

**Tehran Chamber of Commerce,
Industries, Mines, and Agriculture**

Economic Research Department



Labor Force in Iran

July 2017



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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.

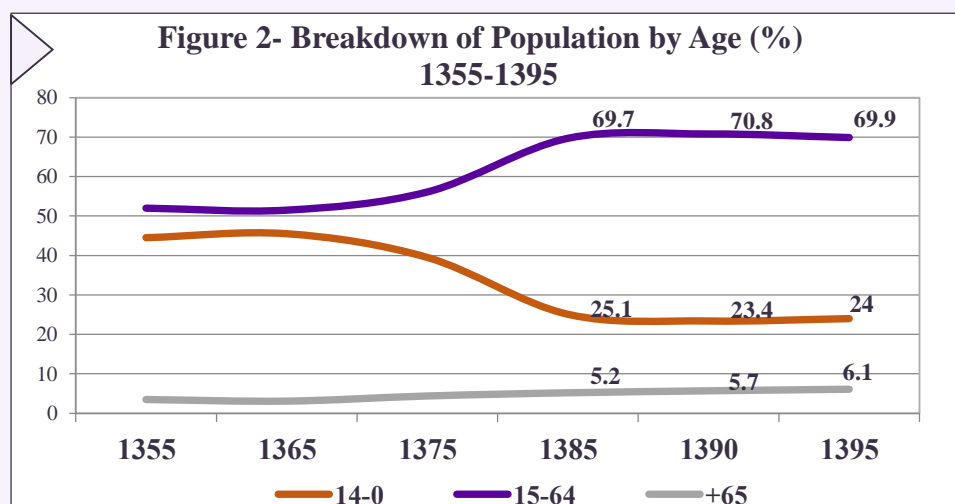
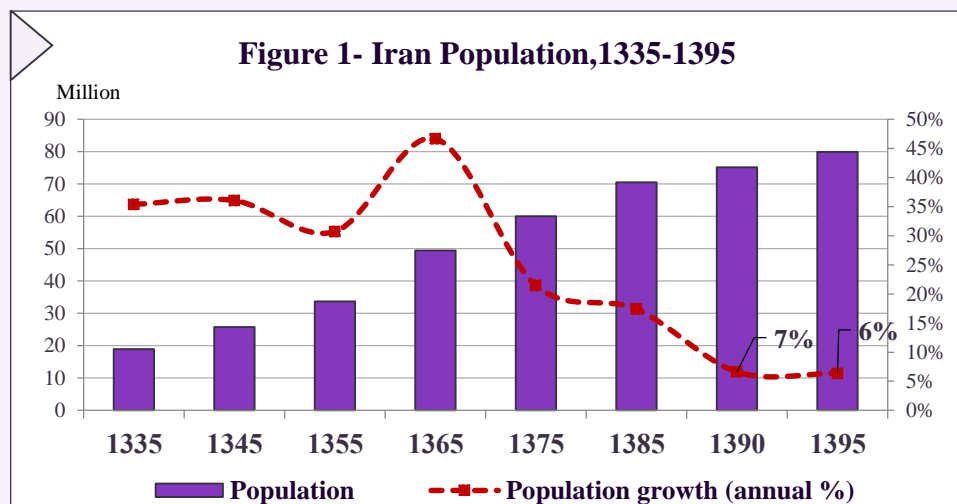
More than 50% of the employed population is engaged in the service sector. Additionally, the industry sector accounted for about 32% of the total active population in 1395.

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 80 million 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).

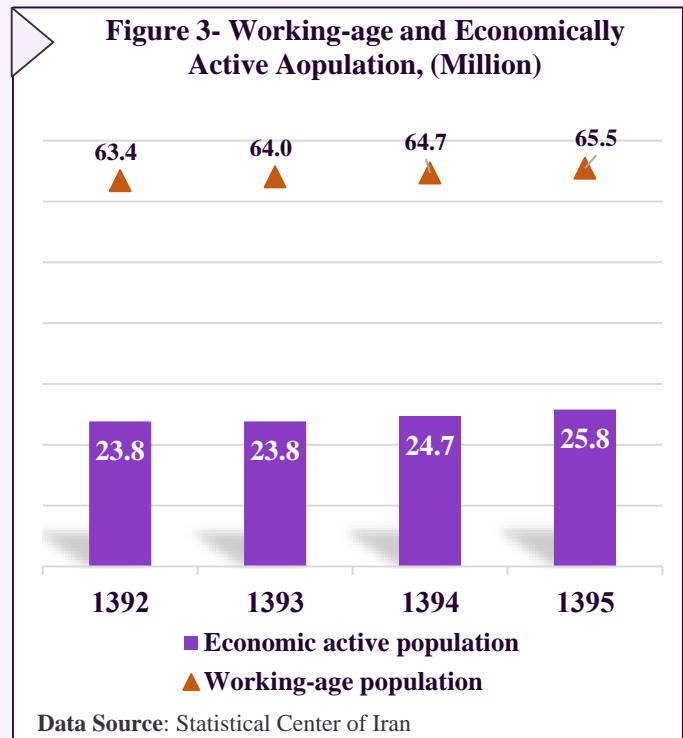


Data Source: Statistical Center of Iran

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.



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%.

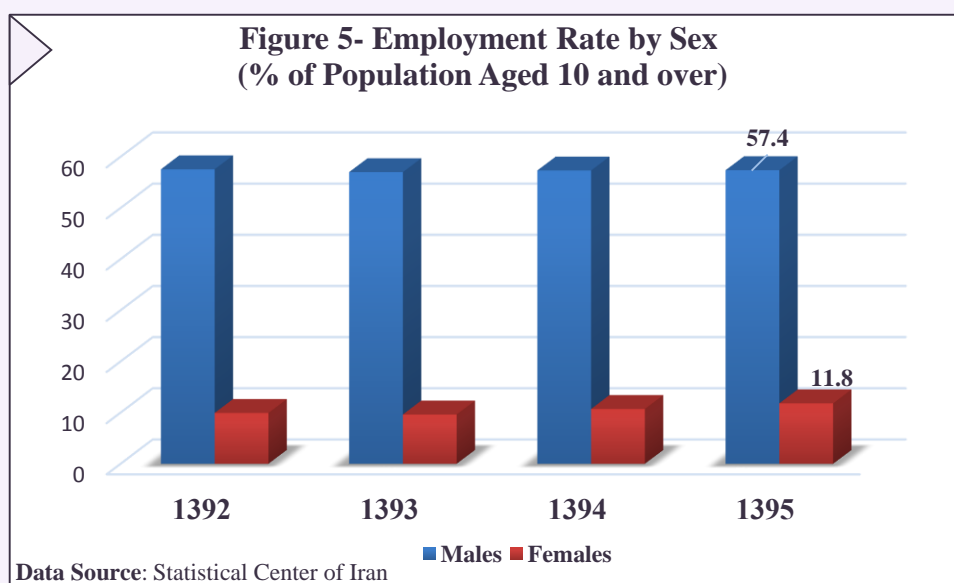
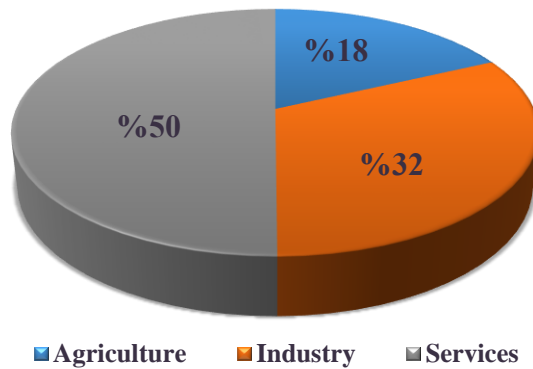


Figure 6- Employment of Population Aged 10 and over by Main Economic Sectors in 1395 (%)

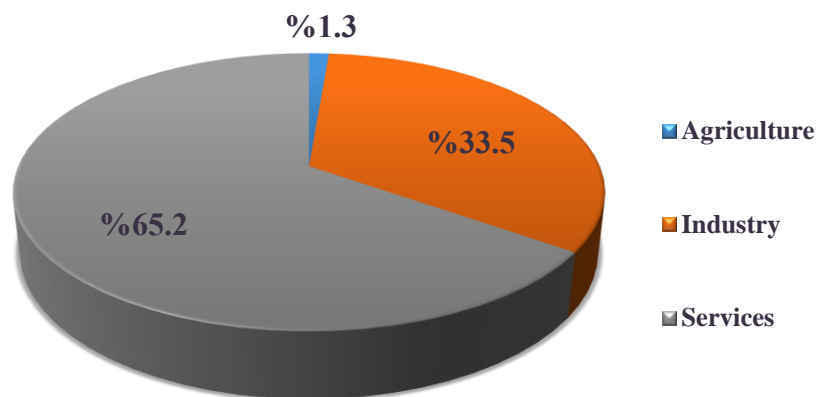


Data Source: Statistical Center of Iran

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).

Figure 6- Employment of Population Aged 10 and over by Main Economic Sectors in Tehran in 1395 (%)



Data Source: Statistical Center of Iran

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).



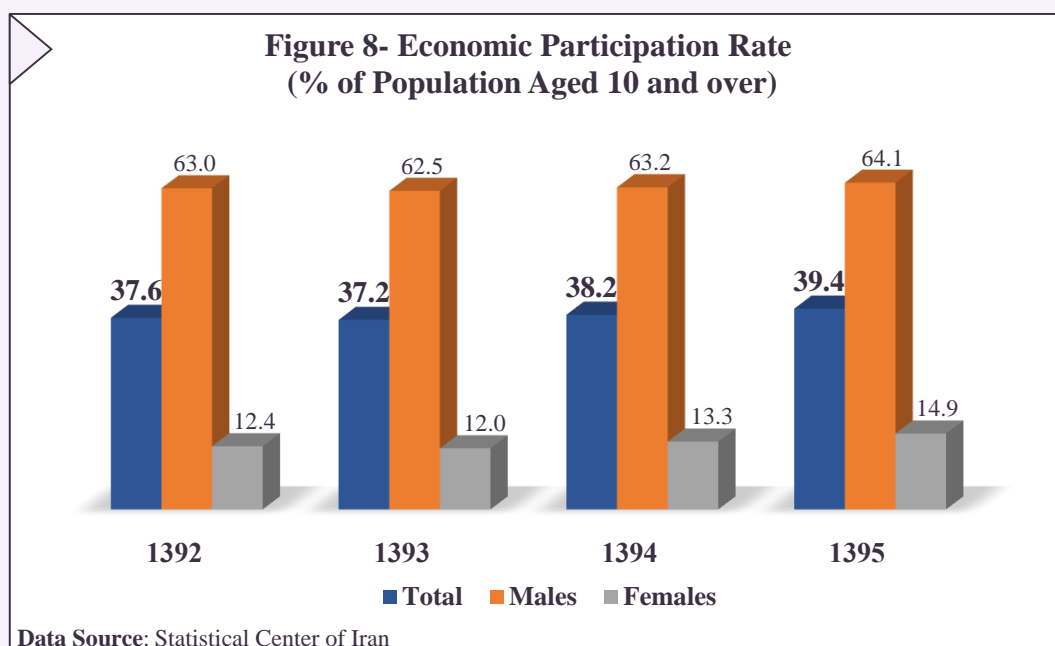
It is notable that unemployment rate of youths aged 15-24 is generally higher and has increased to 29.2 % in 1395. This rate stands over 44% and 25% respectively for women and men.

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.

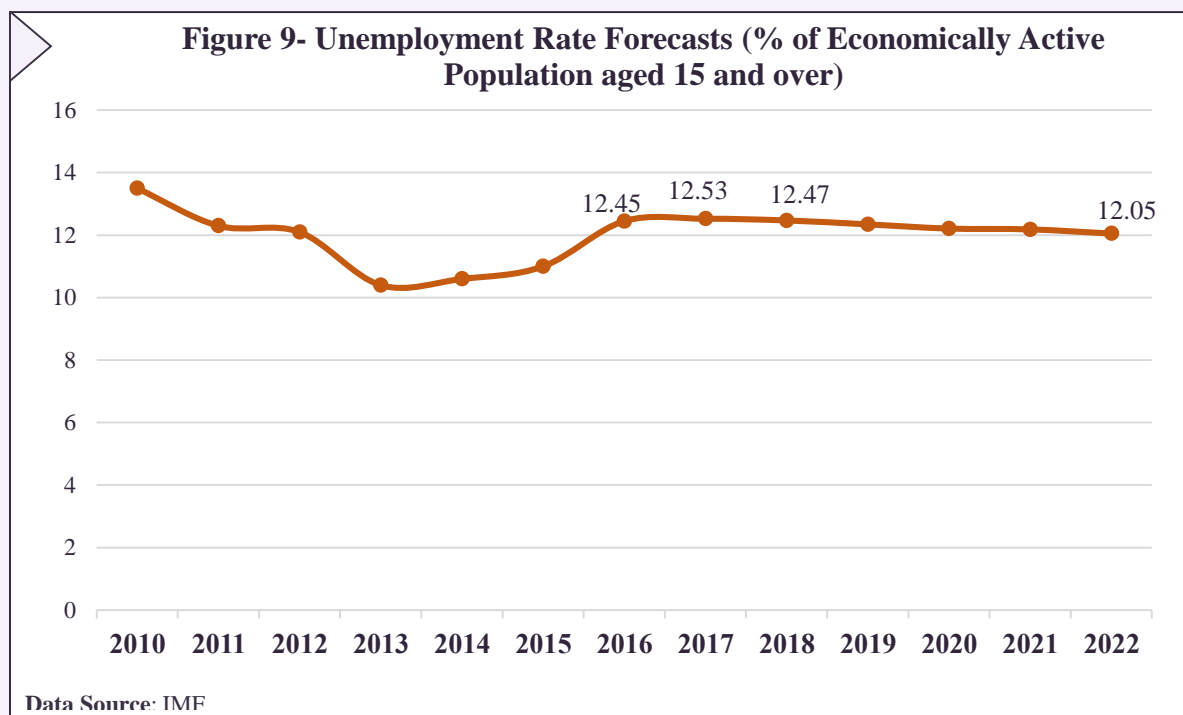
The economic participation rate reveals that more than 39% of population aged 10 and over have been economically active in 1395. Additionally, this rate has increased about 1.2 percentage points in comparison to the last previous year. In other words, the relative size of the supply of labor force available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

<div>Month</div> <div>Year</div>		1392		1393		1394		1395	
		<u>2014</u>		<u>2015</u>		<u>2016</u>		<u>2017</u>	
Farvardin	1	March	21	March	21	March	21	March	20
	31	April	20	April	20	April	20	April	19
Ordibehesht	1	April	21	April	21	April	21	April	20
	31	May	21	May	21	May	21	May	20
Khordad	1	May	22	May	22	May	22	May	21
	31	June	21	June	21	June	21	June	20
Tir	1	June	22	June	22	June	22	June	21
	31	July	22	July	22	July	22	July	21
Mordad	1	July	23	July	23	July	23	July	22
	31	Aug	22	Aug	22	Aug	22	Aug	21
Shahrivar	1	Aug	23	Aug	23	Aug	23	Aug	22
	30	Sept	22	Sept	22	Sept	22	Sept	21
Mehr	1	Sept	23	Sept	23	Sept	23	Sept	22
	30	Oct	22	Oct	22	Oct	22	Oct	21
Aban	1	Oct	23	Oct	23	Oct	23	Oct	22
	30	Nov	21	Nov	21	Nov	21	Nov	20
Azar	1	Nov	22	Nov	22	Nov	22	Nov	21
	30	Dec	21	Dec	21	Dec	21	Dec	20
Dey	1	Dec	22	Dec	22	Dec	22	Dec	21
	30	<u>2014</u> Jan	20	<u>2015</u> Jan	20	<u>2016</u> Jan	20	<u>2017</u> Jan	19
Bahman	1	Jan	21	Jan	21	Jan	21	Jan	20
	30	Feb	19	Feb	19	Feb	19	Feb	18
Esfand	1	Feb	20	Feb	20	Feb	20	Feb	19
	29	March	20	March	20	March	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.



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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.

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