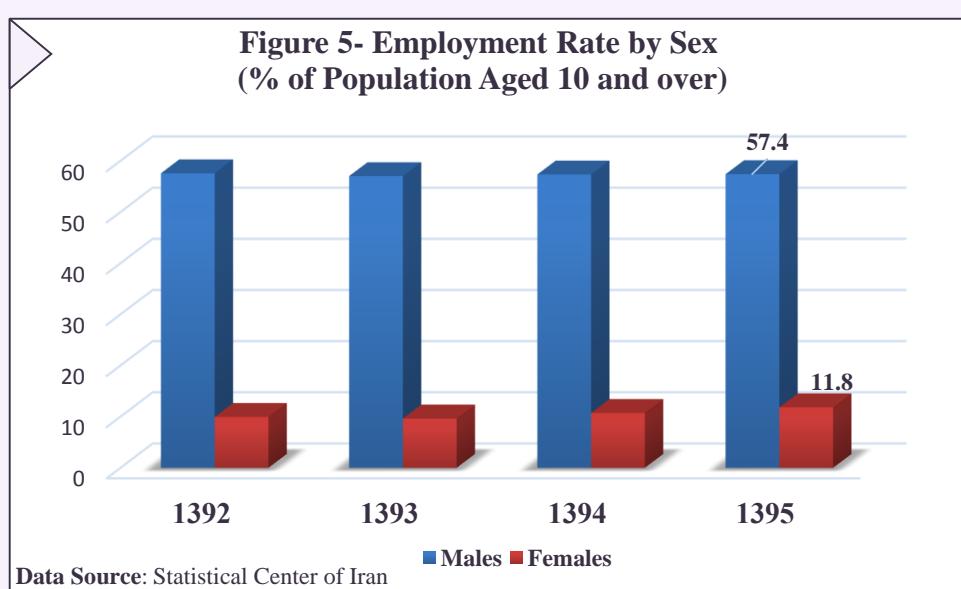
Employed Population

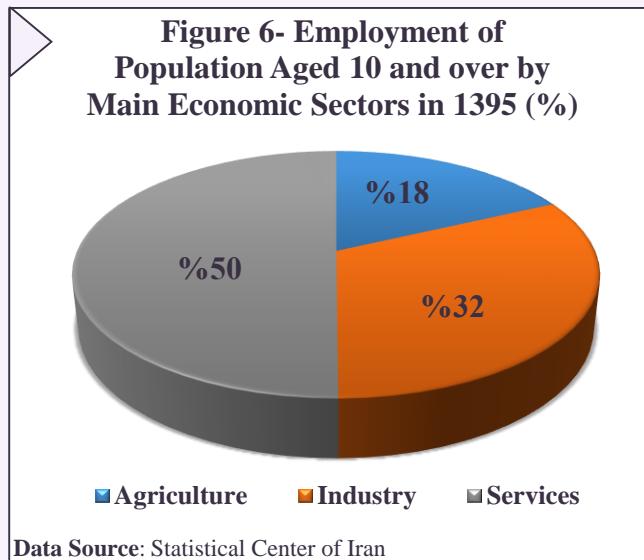
Over 87% of the economically active population has employed in 1395. It consists of about 22.6 million people. This ratio stands over 89% for men (about 19 million people).



The employment rate which is the ratio of the employed population (10 years of age or over) to the total working-age population (10 years of age or over) is estimated about 34.5% in 1395. This ratio has recently been on rise. So that it has increased 1.5 percentage points over the two last years (Figure 4).

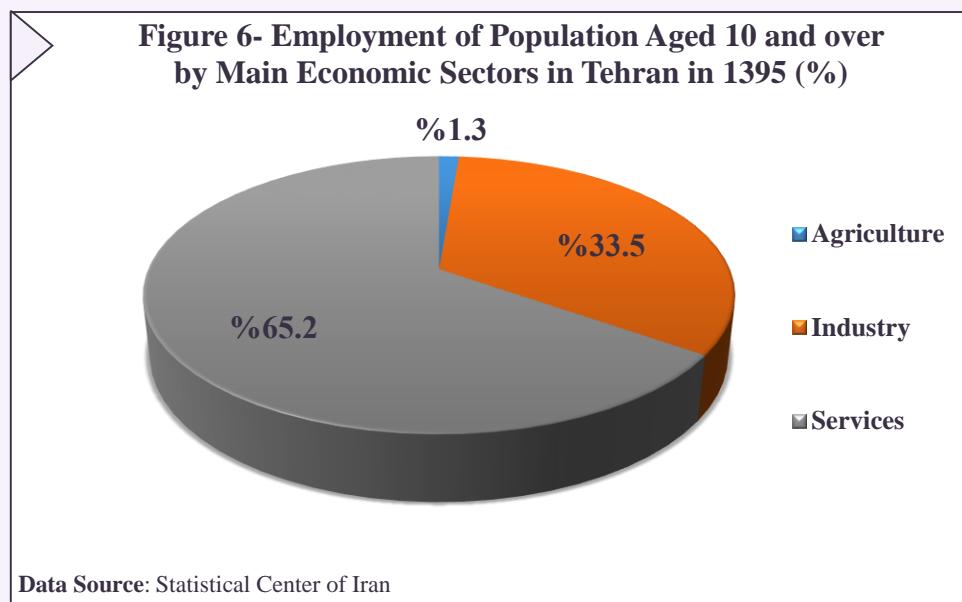
A review of the employment ratio in male and female individuals indicates that almost 12% of working-age population of women has been employed in 1395. This indicator stands higher for men at more than 57%.





The most significant proportion of the employed population has been working in the service sector. Nearly one out of two (50.1 %) works in this sector. The manufacture sector holds the second share of employment with about 32% of the total. These are followed by agriculture sector with 18% (Figure 6).

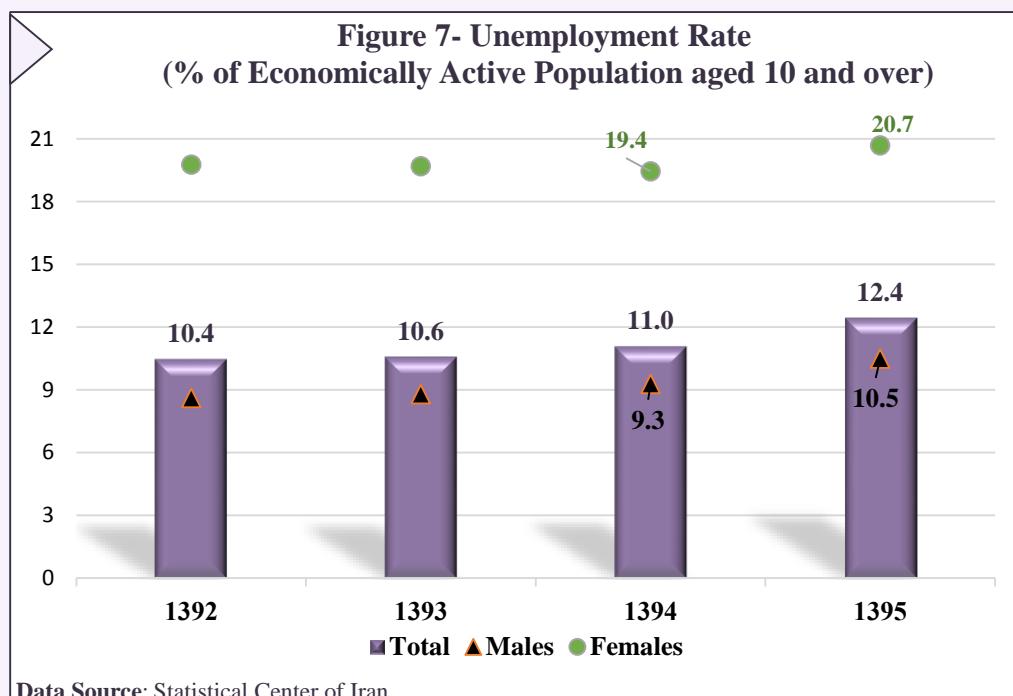
Tehran as the most populated province of Iran has a bit different composition of employment. The share of agriculture sector seems to be negligible, whereas service sector is quite significant in Tehran, employing over 65 % of the labor force (Figure 7).



Unemployment Rate

According to the statistical center of Iran, nearly 3.2 million people aged 10 and over were unemployed in 1395 which is considered about 12.4% of the economically active population. This ratio has risen by 1.4 percentage points as compared with the previous year (Figure 7).

Although the economically active population of women is truly less than men (almost one out of four), and women's unemployment rate stands remarkably higher than men at 20.7% (Figure 7).



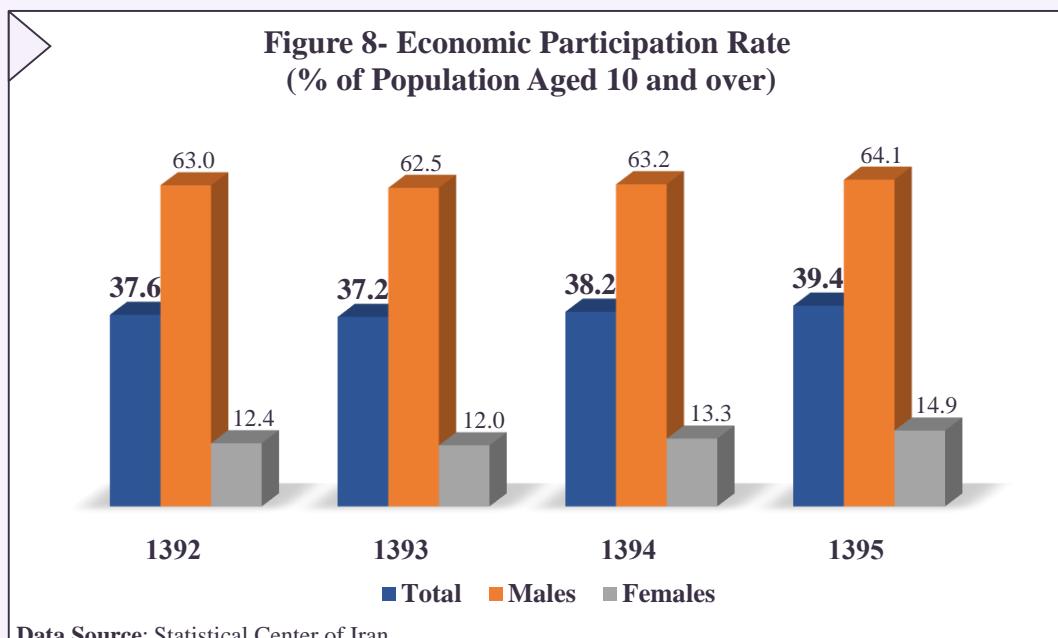
It is notable that unemployment rate of youths aged 15-24 is generally higher and has increased to 29.2 % in 1395. This rate stands over 44% and 25% respectively for women and men.

Unemployment of Tehran has been estimated about 11.6% in 1395 which has increased 3.5 percentage points as compared with previous year.

Labor Force Participation Rate

Labor force participation rate is considered as a measure of the proportion of working-age population (10 years of age or over) that engages actively in labor market, either by working or looking for work.

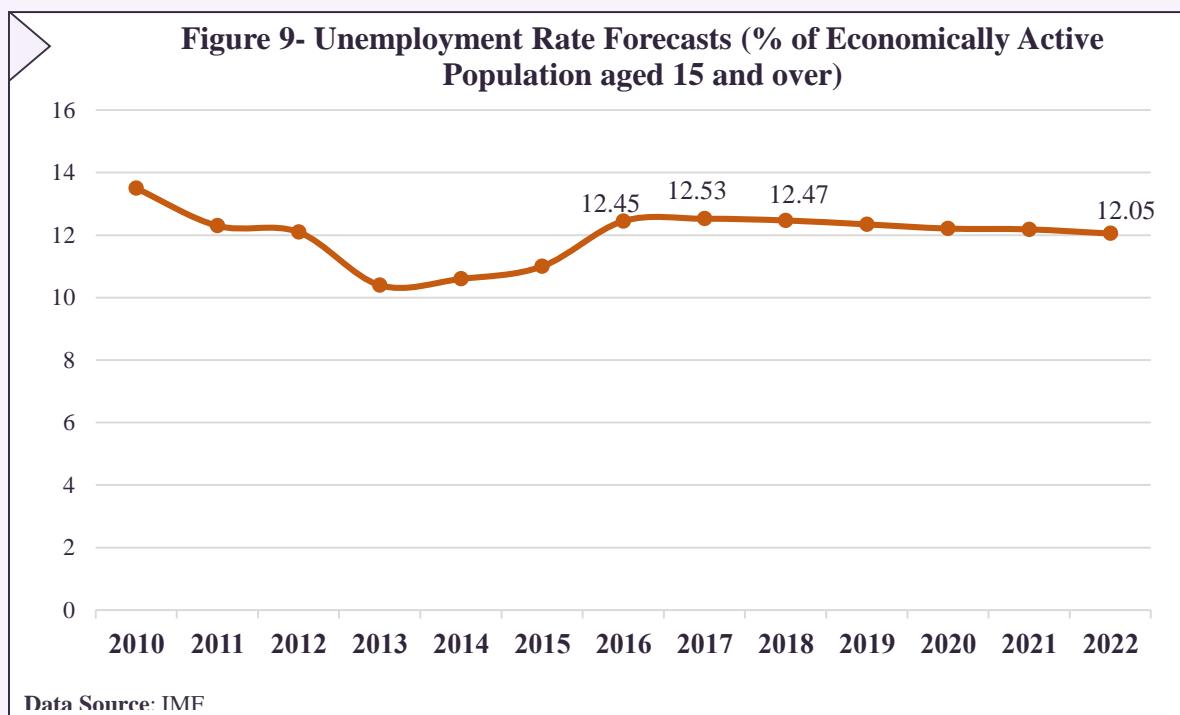
The economic participation rate reveals that more than 39% of population aged 10 and over have been economically active in 1395. Additionally, this rate has increased about 1.2 percentage points in comparison to the last previous year. In other words, the relative size of the supply of labor force available to engage in the production of goods and services has been growing recently (Figure 8).



The breakdown of the labor force by sex and age group indicates that economic participation rate of men is really much higher than women. However, a careful assessment of these rates reveals that the proportion of the active population of women has been increasing rapidly in comparison with the proportion of the active population of men. This rate has risen from 13.3% in 1394 to 14.9 in 1395 for women, whereas it has increased only 0.9 percentage points for men by 1395 in comparison with last year.

Unemployment Rate Forecasts

According to International Monetary Fund, Iran's unemployment rate at the end of 2017 will rise to 12.52%, then it will drop to 12.34% in 2018. Afterward, this will decrease gradually, so that in 2020, it will reach the lowest unemployment rate in the period 2016-2022 and fall to 12.05% in 2022.



Annex

Correspondence of Iranian and Gregorian Calendars¹

Month Year	1392		1393		1394		1395	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>				
Farvardin 1 31	March 21	March 21	March 21	March 20	March 20	March 20	March 20	March 19
Ordibehesht 1 31	April 21	April 21	April 21	April 21	April 21	April 20	April 20	May 20
Khordad 1 31	May 22	May 22	May 22	May 22	May 22	May 21	May 21	June 20
Tir 1 31	June 22	June 22	June 22	June 22	June 22	June 21	June 21	July 21
Mordad 1 31	July 23	July 23	July 23	July 23	July 23	July 22	July 22	Aug 21
Shahrivar 1 30	Aug 23	Aug 23	Aug 23	Aug 23	Aug 23	Aug 22	Aug 22	Sept 21
Mehr 1 30	Sept 23	Sept 23	Sept 23	Sept 23	Sept 23	Sept 22	Sept 22	Oct 21
Aban 1 30	Oct 23	Oct 23	Oct 23	Oct 23	Oct 23	Oct 22	Oct 22	Nov 20
Azar 1 30	Nov 22	Nov 22	Nov 22	Nov 22	Nov 22	Nov 21	Nov 21	Dec 20
Dey 1 30	Dec 22	Dec 22	Dec 22	Dec 22	Dec 22	Dec 21	Dec 21	Jan 19
Bahman 1 30	<u>2014</u> Jan 20	<u>2015</u> Jan 20	<u>2016</u> Jan 20	<u>2017</u> Jan 19				
Esfand 1 29	Feb 20	Feb 20	Feb 20	Feb 20	Feb 20	Feb 19	Feb 19	March 20

¹There are 31 days in each of the first six months of the Iranian calendar, 30 days in each of the next 5 months and 29 days in the last month, except in leap year when it has 30 days such as 1395.



About Us

The Economic Research department of TCCIM is responsible for providing economic analysis, conducting business research, managing official data collection, providing timely and accurate information to TCCIM members and units. This sector actively seeks new data sources, suggests research topics, and prepares reports on various economic subjects' with the aim of analyzing economic challenges and increasing private sector awareness of macroeconomic and business environment issues.

For more information about TCCIM, please visit <http://en.tccim.ir/>

© 2017 TCCIM All Rights Reserved