Report on Employment Security System and Labor Policy in Asian Countries

-The Islamic Republic of Iran-

March 1999

Asian Population and Development Association

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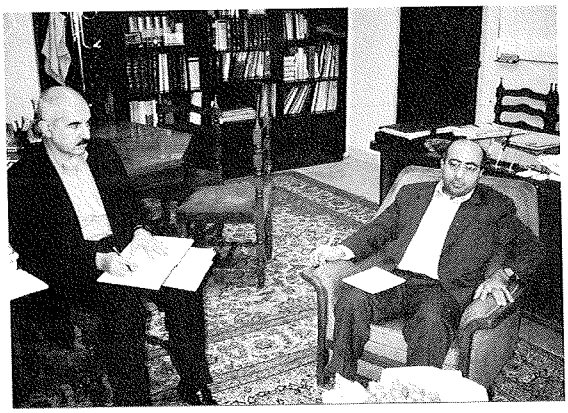

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Foreword

This report comprises the results from a study conducted in the Islamic Republic of Iran by Asian Population and Development Association (APDA) entitled the Study on Employment security System and Labor Policy in Asian Countries. Compilation of the study results was carried out by the members of the research committee that was formed within APDA (Chairman: Dr. Toshio Kuroda, Director Emeritus, Nihon University Population Research Institute, and a Board of Directors of APDA).

Proper implementation of employment security system and labor policy is deeply connected with securing social stabilization of respective countries and has now become one of the fundamental conditions for maintaining social stability in the Asian region amidst the advancement of international interdependence. Studying the actual employment security system and labor policy in respective countries will play an important role in understanding the present situation of the Asian countries and their relationship with Japan.

Therefore, the purpose of this study lies in grasping the present situation and predicting the future of each country in South Asia, Southeast Asia and East Asia with regard to the realities of employment security system and labor policy as well as their relationship with demographic, social and economic structures with the aim of utilizing them in Japan's future policy making for international cooperation as the need for advancement of internationalization and international cooperation increases.

The field study was conducted under full cooperation from the Ministry of Labor and Social Affairs of the Islamic Republic of Iran. In addition, Counselor Hiroshi Azuma of the Japanese Embassy in Iran and Mr. Katsuo Nakamura, Resident Representative of the Teheran Office, the Japan External Trade Organization offered guidance and cooperation on the overall field study.

In conclusion, I hope that this report will contribute to development of the Asian countries including the Islamic Republic of Iran and effective international cooperation of the Japanese government.

This report has been prepared under the responsibility of APDA.

March 1999

Taro Nakayama
Chairman,
The Asian Population and Development Association

Introduction: Structure and Viewpoint of Analysis

Formerly called Persia, Iran has been maintaining an unbroken relationship with Japan from time immemorial. The present Islamic Republic of Iran was born in 1978 when Pahlavi Dynasty was overthrown by the Islamic Revolution in Iran. The revolution was a religious revolution led by an Islamic leader Ayatollah Khomeini, and the fact that religion gained sufficient power to change a country's government despite the advancement of globalization and information technology shocked the entire world. Partly due to the sympathetic stance of the Iranian revolutionary government towards the student occupation of the American Embassy, the Islamic Republic of Iran was labeled as a nation that acts in a different manner from the international community.

Although no conclusive assessment exists with regard to the Islamic Revolution in Iran itself, foreign capital fled the country as a result and forced Iran to make up for its loss through domestic industries. Thereafter the Japanese companies that did not even pull out after the Islamic Revolution were forced to leave the country after the Iran-Japan Petrochemical Complex (IJPC) received a fatal blow from Iraqi-Iranian War, an international dispute originating from religious strife.

The image of Iran as a "closed, complicated country" was formed after these incidents. It is also true that Iran itself persistently maintained an inward approach during the same period partly due to the fact that the revolution took place under religious leadership.

Iran is changing today. Under the leadership of President Khatami, the country still maintains its Islam-based principles of conduct but is starting to follow a practical line. By guaranteeing the freedom to transfer out of Iran the capital invested on projects in the country and its interest, for instance, Iran is officially setting out the policy for building a cooperating relationship with the international community while maintaining the basis of the Islamic fundamentalism.

As regards to relationship with Japan, Iran has close relationship with the Japanese economy mainly through her oil. However, the image of the country among Japanese public is limited to being an "exporter of oil" and a "producer of Persian carpet." On the other hand, frequent news about the many Iranians that are illegally working in Japan has created two separate images of the country—Persia in the old days and illegal aliens from Iran.

Ignorance about the reality is making Iran a more distant country and creating misunderstanding. According to a study conducted by the Iranian Embassy, a considerable percentage of illegal aliens that are working in Japan and claim to be Iranian were actually from Iraq and Afghanistan. Nevertheless, it is true that Iran belongs to West Asia where

population increase rate is very high and that pressure for working abroad exists within the country.

Unemployment rate in Iran is 8.6% according to official statistics but foreign statistics suggest that the figure exceeds 30%. Iran adopted a policy encouraging childbirth after the Iranian Revolution and Iraqi-Iranian War that raised the country's total fertility rate (TFR) to 7.1. The figure that had been declining over a long term suddenly soared due to a religious revolution and war. This has resulted in high percentage of population aged under 15 years (39.51%), and the cohort of population aged 15 to 19 years, which is already starting to enter the labor market, and that of population aged 1 to 9 years have become disproportionately large. Successive entry of these population groups into the labor market will make creation and securing of employment a crucial issue for Iran.

It is for this reason that the Iranian government is giving priority to the employment issue and adopting what can be referred to as a supply-side policy of human resources. Although the government, which is under religious leadership, has not gone so far as to place emphasis on social science-oriented education, it is making tremendous effort in the areas of natural science and vocational training with the aim of fostering talents. The number of undergraduate and graduate degree holders is also at a level that is considered sufficient from the present scale of industry. Our impression obtained from this study is that Iran is seeking to invite industry and secure employment by utilizing her abundant human resources.

However, securing employment in reality requires generation of demand through investment from overseas. Increase in supply will only create large overqualified jobless population unless it is accompanied by increase in demand. This is where the present dilemma of Iran lies. The essence of Iran's unemployment and employment issue is probably an issue of her economic structure and macroeconomic policy.

The present economy of Iran is a bazaar economy relying on oil. It has been pointed out in this report that long-term economic growth cannot be attained unless the country grows out of oil-dependent bazaar economy and shifts to an economy based on manufacturing. As can be inferred from the fact that bazaar capital offered great support to the Islam Revolution by Ayatollah Khomeini, bazaar economy possesses enormous political power in Iran. However, bazaar economy may be capital intensive but not labor intensive, which means that it is not an industry that takes advantage of the human resources existing in Iran.

Moreover, balance of international payments in Iran is supported by oil export. It was colossal income from oil that supported the Iranian economy. However, the income was obtained by selling off the country's asset and is said to have been more of a burden to activation of economic activities and to economic reform. The reason being that, although people were able to understand in their head about the importance of fostering industries that

could absorb employment from in the long run, they were never pressed to put it into practice because of the stable income they had from oil.

The revolutionary government made a public commitment to share this wealth from oil with the people and carried out this commitment. This consequently consumed the country's assets instead of creating economic activities.

The oil industry is also an industry that may be capital intensive but not labor intensive. Therefore, the oil industry cannot absorb employment in Iran as far as petroleum export is concerned. For this reason, it is important to shift the macroeconomic policy in the direction of fostering industry in addition to training human resources if Iran is to create employment for the booming young population. While influx of foreign capital will have to be promoted for this purpose, manufacturing is not an attractive subject because of its far inferior investment efficiency compared to the bazaar economy that still dominates the country. Indeed, it is a situation where pursuit of maximum interest for an individual is not leading to interest for the whole.

The government of Iran is aware of this situation. It is addressing these issues by convincing the Islamic leaders with regard to macroeconomic policies implemented by the planning and budgetary machinery and foreign exchange policy implemented by the Central Bank while deciding and attempting to carry out the system reform for fostering the manufacturing industry and promoting investment from overseas. The importance of macroeconomic and foreign exchange policies is also stated in the guideline for the Third 5-Year Plan.

The greatest challenge in the future would be the manner in which implementation of these policies is coordinated with the conservative faction of Islamic religion in the country. Creating a system does not necessarily guarantee it will function properly either. Although the system guarantees transfer of profit earned in Iran to overseas, it is not functioning very well in reality partly due to the unfamiliarity on the part of foreign exchange bank in handling this matter. In other words, checking the machinery for putting the new system to work is also an important task.

As for the issue of Iranian migrant workers which has been treated as a serious problem in Japan, the Iranian government has no intention of approving unskilled laborers to seek employment abroad nor encouraging migrant labor as a policy. However, the government has strong interest in conducting overseas training for improvement of technical level and was willing to work closely with other governments in regulation of illegal laborers.

This study became the first study on the labor system that was conducted after the revolution. We were also able to conduct a small study of companies using questionnaire.

The following is the structure of this report:

Chapter 1 Summary

Chapter 2 Demographic Structure and Economy
1. Population
2. Iran's economy
3. Economic relations between Iran and Japan

Chapter 3 System Concerning Employment and Its Operation
1. Labor administration
2. Education system in Iran
3. Labor law and social security system

Chapter 4 Present Situation of Labor and Employment
1. Labor situation
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Chapter 1

Summary: Iran's Hardships and Challenges

– Towards Remarkable Advancement of Modernization –

The Islamic Cultural Area is a huge religious cultural area inhabited by more than 1 billion people. It is an area formed around Middle East and stretches all the way to Indonesia, a great power in ASEAN, in the east, and contains many of the African countries on the Atlantic coast in the west. It is characterized by the important role Islam plays in the political and economic realm and strong influence it exerts in many political, economic and social areas of the world. In particular, as the Islamic Cultural Area maintains very high fertility even today with total fertility rate ranging between 4 and 5, it can be said that the success in restraining population increase in this area through fertility control holds the key for sustainable development of the entire humanity.

In this Islamic Cultural Area, Islamic Republic of Iran is demonstrating remarkable changes and development, realizing miraculous fertility decline—a phenomenon that rarely takes place in the Islamic Cultural Area. On the other hand, the country is trying to strongly promote the modernization policy based on Islamic beliefs. Attention must be given to whether the changes in values that was manifested in rapid fertility control—particularly the 5-Year Plan aiming for social and economic development with emphasis on education—will contribute to the rapid unfolding of modernization.

According to UN classification, Iran belongs to Southern Central Asia and is a great power with population of 60 million which is the fourth largest in the region after India, Pakistan and Bangladesh. Like other Islamic states, Iran's population is characterized by high fertility rate and high increase rate, and also it should be considered that the country has experienced enormous hardships of the Islamic revolution in 1978 and Iraqi-Iranian War from 1980 to 1988. The Islamic revolution signified a cultural revolution for making the transition from monarchy to democratic state. On the other hand, the Iraqi-Iranian War which lasted nearly 10 years brought about a pronatalist policy.

Maintenance of high fertility rate and rapid improvement of mortality rate gave rise to unusually high natural increase rate exceeding 3% (Figure 1-1). As a result of high fertility (46.1 ‰) and low mortality (10.4 ‰) during the Iraqi-Iranian War, Iran's population increased at an abnormally high rate of 4.4% in the first half of the 1980s and 3.8% in the latter of the 1980s (Table 1-1).

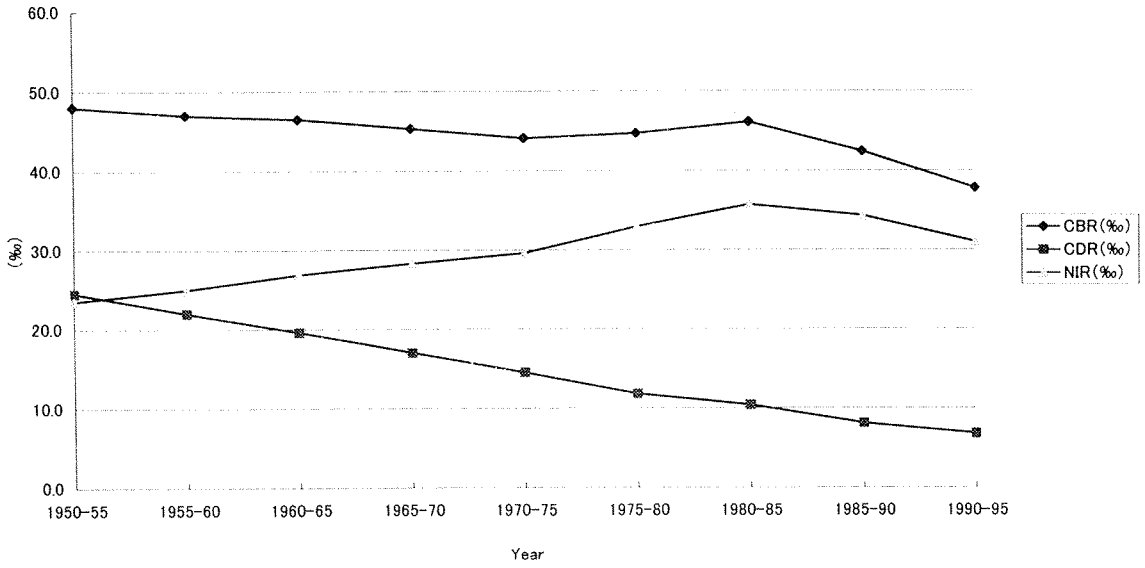
Table 1-1 Various population indices of Iran

Index	1950-55	1955-60	1960-65	1965-70	1970-75	1975-80	1980-85	1985-90	1990-95
CBR (‰)	48.0	47.0	46.5	45.3	44.1	44.7	46.1	42.4	37.8
CDR (‰)	24.5	22.0	19.6	17.0	14.5	11.8	10.4	8.1	6.8
NIR (‰)	23.5	25.0	26.9	28.3	29.6	32.9	35.7	34.3	31.0
TFR (No.of Children)	7.13	7.20	7.26	6.97	6.54	6.50	6.80	6.00	5.30
IMR (per 1,000live birth)	19.0	17.5	16.3	14.5	12.2	10.0	7.8	5.2	4.3
Average life expectancy at birth (both sexes in years)	46.1	48.3	50.8	53.2	55.9	58.6	60.6	65.2	67.5
Percentage of Age 0-14 (%)	39.0	42.4	44.8	45.8	45.9	45.4	44.9	45.5	45.3
Percentage of age 65+ (%)	5.3	4.8	4.2	3.7	3.5	3.3	3.3	3.0	3.8

Source: United Nations, World Population Prospects The 1996 Revision

Remarks: CBR = Crude Birth Rate, CDR = Crude Death Rate, NIR = Natural Increase Rate, TFR = Total Fertility Rate, IMR = Infant Mortality Rate, Average life expectancy = Average life expectancy at birth of both sexes. Percentage of age 0-14 = Percentage of 0-14 and over population in total population, Percentage of age 65+ = Percentage of 65+ and over population in total population.
Each figure is average from the respective 5-year period, except for percentages of 0-14 and 65+ and over population where figures were obtained from the first year of each 5-year period.

Figure 1 Vital Statistics in Iran



Source: Same as Table 1

Noting that this abnormal population increase rate of 4% a year that was brought about by this extremely high fertility and low mortality rates was posing a significant obstacle to economic and social development, the government reversed its policy to the direction of fertility control. The turnaround of population policy under the strong government leadership which is very rarely seen among Islam states brought about remarkable decline in fertility that can even be considered as miraculous. According to the Central Statistical Bureau of the Iranian government (1998), total fertility rate (TFR) dropped by more than half from 7.1 in 1986 to 3.0 in 1996 (refer to Table 2-1 in Chapter 2). Policy decisions made by religious leaders seem to have absolute influence in Iran where Islam is the way of life. Japan also experienced 50% decline in fertility over a 10-year period immediately after the Second World War as TFR dropped from 4.54 in 1947 to 2.04 in 10 years in 1957. Although the level of TFR was considerably lower in Japan compared to Iran, the fact that it declined by half remains the same. However, the magnitude of decline is surprising as it indicates a drop of 4.1 persons from 7.1 to 3 as opposed to 2.5 persons in Japan. In the case of Japan, it is worthy of note that abortion played an important role in this period of decline. Can the government-promoted contraception based on religious beliefs explain the entire fertility decline in Iran?

Some questions are raised with regard to Iran's fertility index that was shown in the 1996 Revision UN World Population Projections. As shown in Table 1-1, Iran's TFR remained at significantly high levels of 6.80 in 1985-1990 period and 5.30 in 1990-1995 period. It is estimated that Iran's TFR will not reach the 3.0 mark until after 2010.

According to the Central Statistical Bureau of Iran, a clear correlation exists between TFR and crude birth rate with the former showing a 58% decline rate from 7.1 to 3.0 and the latter showing a 59% decline from 49.6‰ to 20.5‰ during the aforementioned period from 1986 to 1996. The figures from the Central Statistical Bureau can be understood when seen in this regard. The UN figures being shown in average of 5-year period and those from the Central Statistical Bureau shown on an annual basis may be one of the reasons behind this disparity.

In Indonesia—another Islamic state which is regarded as a model country in the area of family planning policy and program—a period of 20 years from 1970 to 1990 was needed to lower her TFR from 5.0 to 3.0. Considering the fact that Indonesia was in a favorable environment by being surrounded by numerous countries that were actively pursuing family planning, the case of Iran must be regarded as highly exceptional.

At any rate, it is clear that Iran is about to overcome her abnormal population increase. Furthermore, the fact that Iran is strongly promoting her modernization

policy and exerting full energy into improvement of demographic quality and equipping of economic system gives rise to expectations for bright future despite the many difficulties that are expected to arise as indicated in this report.

Lastly, the point that requires attention in the case of Iran is that young babyboomer population will continue to increase between now and future as a result of super-high level fertility that continued for extended period of time in the past. Creating sufficient employment opportunities for the population of this young generation to play their part in the modernization policy is the greatest challenge faced by Iran and an issue of religion and development in the 21st Century confronting the Islamic culture.

Chapter 2

Demographic Structure and Economy

1. Population

(1) Introduction

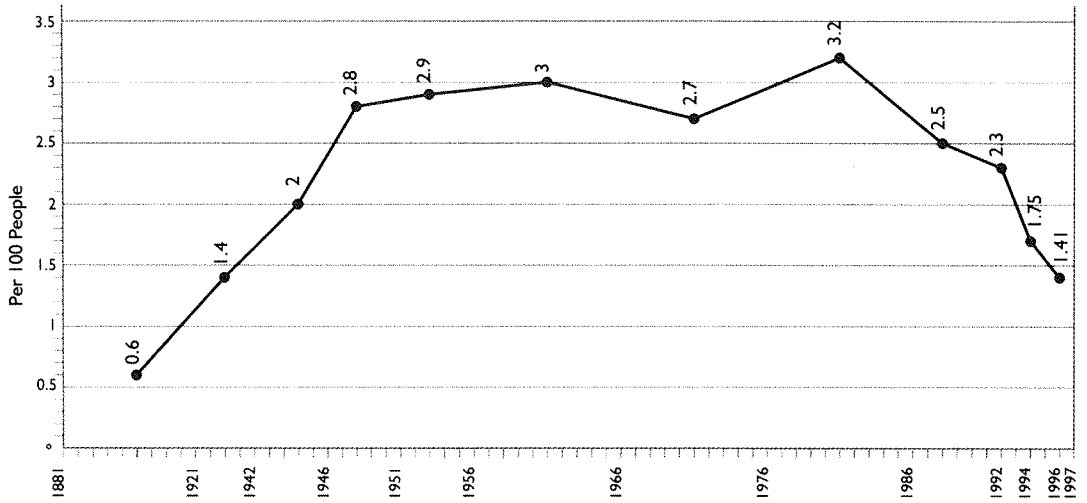
The Islamic Republic of Iran of today came into existence on April 1, 1979. The Constitution of Islamic Republic of Iran was adopted in December of the same year, providing the administration, legislation and judicature to function under Vali-e-Faqih, the great Islamic legal scholar. Iran has a land area of 1,648,000km^2 and is comprised of 27 states and 212 counties. The country faces the Gulf of Oman, the Persian Gulf and the Caspian Sea, and shares borders with Pakistan, Afghanistan, Azerbaijan, Armenia, Turkey, Turkmenistan and Iraq. The five states of Gilan, Khorasan, Mazanderan, East Azerbaijan and West Azerbaijan adjoin the Central Asian and Caucasian countries either directly or across the Caspian Sea. Precipitation reaches as high as 2,000mm along the Caspian Sea coast but falls short of 100mm in the southern and southeastern regions. Average precipitation for the country is 275mm.

The state religion is Islam and 99.5% of the population are Muslim, comprised of 91% Shi'ite and 8% Sunni. Official language is Persian and is used by 83% of the population while the percentages of those using Turkish and Kurdish as native tongue are considered to be 22% and 5.5%, respectively. Other languages used by ethnic minority groups include Luri, Balochi, Arabic, Armenian and others. Iran is a multilingual, multicultural country with considerable degree of homogeneity.

Iran is rich in natural resources, possessing 95 billion barrels of estimated oil reserves which accounts for 10% total reserves discovered in the world. It also has the second largest reserve of natural gas in the world of 21 trillion cubic meters.

(2) Population

The present total population of Iran is 60,055,488 (1996 census) with each household having 4.8 persons in average. The population is characterized by high percentage of young population with that of those aged under 15 years accounting for 39.51% of the entire population (Table 2-1). From a long-term perspective, Iran's population has been declining since 1956 (Figure 2-1).



NATURAL POPULATION GROWTH RATES BETWEEN 1881-1997

However, the population skyrocketed between 1976 and 1986. During this period, a trend welcoming large families spread amidst the upsurge of sentiment towards the revolution and the war that broke out with Iraq. Combined with high fertility, high illiteracy and difficulty in obtaining contraceptive devices, it brought about rapid population increase that gave serious impact on the economy and society of the country.

Then the approach towards the population issue saw a complete turnaround as a result of the decisions made by the Islamic leaders who understood its harmful effect. As awareness about the negative impact of population increase deepened, Iran became the first Islamic state to adopt a population policy under strong government leadership. Creation of additional facilities at educational institutions, public sector workplaces, vocational schools and regional health centers resulted in decline of total fertility rate (TFR) from 7.1 in 1986 to 3.0 in 1996. Such rapid decline of fertility over a 10-year period is unprecedented.

Generally speaking, Islam as a region is regarded as a great obstacle in the worldwide implementation of population programs. When the International

Conference on Population and Development (ICPD) was held in 1994 in Cairo, Egypt, Islam fundamentalists opposed this meeting because of its population control nature and even threatened to resort to terrorism to cancel the meeting. For this reason, Minister of Population Dr. Maher Maharan who was responsible for organizing the conference in Egypt requested the University of El-Azhar, which is the highest seat of learning for the Sunni Sect of Islam, to examine each article of the ICPD Action Plan. The conference was convened after obtaining the approval of the university that more than 90% of its content did not contradict the Sunni teachings.

One of the reasons for misunderstandings involving Islam is said to be their allegedly active, intolerant and fundamentalist behavior. Japanese media reported the Iraqi-Iranian War as conflict between Sunnis and Shi'ites over differences in doctrine that are beyond comprehension of Japanese people. At the basis of this is a common conception among western countries of Islam being unreasonable and incomprehensible.

Such conception, however, overlooks another characteristic of Islam. Those that are generally referred to as Islamic priests are faqihs (Islamic Jurist) who are teachers specializing in interpretation of the Koran and numerous memoirs. Although they naturally have their priest character, they specialize in academic hermeneutics and are intrinsically teachers.

The active aspect of Islam that is emphasized is an indication of its intellectualism. For instance, once a text is reviewed and approved by the University of El-Azhar which is at the pinnacle of Koran interpretation for the Sunni Sect, it becomes the code of conduct that must be adhered by the followers of this sect.

An intellectual nature of Islam is exemplified by the fact that a country such as Pakistan is trying to implement a population program through priests in response to the University of El-Azhar interpretation. However, drastic change in Iran's approach towards the population issue began in 1986, long before the matter was reviewed at the University of El-Azhar. Although this fact has attracted very little attention up to now, it is interesting as it reflects the difference between Sunnis and Shi'ites. When we asked about the details of this matter, we were told that it hasn't been reviewed at the Islam University. This is attributable to the fact that Sunnis believe faithful adherence to Sunna (memoir of Islam saints) is the proper way while Shi'ites follow the doctrine that grants certain authority of interpretation to their leader and allows interpretations to be made in accordance with the situation of the times.

In this sense, Shi'ites are very practical. Those who know Iran well go so far as to say that Iran is not a very religious country. The interpretation of Shi'ites that brought about unprecedented sharp decline of fertility indicated that "Islam is a religion that promotes wisdom and happiness of the people. Adherence to the Islamic

doctrine shall not expand poverty, amplify ignorance and increase misery. Therefore, proper measures must be taken to promote wisdom and happiness among the people."

The priority that existed among many doctrines made it possible to give broad interpretation to rules of lower priority to follow the teachings of higher priority, allowing a very practical approach of dealing flexibly with the issue. Owing to the intellectual nature of Islam, measures against the population issue were implemented through all government, educational institutions, public sector and government-affiliated corporations once this decision was made by the faqihs under their highest academic authority.

The decision was incorporated into the national plan prepared by the Planning and Budget Organization and then implemented. The targets related to population in the Second 5-Year Plan were as follows.

1) Improvement of the quality of family planning for the entire country and improve its range of application and availability.
2) Further improvement of the country's capacity for collection, analysis and study of demographic data.
3) Full incorporation of social and demographic variables in various areas of planning through preparation of comprehensive population policy.
4) Improvement of role and status for women.
5) Further strengthening of population education inside and outside schools.
6) Strengthening of population education teaching method and research capacity at universities in Iran.

Partly due to the goal set under the National Literacy Program in 1979 to provide literacy education to all people by 2000, population program was carried out through means of offering education, primary health care service, and family planning. Means of contraception currently used among married women and their percentage were: 1) oral contraceptives (20.9%), 2) traditional method (16.9%); 3) female sterilization (15.5%); 4) IUD (8.3%); 5) condom (5.4%); 6) injection (2.9%); 7) male sterilization; 8) norplant (embedding contraceptive) (0.5%); 9) others (0.6%), 10) impregnation; 11) no response (20.6%).

As a result, improvement of literacy and decline of childbirth advanced at a dramatic rate. As mentioned earlier, TFR plummeted from 7.3 in 1986 to 3.0 in 1996 while literacy rate soared from less than half of the population at 47.5% in 1976 to 74.4% in 1991 and to 79.51% according to the 1996 study result.

Nevertheless, the pronatal policy that was adopted for a period of time will continue to exert large impact for a long time in the future, the most immediate one being entry of young population into the labor market at a rate Iran has never experienced in the past. This inflow of huge population into the labor market has

already started. As it would be extremely difficult to create employment for all such newcomers in the future, creation of employment for young population will become the most pressing problem for the country. There is also no doubt that measures will have to be taken against the second babyboomers that are expected to be born within the next 10 years.

Table 2-1 Population-Related Indices

	1986	1996
Total population	49,445,010	60,055,488
Population density (persons/km^2)	30.3	36.4
Number of households	9,672,477	12,387,943
Average size of household	5.1	4.8
Percentage of urban population (%)	54.3	61.3
Sex ratio (number of male for every 100 female)	105	103
Percentage of population under 15 years	45.45	39.51
Percentage of population 15-64 years	51.51	56.12
Percentage of population 64 years and over	3.04	4.37
Percentage of population 15 years and over	54.55	60.49
(Male)	54.54	60.31
(Female)	54.56	60.68
Average age of Population	21.7	24.03
Median age of Population	17.01	19.42
Percentage of married persons (%)	61.1	56.1
Mean age at first marriage		
(Male)	23.6	25.6
(Female)	19.8	22.4
Literacy rate (%)		
(Male)	71.0	84.7
(Female)	52.1	74.2
School attendance rate		
(Male)	32.8	38.6
(Female)	25.5	35.2
Crude birth rate (CBR)	49.6	20.5
Total fertility rate (TFR)	7.1	3.0
Crude death rate (CDR)	10.4	6.5
Average life expectancy at birth		
(Male)	58.5	67.0
(Female)	59.3	69.8

Source: Statistical Center of Iran, 1998

(3) Labor force

Labor-related indices are shown in Table 2-4. What is unique among them is disparity between non-employment rate unemployment rate that can be further sorted as follows.

Table 2-2 Non-employment rate/unemployment rate by gender

	Non-employment rate (%)	Unemployment rate (%)
Overall	56.90	8.64
Male	25.28	8.12
Female	89.36	12.36

Source: Statistical Center of Iran, 1998

Although both rates are higher for women, the gender gap in unemployment rate is not as large as that in non-employment rate. Non-employment rate refers to the percentage of persons that are not employed in the entire population while unemployment rate refers to the percentage of persons that cannot find employment among those seeking employment. Therefore, the gap signifies that the number of women seeking employment is much smaller compared to men. When seen in percentage of enrollment by educational institution, the percentage of men may be slightly higher from secondary school onward but not by any large margin (Table 2-5). In other words, education and human resource development have made substantial advancement after the Islam revolution.

Such low percentage of jobseekers among women despite their academic background comparable to men is worthy of note. One can see this as unemployment being kept below the actual level for cultural reasons. It also suggests the existence of large qualified labor force potential.

While unemployment rate in 1996 dropped from1986 for both men and women, non-employment rate increased for men and decreased for women during the same period. This seems to indicate that the percentage of men receiving higher education increased and raised their age of entry into the labor market and that more women are seeking their careers in the society.

In fact, we notice many female laborers at a television factory we visited on a factory tour. This suggests that, although women may have little desire for employment at present, it is fully conceivable that they will enter the labor market if opportunity allows after receiving higher education.

Forty-seven percent of the labor force work in the service sector and 28% work in the agricultural sector, while 65% of the employed population work in the private sector. Reflecting the bazaar economy, service industry has become the largest job absorbing industry. The fact that its percentage is gradually increasing indirectly proves that job absorbing capacity of agricultural sector has nearly reached its saturation point and that mining and manufacturing sector is not capable of fully absorbing employment.

Table 2-3 Labor force by industrial sector 1986-1996 (%)

Industrial area	1986	1991	1996
Agriculture	29.00	24.48	23.04
Mining and manufacturing	25.28	27.61	30.70
Service	42.45	43.62	44.50
Unclassifiable	3.27	4.29	1.76

Table 2-4 Labor-related indices

	1986	1996
Labor participation rate (%)	45.76	43.1
(Male)	80.96	74.72
(Female)	8.95	10.64
Number of employed persons (persons)	10,720,361	14,307,015
(Male)	9,817,592	12,635,889
(Female)	902,769	1,671,126
Employment rate (%)	86.85	91.36
(Male)	87.95	91.88
(Female)	76.51	87.64
Number of unemployed persons (among those seeking employment persons)	1,622,644	1,352,177
(Male)	1,345,425	1,116,442
(Female)	277,239	235,735
Unemployment rate (%)	13.15	8.64
(Male)	12.05	8.12
(Female)	23.49	12.36
Unemployed population among ages 15 and above (persons)	14,468,875	20,220,663
(Male)	2,563,452	4,371,241
(Female)	11,905,423	15,849,422
Non-employment rate (%)	54.24	56.9
(Male)	19.04	25.28
(Female)	91.05	89.36

Source: Statistical Center of Iran, 1998

Table 2-5 Percentage of enrollment in educational institutions for population aged 6 years and above by gender

	1986		1996	
	Male (%)	Female (%)	Male (%)	Female (%)
Entire country				
Literacy course	0.32	2.11	0.22	1.79
Primary school	58.98	63.29	46.22	47.19
Guidance school	22.27	18.98	27.39	25.85
High school	11.32	9.92	18.79	19.30
Higher education (university etc.)	1.93	1.17	5.59	4.34
Religious science	0.65	0.09	0.51	0.11
Others, no response	4.33	4.53	1.27	1.42
Total	100.00	100.00	100.00	100.00
Urban areas	Male (%)	Female (%)	Male (%)	Female (%)
Literacy course	0.26	1.04	0.18	1.21
Primary school	51.74	55.76	40.73	41.01
Guidance school	24.14	22.75	27.76	27.20
High school	14.95	13.59	21.55	22.84
Higher education (university etc.)	3.08	1.78	7.59	5.92
Religious science	0.82	0.11	0.67	0.14
Others, no response	5.01	4.97	1.51	1.69
Total	100.00	100.00	100.00	100.00
Rural areas	Male (%)	Female (%)	Male (%)	Female (%)
Literacy course	0.40	4.05	0.29	3.07
Primary school	68.65	76.81	56.36	60.55
Guidance school	20.27	11.97	26.75	22.98
High school	6.45	3.31	13.69	11.64
Higher education (university etc.)	0.38	0.08	1.88	0.91
Religious science	0.44	0.06	0.22	0.04
Others, no response	3.40	3.73	0.81	0.82
Total	100.00	100.00	100.00	100.00

Source: Population Censuses at a Glance, Source: Statistical Center of Iran, 1998

(4) Refugees

There is another population issue in Iran that is worthy of special mention. Iran is undoubtedly the largest refugee receiving country in the world. The country has taken in 2.4 to 4.5 million refugees, 80% of which are from Afghanistan. While accurate statistics are not available about these refugees, Iran has received 9,232 refugees from Iraq and 1,400 refugees from Afghanistan in 1998 alone according to statistics from United Nations High Commissioner for Refugees (UNHCR).

Refugees ranging from 2.4 to 4.5 million correspond to approximately 4 to 7.5% of the population of the native country. Shi'ites live in Iran but are also distributed across Iraq and Afghanistan. Both Iraq and Afghanistan have certain percentage of population belonging to Shi'ite. The Iranian government has been accepting these refugees based of Islamic principle of universalism and brotherhood. It is true that receiving refugees is placing a large burden for Iran because substantial portion of the Iranian government's employment creation program is offered to refugees.

2. Iran's Economy

(1) Introduction

Subjects such as large population, abundant resources including crude oil and natural gas deposits, vast market, active consumption demand and relative abundance of human resources are often taken up when discussing Iran's economy. Meanwhile, proponents of modernization theory emphasize oil export–dependent economic development. However, many of these economic views and policies overlook the fact that attempts made under the Pahlavi regime by ignoring the important role of agricultural development and oil export –oriented policy were failed.

It has also been indicated when discussing the issues of employment and unemployment that prolonged recession and disparity between labor supply and demand are the cause of increasing unemployment in Iran. Needless to say, such issues are is true in their own right, although it overlooks the most fundamental points that need to be taken into consideration when we arguing the employment/unemployment issue in Iran.

The first of these most fundamental points is the viewpoint of real (object) economy. When we consider the real economy of a country, the strength and the scale of her economy can be expressed in the form of production activity-based values such as GDP and national income. In addition, they refer to the concept of flow such

as wealth, service and income that are generated from year to year and concern the goods-producing section of the real economy.

A country's assets and wealth are created by stocking this flow. National assets consist of real (object) assets and financial assets. Real assets are tangible assets consisting of inventory, net fixed assets (e.g. machinery, equipment, many building and etc. other than houses) and land, while financial assets include cash, savings, bonds, stocks, loaned money and sales credits, although the latter does not create wealth for the country as a whole because there is debt on the other end. Therefore, the sum of real assets and foreign net assets correspond to national wealth.

As national assets (difference between consumption and production) are stocked from flow (wealth and service that have been produced), crude oil export, which Iran is dependent on, is not created wealth nor income—it is nothing but "selling of assets."

As a result, shortage of saving and investment, low level of technology, economic structure oriented towards primary products, and the so-called stagflation in which permanent dependence on crude oil export gives rise to constant inflation (rising prices) and employment/unemployment issues (rising unemployment rate and existence of disguised unemployment) become the predominant economic phenomena.

The second point is that, when an economic society is seen as a "system," i.e. "collection of various institutions comprising the economy system", the existence of economic market system and the method of its development is not by any means uniform—a wide variety of economic market systems can exist by reflecting each country's history, tradition and prevailing economic thought. A "bazaar-oriented market mechanism" is not synonymous with "market mechanism based on production of goods, services and global competition."

Moreover, we must ask ourselves whether the "market mechanism" unconditionally and automatically paves the way for economic development and reconstruction and brings about smooth transformation of economic system. Rather, socio-economic institutions existing in each society, policies adopted by the government and economic thought are more important issues that lead market development and institutional (system) transformation.

One of the basic principles of economics is that the greater the differences between the current amount of output and the smallest amount needed for consumption, the more numerous the available courses of action for development of an economy and easier it will be to achieve a wide range of industrial growth. Therefore, economic thought and behavior,(regarding production, consumption, profit, work habits) of a given household, firm and state in this respect are highly important.

In reality, economic development is largely affected not only by physical datum such as resource and technology but also by customs, institutions and prevailing economic thought. The process of economic development in Japan, which is poor in resources and follows a "market mechanism based on production of goods," offers a striking contrast to that in Iran, which has abundant resources and follows a "bazaar-oriented economic thought." It is this development process that offers a clear example.

The purpose of this report lies in identifying the essence of the crude oil export-dependent economic system of Iran in view of its background including policy and economic thought after the revolution and the Iraq-Iran War and reviewing its problems in a critical manner, particularly by correlating the country's various issues, especially her unproductive institutional arrangement and employment/unemployment issues. From this viewpoint, productive economic development for Iran towards the 21st Century as well as economic relationship between Japan and Iran and its desirable direction will be briefly examined at the end.

(2) Trends in the world and trends in Iran

The new conservatism that emerged on a global scale from the latter half of the 1970s removed blubber from the governments that have become too large and aimed for privatization of state enterprises and activation of the market economy. The Thatcher Administration of the United Kingdom in 1979 (Thatcherism), the Reagan Administration of the United States in 1981 (Reaganomics) and the Nakasone Administration of Japan in 1982 (Nakasonemics) raised the slogan of market economy and deregulation at the same time. China also launched its liberation policy under the communist dictatorship in 1978 from a patriotic perspective (socialist market economy).

However, a revolution broke out in Iran around this period, negating all patriotism and nationalism and implementing economic policies that are completely opposite to the trends in the rest of the world. The administration that followed the revolution in 1979 held up impartial distribution of wealth, breakaway from dependence on crude oil income as means of obtaining foreign currency, termination of assembly industry and elimination of foreign capital as its economic slogan. It reduced the private sector and expanded the public sector to realize these goals, nationalizing banks and insurance companies as a result. Under the newly-established protection of industrial rehabilitation, industries were divided into the following 4 categories.

1) Iron ore, shipbuilding, aircraft and automobile industries in addition to industries that had been nationalized prior to the revolution such as oil, gas, railroad, electricity and fisheries.
2) Heavy industry and mining whose owners had accumulated enormous wealth through illegal relationship with the former regime and whose management fled the country.
3) Companies that had taken a considerable amount of loan from a bank and had total liabilities exceeding their total assets.
4) Private enterprises having sound financial and business condition.

Among them, companies falling under categories 1) through 3) were nationalized. Ownership was recognized for category 4) companies and were placed under legal protection.

(3) Economy under the war regime and postwar economic development plan

In September 1980, Iraq started a war by proxy against Iran and the Iranian economy was compelled to stay under a war regime until 1988. The cease-fire occurred at the end of July, 1988. Between this day of cease-fire and the following day, the exchange rate of rial soared from 1,480 rials to 500 rials to a U.S. dollar. At the backdrop of this rial appreciation was the fact that Iran, unlike Iraq, had no foreign debt and rising expectations about Iran's potential for future economic growth.

To look at the consequence of this war on an industry basis, huge direct and indirect damage was incurred particularly by the oil industry (32%), agricultural sector (25%) and service sector (35%). Damages in productive capital elements amounted to 1 trillion dollars and were incurred by areas such as raw materials/merchandise (37%), machinery (31%), and construction/facilities (32%). Compared to that of 1978 in real fixed prices, national income per capita diminished by 55% when the war ended in 1988.

When the war ended, economic rehabilitation became the largest task for Iran and gave rise to a 5-year economic and social development plan. It was not the first economic development plan for Iran—Iran was the first country in Asia to launch her first 7-year economic development plan after the Second World War. Iran's first 5-year plan was to be implemented from 1949 to 1955 and was in consultation with experts that had been dispatched by the U.S. Department of Commerce to Japan as consultants for postwar economic rehabilitation and were recommended by the World Bank to take part in Iran's economic planning. However, the plan was discontinued due to the shortage of funds that was caused by confrontation with the United

Kingdom and the United States and political turmoil that followed the oil nationalization movement in 1951.

Prior to the revolution, 5-year economic development plans had been implemented five times all the way up to the eve of the revolution. After having gained advantage over Iraq in 1982, Iran drafted its first 5-year economic development plan after the revolution (1983-1987) that set the goal for annual economic growth rate (GDP) at 9%, placed emphasis on agriculture and sought to grow out of dependence on oil, despite the fact that the country was still at war. However, the plan was discontinued after the country got bogged down in war again thereafter. After the cease-fire, the government made readjustments to the previous plan in 1989 and redrafted the first post-revolution 5-year economic and social development plan that lasted from March 1989 to March 1993.

The plan aimed for annual economic (GDP) growth rate of 8.1% (7.5% in reality), 100 billion dollar investment, and attempted to make a transition from "wartime economy" to "peacetime market economy" through bold deregulation. However, crude oil exports started to increase again in 1981 despite the economic slogan and strategy held up by the revolution of breaking away from oil income as means of obtaining foreign currency and eliminating foreign capital from the oil industry. In particular, the Iranian government has been following the main policies set forth below in the area of oil from 1989 onward to achieve the goals of the First 5-Year Economic and Social Development Plan within the framework of the domestic macro economy.

1) Developing new oil fields and increasing oil production
2) Expanding crude oil exporting capacity
3) Securing crude oil reserve
4) Developing gas deposits
5) Substantiating domestic demand

These policies further intensified the oil-dependent nature of the Iranian economy which had become addicted to crude oil. The quantity of crude oil that was sent to domestic refineries increased from 386,100 barrels/day in 1989 to 1,303,000 barrels/day in 1998. However, increased oil production never led to export of oil products; on the contrary, Iran started importing oil products (particularly gasoline) due to increase in domestic consumption. In 1998, the Iranian government exported crude oil at 10 U.S. dollars per barrel while consuming 9 million liters of gasoline that was imported at 15 U.S. dollars per barrel over a 7-month period. Gasoline consumption in Iran as of October 1998 averaged at 38.5 million liters per day (13.5 billion liters per year) which is a 7.9% increase from the previous year.

The reason for rapid increase in gasoline consumption lies in its cheapness. When it is converted at the market price of the local currency "rial," a liter of gasoline costs only 3.5 yen. The Iranian government is estimated to be offering oil subsidy equivalent to 3 tons of gold every day and the government has spent 10 billion dollars as energy subsidy over the last 10 years. Present energy consumption in Iran is larger than that of China even though China has 20 times larger population.

Some predict that the present crude oil consumption of 2.35 million barrels a day will increase to 3.43 million barrels by the time the Third 5-Year Economic and Social Development Plan is implemented. There are even those who think that Iran will become a net crude oil importer in the near future if the present consumption trend and dependence on crude oil continue.

When the Persian Gulf War broke out during the First 5-Year Economic and Social Development Plan, the price of crude oil went up after the crude oil supplies from Kuwait and Iraq were stopped. This price hike consequently increased Iran's income from crude oil and contributed to the achievement of goals set out in the First 5-Year Economic and Social Development Plan.

However, import increased for all sorts of articles (particularly consumer goods) owing to unproductive high-margin demand among commercial capital, laissez-faire foreign trade policy of the government and imperfect financial system, giving rise to delayed payment in letter of credit transaction as a result by the first half of 1992. This was when Japan's trade balance with Iran turned to surplus for the first time in history.

Central Bank of Islamic Republic of Iran stepped up its foreign currency control in 1993 with the aim of recovering international credit and repayment of debt. Although the growth rate went up on a nominal basis on the first year of the Second 5-Year plan which was launched in March 1994 thanks to the demand restraint by the government and strict import control policy of the Central Bank, the real economic growth rate from March 1994 to March 1995 remained at 1.6%. As a result of stronger foreign currency control, the balance of foreign currency savings increased by about 6 billion dollars during this period. In the meantime, the country's economic growth rate shifted from 4.5% in the year 1374 of the Iranian calendar (March 1995 through March 1996) to 5.2% in the year 1375 (March 1996 through March 1997) and to 2.9% in the year 1376 (March 1997 through March 1998). However, it has been forecasted that economic growth rate for the year 1377 (March 1998 through March 1999) may turn to negative growth (-1.9%) for the first time in 10 years due to reduction of oil income (Table 2-7).

(4) Comparison of economic system transition and the Iran's experience

Comparison with the Russia experience and reconstruction that occurred in Japan after the Second World War is useful in explaining the transition of economic system from the wartime economy to market economy that took place in Iran. Russia created social confusion by attempting to introduce a market economy in a short period of time after 70 years of planned economic systems to obtain assistance from the West. The Ruble plummeted to 4,500 rubles to a dollar at one point.

Japan's postwar economic reconstruction measure also sought the introduction of market economy principles but resources allocation was based on a planned manner like ex-socialist countries with the aim of realizing productive goals under the priority production system. Examples of such efforts include Economic Stabilization Office, Trade Corporation, Price Adjustment Corporation, Distribution Corporation, Food Corporation and Foreign Exchange Corporation. Allocation of scarce foreign currency was strictly restricted with regard to import of articles other than food, fuel and raw materials and unproductive purposes of travel such as tourism was also prohibited. Import of finished products was also restricted through means such as tariff and non-tariff barriers.

Import of oil products was also prohibited by Japanese government for 50 years since the end of Second World War under the local refining principle for the development of oil industry and securing of employment opportunities. As a result, this 1940s or war-time economy order played an important role in the postwar development of the Japanese economy and functioned very effectively during the period of high economic growth and oil shock.

(5) Industrial structure and breakdown of gross domestic product (GDP)

Let us first take a look at the changes in Iran's GDP before and after the revolution, its composition (added value and expenditures) and its involvement. Changes, growth rate and composition of Iran's GDP under the current prices reveal some of its characteristics. The first characteristic consists of large impact and contribution of fluctuations in oil prices and oil export volume (soaring/plummeting of prices and increase/decrease of export volume). Price hike and increase of export volume at the time of the First Oil Shock in 1974, discontinuation of crude oil export due to oil worker strike during the revolution (1978-79), temporary suspension of crude oil export due to the war started by Iraq (1980), a drop in oil price to 6 dollars a barrel during the Iraq-Iran War (1985-1986), and low oil price level that has been

continuing since 1997 and recent drop. The second characteristic concerns the large role played by the agricultural sector (Table 2-6).

Table 2-6 Share of added value in gross domestic product by economic sector (%)

[Recent]

Fixed prices for 1361 (March 1982-March 1983)

	Agriculture	Crude oil	Mining and manufacturing	Service
1374 (March 1995-March 1996)	23.8	16.2	21.2	38.8
1375(March 1996-March 1997)	23.5	15.8	21.8	39.0
1376 (March 1997-March 1998)	23.3	14.7	22.3	39.7

Existing prices

	Agriculture	Crude oil	Mining and manufacturing	Service
1374 (March 1995-March 1996)	22.0	16.0	19.6	42.3
1375(March 1996-March 1997)	20.2	15.2	20.9	43.8
1376 (March 1997-March 1998)	19.7	11.2	22.6	46.5

Source: "1338-1374 Economic Statistics," 1376, ed. Vice-Minister's Office of Ministry of Economic Affairs and Finance, Annex (correction of fiscal 1374 and statistics for fiscal 1375 and 1376)

The third characteristic lies in the fact that the agricultural sector had a 19% share in 1970 and that no major chance has occurred in Iran's industrial structure over the past 30 years. The fourth characteristic is that mining and manufacturing sector has not expanded during this period and the fifth characteristic is that oil sector's contribution in GDP is still large.

Several characteristics are also observed when Iran's GDP during the war is compared with that after the war. Private final consumption was kept down (40.6%) and gross domestic capital formation increased (24.7%) during the war. After the war ended in August 1988, however, consumption of imported goods expanded rapidly by 60.8% while gross domestic capital formation sharply declined by 14.9% following the implementation of the First 5-Year Social and Economic Development Plan (1989-1993) under the pretext of deregulation (a complete opposite of the economic reconstruction measure taken by Japan after the war). As a result, Iran joined the ranks of debtor nations from 1992 and its repayment posed a major obstacle for the country's economic development. In particular, falling oil prices that started 2 years ago is not only turning the repayment into a serious problem but also is affecting economic growth.

Iran's domestic production growth rate has been declining over the past 3 years. After dropping from 5.2% in 1996 to 2.9% in 1997, some predict that the growth rate for the present fiscal year (up to March 1999) will drop to −1.9% over the previous fiscal year. If realized, it will be the first negative growth Iran will

experience in the last 10 years and is connected to the fact that her income from crude oil export has reached the lowest point during the same period. Economic growth dependent on oil export is unstable (Table 2-7) and is incompatible with long-term economic development strategy.

Table 2-7 Iran's population, crude oil export income and gross domestic product growth rate

	Foreign currency income * (million dollars)	Gross domestic product growth rate (%)	Inflation rate (%)	Population (million)
Fiscal 1368 (March 1989/March 1990)	13,911	3	17.4	53.2
Fiscal 1369 (March 1990/March 1991)	18,893	12	8.9	54.5
Fiscal 1370 (March 1991/March 1992)	19,484	10.9	20.7	55.8
Fiscal 1371 (March 1992/March 1993)	18,756	5.5	24.4	56.7
Fiscal 1372 (March 1993/March 1994)	21,166	4.8	22.9	57.6
Fiscal 1373 (March 1994/March 1995)	19,434	1.6	35.2	58.6
Fiscal 1374 (March 1995/March 1996)	18,375	4.5	49.4	59.6
Fiscal 1375 (March 1996/March 1997)	22,391	5.2	23.2	60.1
Fiscal 1376 (March 1997/March 1998)	19,000 (estimate) [1]	2.9	17.3	61.6
Fiscal 1377 (March 1998/March 1999)	12,000 (forecast)	-1.9	23.9	62.6

* Includes non- oil foreign currency incomes

(6) National budget: Its dependence on crude oil and taxes and its relationship with state and private enterprises

1) National budget and its dependence on oil

Iran's government budget is characterized by its high dependence on income from crude oil export for its revenue, existence of many tax-exempt items, existence of many state enterprises that are outside of government control, and little contribution made by taxes to government income. For instance, 26.18 trillion out of 62.569 trillion rials in the total revenue (i.e. 41.5%) came from crude oil and gas export in the year 1376 of the Iranian calendar (March 1997 through March 1998). Taxes contributed to only 28% of the revenue. In contrast, corporate tax, income tax imposed on employees and local tax support the country in Japan by accounting for 80% of the revenue. In this sense, the tax system in crude oil export-dependent Iran is in marked contrast to that in Japan by: 1) transferring resources to the government; 2) contributing to government income; and 3) not contributing basically to redistribution of income.

Owing to recent fluctuations in crude oil prices, the government's oil income was reduced in the year 1376 of the Iranian calendar (March 1997 through March 1998). The government's budget balance is predicted to fall into serious deficit of

3,156.7 billion rials and exceed the 1370 (March 1991 through March 1992) deficit of 1,157.3 billion rials. Meanwhile, the budget for the year 1377 (March 1998 through March 1999) was approved by the national assembly on January 26, 1998 at an anticipated unit price of crude oil at 16 U.S. dollar to a barrel. Its revenue, which amounts to 90,068.5 billion rials in general and special revenues, relies on anticipated income of about 40,000 billion rials from oil and gas export. However, as crude oil prices dropped thereafter to 11 U.S. dollar to a barrel, the government faces another large deficit in the present fiscal year with shortage of 17.9 trillion rials (6 billion dollars), an amount corresponding to 20% of the national budget.

Diminishing revenues compress domestic capital accumulation while financing efforts to make up for the deficit lead to inflation and increase in future burden. On October 14, 1998, a week before the study group entered Iran, the government submitted to the national assembly a bill for emergency deficit measures. After deliberation, the national assembly approved these measures as follows.

1) Budget cut, particularly 2 trillion rial reduction in the development budget for national enterprises (11%).
2) Financing of 2 trillion rials through issuance of government bond for purchase by general public (participation in development projects) (11.8%).
3) Financing of 2.4 trillion rials through funds collected in advance from the people for hajj (pilgrimage to Mecca).
4) Partial advancement of payment for crude oil and overseas loan in the amount of 5.5 trillion rials (31%).
5) Loan in the amount of 6 trillion rials from the central bank (34%). According to various studies, a loan of 5 trillion rials from the central bank will result in raising the inflation rate by 9%.

2) National and public enterprises

Owing to flaws in the tax system, however, large state enterprises in areas such as crude oil, gas, petrochemical, communication, iron ore and copper were not only exempt from government taxes but remained dependent on the government's general budget (current and development). Furthermore, public bodies that are engaged in a wide range of economic activities are exempted from tariffs and taxes without receiving any official audit. In reality, state enterprises play an important role in the context of relationship between the Iranian government and Iranian economy as the government controls 80% of the Iranian economy and owns 7% of all plants in the country. Although the major role played by state enterprises play may give an impression that government is exerting strict control over the country's economy, the government controls only 50% of the economy and has no control over the remaining

50% in terms of corporate tax and tariff collection. Aside from this issue, the fact that smuggling of goods in and out of the country and underground economic activities account for 15 to 30% of the entire economy further deteriorates the revenue and exerts large impact on employment.

Considering the fact that government expenditure accounts for 23.4% of gross domestic product, high dependency on crude oil export and existence of large number of tax-exempt state and public enterprises exert considerable impact on the revenue and make it extremely difficult to realize sound and smooth economic management and implement 5-year economic development. The growth rate of gross domestic product also faces the elements of unsuitability at all times regardless of the economic cycle.

(7) Employment structure and unemployment issue

The present unemployment rate in Iran is estimated to be higher than the officially announced rate of 14.5%. The reason for the gap between the official unemployment rate and the actual unemployment rate include the "backwardness" of the Iranian economy based on the "dual structure" theory, "over-employment" and "disguised unemployment." Iran's dual structure can be seen in the phenomena described in the following. One of them is the high percentage of small scale family management, small businesses and their employees in the mining and manufacturing industry. Factories with 1 to 5 employees account for 92% of all factories in the country and hire 42% of factory workers (Table 2-8)

Table 2-8 Number of factories by scale and their employees in the industrial sector

1373 (March 1994-March 1995)

Scale	1-5 persons	6-9 persons	10-49 persons	More than 50 persons	Total
Number of factories	334,630	17,403	10,985	2,262	365,280
Percentage (%)	91.6	4.8	3.0	0.6	100
Number of employees	702,204	123,171	201,727	651,365	1,678,467
Percentage (%)	41.84	7.34	12.02	38.81	100

Source: Prepared from the results of mining and manufacturing census conducted by the Iranian Statistical Center, 1373; Labor Statistics Bureau of Ministry of Labor and Social Affairs: "Labor Information Statistical Center," May 1377 (August 1998). No.6 p.64

For this reason, the percentage of modern employers among all workers is small compared to developed countries. Secondly, there is the existence of wage disparity among different scales of business. It was calculated by using the efficiency of labor costs (amount of added value/labor costs) and can be determined from the

fact that the value is 5·78 for small businesses having 1 to 5 employees and 3·44 for companies with more than 50 employees as opposed to the all-industry average of 3·81.[1] From the viewpoint of labor productivity (amount of added value/number of workers), the value is 1,255,800 rials for small businesses and 1,990,000 rials for companies with more than 50 employees in contrast to the all-industry average of 1,635,000 rials.[2] Thirdly, farming population still accounts for only 23% of the employed population as of the year 1375 of the Iranian calendar. As a result, a dichotomy has occurred in Iran's employment structure between modern corporations (that are few in number and mostly comprised of state enterprises) on one hand and the group consisting of small companies based on pre-modern labor-management relationship, small family businesses and agriculture on the other, with hardly any middle scale business existing in between. Since potential disguised unemployment (over-employment) are absorbed by small business based on pre-modern labor-management relationship, agriculture as well as by large non-oil state enterprises, they are not included in Iran's unemployment rate of 14%. To improve this incomplete understanding of the existing situation and identify the actual condition of unemployment situation, the Central Statistical Bureau conducted a new survey over a 2-week period in December 1998.

Meanwhile, employed population in the secondary industry dropped from 32.9% before the revolution (1978/79) to 25.5% after the revolution (1993/94) (Table 2-9). Although it went up again to 30% (1996/97), its contribution to GDP is limited to 23%. This is also believed to be a manifestation of "over-employment." At the same time, tertiary industry absorbs a high percentage of employed population (47%) and has become a "over-employment" industry. "Over-employment" in Iran's tertiary industry has two problems. One concerns the unproductive nature of the service industry and the fact that the majority of added value originates from commodity transaction (particularly consumer goods from overseas brought in by intermediaries and brokers) and rise in added value of real estate with its employed population having little to do with production activities.

When considering Iran's economy and its current stage of development, it appears that its industrial structure would still have to be centered on manufacturing. For instance, to compare the ratio of employed population in the manufacturing industry and service industry in Japan and the U.S., the number of people employed in the service industry surpassed that in the manufacturing industry in 1984 in the U.S. and in 1992 in Japan. Comparison with these advanced industrial structures suggests the unproductive "over-employment" nature of the expanding tertiary industry in Iran.

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[1] Labor Statistics Bureau of Ministry of Labor and Social Affairs: "Labor Information Statistical Center," May 1377 (August 1998), No.5, p.68

[2] Ibid.

Moreover, labor productivity increased by only 0.6% over the past 20 years in contrast to 2·13% increase in the agricultural sector during the same period.

Table 2-9 Comparison of employed population and labor productivity by industry before and after the revolution

[Labor productivity index: 1361 (March 1982-March 1983) = 100, Worker unit: 1,000 persons]

Iranian calendar year	1353			1357			1372		
A.D.	March 1974-March 1975			March 1978-March 1979			March 1993-March 1994		
	Employed population		Labor productivity	Employed population		Labor productivity	Employed population		Labor productivity
Agriculture	3,066	36.9%	455	3,030	32.9%	577	3,652	25.0%	968
Mining and manufacturing	2,660	32.9%	538	2,868	31.2%	734	4,227	25.5%	703
Service	2,573	31.0%	1,310	3,304	35.9%	1511	6,936	46.8%	828
Total	8,299			9,202			14,815		

Source: Prepared from the results of mining and manufacturing census conducted by the Iranian Statistical Center, 1373; Labor Statistics Bureau of Ministry of Labor and Social Affairs: "Labor Information Statistical Center," May 1376 (February 1998). No.5 p.82.

* Amount of added value/Number of employed persons = Labor productivity

As was mentioned earlier, worthy of note is the fact that the percentage of employed population in the mining and manufacturing sector has dropped from 32.9% before the revolution (1353) to 25.5% after the revolution (1372) and that its productivity is inferior to that of the agricultural sector which is exposed to severe natural conditions and relies on traditional production method (1.31 times as opposed to 2.13 times). It shows that the crude oil-dependent Iranian economy and its institutional arrangement is moving further away from a productive system. Interestingly enough, the number of unemployed people is greater in states that are rich in oil resources. Khuzestan, an oil field state that has been developed for 90 years, has 141,000 unemployed persons and has an unemployment rate of 16.1% while states that are poor in resources and have little annual precipitation have less unemployed persons. For instance, Yazd, a state bordering a desert has 12,000 unemployed persons and unemployment rate of 5.2%.)[3]

Even though the existence of a little less than 10,000 Iranian laborers working in Japan (which peaked at 40,000 in 1991) is well known[4], little is known about the fact that Iran is the world's largest refugee-receiving country.[5] In fact, the employment situation in Iran is aggravated by the existence of more than 2 million refugees living in the country. Iran has accepted the largest number of refugees in the world including 1,414,649 Afghanis and 579,200 Arabs (Iraqis). According to the

[3] Labor Statistics Bureau of Ministry of Labor and Social Affairs: "Labor Information Statistical Center," October 1376 (Jan. 1997), No.5, p.29-30

[4] Naghizadeh. M. "Overseas Migration of Labor as Seen from Sending Side—Experience of Japan, Korea and Iran," Annual Report of Institute of Economic and Trade, Kanagawa University Institute of Economic and Trade, No.18, March 1992

[5] Germany is second and the U.S. is sixth.

report from Iran's Secretary of State, 800,000 jobs out of 835,000 jobs that were created last year were offered to refugees.[6]

The above-mentioned problems will have to be solved if the Iranian economy which is under an unproductive economic system (economic policy that has been dependent on crude oil export for long time, existence of domination by commercial capital, excessive consumption), economic sanction, large percentage of young population and existence of large refugee population, wish to deal seriously with the critical unemployment problem.

(8) Trend of price index, cause of inflation and its relation with oil

In general, inflation is caused by the gap between supply and aggregated demand and changes with the magnitude of the gap. Among numerous causes that affect supply and demand, pressure from demand is the fundamental cause in the case of Iran. Important economic factors in demand pressure include: 1) high liquidity of cash and comparable conversion in the private sector; 2) offering of large credit to the private sector, particularly to the commercial sector, by banks; 3) composition of expenditures in the government budget; 4) expansion of budgetary deficit and its countermeasures; 5) high population growth rate; 6) pattern of excessive consumption compared to production; 7) delay in commodity production; and 8) introduction of income from crude oil export to the economic system.

The greatest cause of increasing demand for money lies in the activities of commercial capital and foreign currency income of the government from crude oil export (conversion to local currency). The annual cash flow growth rate from 1960 to 1992 averaged at 25.6% and continued at 21% growth after the revolution. The majority of credit activities by the entire banking system is also geared towards the commercial sector. In 1960-1992 average, 71.83% of bank credit loans to the private sector have been offered for commercial purposes. Loans for productive agriculture and industry make up for the remainder. During the same period, 68.1% of budgetary expenditure were spent on labor costs and current expenses. Compared to the pre-revolution average of 63.3%, the percentage increased by 5% due to the nationalization policy. With the exception of increase in government income from sales of foreign currency from crude oil export in 1374 as a measure against budgetary deficit, the amount of budgetary deficit is increasing from year to year.

To take a look at the changes in key price indices (consumer, wholesale and production) by using the year 1369 (March 1990 through March 1991) as the base year, the inflation rate in June 1998 (August 23 through September 22) increased by

[6] Irna (Iran Correspondence Internet), Dec. 1, 1998. A million refugees are currently employed in Iran (Irna, Jan. 16,1999)

10% for wholesales prices and by 18% for consumer prices from the same month of the previous year. Meanwhile, construction worker wage index rose 1.2% from the previous month and 12.3% from the same month of the previous year when the study group was visiting Iran (September 23 through October 22). This raised Iran's wholesale price index to 720.4 points, increasing by only 0.5% from the previous month.

(9) Debt status and schedule of its repayment

Due to reduction in oil income, the government took 500 million dollars from its foreign currency reserves in the second quarter of 1998 for the repayment of foreign debts. According to BIS, Iran's foreign currency reserves dropped from 10, 900 million dollars in March 1997 to 6,750 million dollars in March 1998.[7] Iran's foreign debt amounted to 11,310 million dollars as of June 1998, and consisted of 8,113 million dollars in long-term debt and the remainder in short-term debt. The amount of Iran's repayment this year is 5, 567 million dollars for the current fiscal year (March 1998 through March 1999), 3,742 million dollars for the fiscal year from March 1999 to March 2000, and down to 885 million dollars for the fiscal year from March 2000 to March 2001.[8] However, Iran's foreign currency reserve position is deteriorating due to lowering of crude oil prices as foreign currency income from crude oil exports had been used as capital for repayment. As a result, the Iran government requested refinancing of 1 billion dollars among its private debt to Japan by using crude oil as a collateral security.[9] Iran is expected to request 1 billion dollars in assistance from Germany and Italy as well. If all such refinancing is realized, it would stabilize Iran's cash flow for the next 6 months.

However, this in turn, would increase the amount of debt from March 2000 to March 2001. Foreign debt of this magnitude is not a serious problem considering Iran's potential economic power, but there is no doubt that such violent fluctuations in economic development will exert considerable negative impact on gross capital formation and investment climate as the country strives to break away from the crude oil export dependent social and economic system.

[7] MEED: Vol.42, No.49, Dec. 4, 1998, p.14
[8] Ibid.
[9] Nihon Keizai Shimbun, Dec. 9, 1998 (evening edition), p.3

3. Economic relations between Iran and Japan—Trade, Direct Investment and Economic Cooperation

(1) Unilateral trading pattern

Statistical analysis of the total amount of import and export between Japan and Iran from the end of the Second World War (1947) to the present reveals two characteristics. One is exceptionally high percentage of crude oil in Iran's export to Japan (98%) with the exception of the 1950s. Another is the fact that Japan has been experiencing deficit in her trade with Iran during the same period except in 1957, 1958 and 1992. In 1996, for instance, Japan's import and export with Iran amounted to 3,300 million and 700 million dollars, respectively. Ninety-seven percent of the import, however, consisted of 450,000 barrels of crude oil import.

Total amount of Japan's import from Iran and the amount of crude oil import are almost entirely linked. However, crude oil products and farm products were also included among the items that were imported from Iran in some period after the war including fiscal years 1954 and 1955 (crude oil 40.9%, crude oil products 31.9%, farm products 28%). In fiscal years 1953 and 1954, crude oil products imported from Iran accounted for 14.9% of total crude oil import, signifying that 15 out of every 100 households were using oil products from Iran. Then the percentage of crude oil increased as a result of growing Japanese economy and slower growth of Iranian economy, lowering the percentage of farm products and oil products to almost zero.

It goes without saying that Japan enjoys trade surpluses with almost all of her trading countries including the U.S., ASEAN countries and China. Then why is Japan experiencing a trade deficit with Iran? In the initial phase of economic development, crude oil export signifies export of domestic employment opportunities and export of national income based on added value activities in the real economy. Said in another way, import of oil products signifies import of unemployment from abroad and increase of unemployment at home. Selling crude oil with little value added is not synonymous with wealth that has been created nor income that has been earned through productive activities and high value added in the real economy. It is mere sales of assets and capital.

Although a resource-poor country, Japan had been consistently prohibiting the import of oil products for 50 years after the Second World War (until April 1996) to foster and protect the oil industry using native capital based on the "local refining policy."

Meanwhile, Iran liberally continued to export crude oil that was cheaper than water (crude oil costs 10 yen per liter and mineral water costs 350 yen per liter when

calculated at the present rate of 11 dollars to a barrel) while the economy remained far from truly productive activities. As a result, Iran continued to import finished goods from heavy and chemical industries (consumer goods, capital goods, intermediate goods) from industrial nations such as Japan. This points to the fact that industries with high added value did not develop fully over a period of more than 50 years in Iran. It is no exaggeration to say that this dependence on crude oil lies at the root of numerous economic issues including unemployment that the country is currently experiencing.

Iran plays the role of being merely an energy supply base for Japan. Needless to say, Japan is not the only country that is following this trading pattern of "importing crude oil and exporting finished goods." However, the difference between Japan and other trade partners is that the majority of countries that are trading with Iran are also importing non- oil items as well. To compare the composition of items with other major trade partners of Iran, 75% of items imported by Germany, for instance, are non-oil items including chemical, textile and farm products. On the other hand, Japan is "Iran's biggest trade partner, although the tie between the two countries in various areas are not necessarily suitable for it, because the majority of trade consists of unilateral import of crude oil by Japan."[10]

(2) Direct investment: Problem for Japan and problem for Iran

Though Japan is dependent on crude oil from West Asia for nearly 86.2% of her crude oil consumption(8% more than 1973 during the first oil shock,) her direct investment in this region accounts for only 0.3% of total overseas direct investment. As small as the amount of Japan's direct investment in West Asia may have been before the revolution, nearly 50% of that money was invested in Iran. In 1976, for instance, Japan made a direct investment of 278 million dollars in West Asia, and half of this amount went to Iran. After the revolution, however, direct investment from Japan which was small to begin with decreased and has reached almost zero at present. The majority of 27 private Japanese-affiliated companies that are presently operating in Iran are trading firms, oil companies, banks and construction companies. The revolution, the war with Iraq that continued for 8 years, exclusion of foreign capital based on constitutional grounds and institutional-related problems are major causes, but they are not sufficient to explain the situation. The magnitude of pressure in Japan from the U.S. against Iran is another reason.

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[10] Niimi, J: "Iran: "Moving Towards Change: A New Look at Iran's Reality," Chuo Koron, Oct. 1998, p.126 (Manager of Foreign Public Relations, Minister's Secretariat, Ministry of Foreign Affairs, Councilor of Japanese Embassy in Iran from August 1995 to January 1998)

In reality, however, Iran "has traditionally maintained a friendly relationship with Japan and Iranian people have positive sentiment toward Japan."[11] Japan is also "placing emphasis on it's relationship with Iran which is a great power in the Middle East (West Asia) and is striving to maintain a friendly cooperative relationship with Iran from the standpoint that a stable relationship with Iran is necessary for seeking stability in the Middle East(West Asia) region."[12]

Keidanren has sent 3 economic missions to Iran after the Second World War (in 1970 led by the then chairman Mr. Uemura, in 1990 led by the then vice-chairman Mr. Kanamori, and in 1998 led by the chairman of the Keidanren Japan-Iran Economic Committee and the president of Mitsubishi Heavy Industries). Keidanren also launched the Japan-Iran Economic Committee in 1991 to maintain and expand the economic relationship between the two countries.

Through these various opportunities, Japan promotes Iran's importance and expansion of economic relationship and emphasizes explicitly her natural resources, geopolitical aspects and large population in its report. It also indicates that "Iran has been offering us stable supply of crude oil over a long period. Iran is also rich in natural resources other than crude oil, has a large population and has a high education level and work ethics among her people, making her the only country equipped with the industrial base needed to become an industrial nation in the Middle East (West Asia). Iran is also deepening her relationship with the Central Asian countries that gained independence in recent years to create a market with 300 million people. Iran therefore will continue to play an extremely important role in seeking stability not only in the Middle East but in the neighboring Central Asian region."[13] While emphasis is also placed on improvement of industrial base and enhancement of work ethics and educational level, cooperation geared towards production of goods through joint venture and direct investment has not taken place in the last 20 years.

Keidanren's report refers to Iran's debts and issues related to international relations as a great obstacle against Japanese companies doing business in Iran.[14] However, Iran has enormous potential when recent insolvency and the currency crisis that recently struck the Southeast Asian countries as well as poor resources in these countries are taken into consideration. The problem with international relations (i.e. the relationship with the U.S.) is also expected to be gradually resolved over time.

The greatest problem confronting the Iranian economy lies in the fact that the institutionalized bazaar economy approach is the only card that the Iranian

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[11] Japanese Embassy in Iran: "Overview of Iran," June 1998, p.4.
[12] Ibid.
[13] Japan-Iran Economic Committee of Federation of Economic Organizations: "Report from Economic Mission to Iran—July 4-8, 1998," Russia, Middle East and Africa Group, International Headquarters, Federation of Economic Organizations, August 25, 1998, p.95
[14] Ibid., p.96

government's macro-economic policy and commercial capital can play. Numerous changes are needed for Iran to break away from the economic system addicted to crude oil and aim towards a productive economic system, among them a drastic reform of economic thought, and re-arrangement of socio-economic institutions complementary with capital accumulation and economic development are of highly importance. As for foreign capital, the Iranian National Assembly adopted legislation for guaranteeing foreign capital in the Free Trade Zone in October 1998. This law offers a guarantee from the Iranian government to all foreign capital.[15] At present, the government is looking into the possibility of applying its capital guarantee nationwide to include native capital in addition to Free Trade Zone and foreign capital by expanding the interpretation of this law.

Turning our attention to Japan's direct investment and asset management, their extremely high regional bias have made Japan very vulnerable to international changes and have caused enormous loss. For instance, as a result of making a large investment in Southeast and South Asia which were said to be the growth centers of economy, Japan directly felt the impact of the recent Asian crisis. Moreover, the amount of loss expanded to an immeasurable amount as can be seen in the example of bankruptcy of Canton Trustee Investment Bank in China funded by Japanese banks with 200 billion yen in insolvency.

Although Asia's economic development may not have been realized without the inflow of Japanese capital and technologies, some argue that having concentrated the funds and the facilities to certain regions before laying the foundation for principal institutions, was the main cause of the recent crisis. According to the Bank for International Settlements (BIS) %38 of 1,055 Billions world banking facilities (398 Billions) had been devoted to East Asian countries during the first 6 months of 1996, among which 123 Billion was financed by the Japanese side[16].

Japan is a large creditor country and will continue to invest her assets overseas in any case. When making investing assets, it is necessary to diffuse the investment (to direct investment, loans, securities) and invest in various countries from a longer perspective to control risk while fostering a trusting relationship. Japan will have to invest abroad the assets and technology she has accumulated.

In reality, however, Japan only used West Asia as the export base (storage) for crude oil over the period of more than half a century. The fact that Japan realized economic development by using energy in the West Asian region and is engaging in production activities by concentrating her direct investment of assets and technology

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[15] MEED: Vol.42, No.49, Dec. 4, 1998, p.11

[16] Bank for International Settlements, Monetary and Economic Department, The Maturity, Sectoral and Nationality Distribution of International Bank Lending: Second Half 1996(July 1997)

that she has accumulated through such economic development in the U.S., Europe and East Asia is very difficult to understand.

Japan will lose her accumulated assets if she concentrates her investments in countries and regions that are entering a bubble economy as she has done before. Japan should make investments based on a long-term perspective. Making balanced investments among Europe, U.S. and Asian (South-East and West) countries will not only diffuse investment risk but contribute to the development of respective regions and the entire world respect for Japan.

Unfortunately, the term "Asia" in Japan covers the region up to "South Asia" and does not include "West Asia". This is the region that Japan is dependent for 86% of her crude oil import, but is included in the distorted and ambegiuise word of "Middle East" that is confusing for Japanese public and even experts. When considering Japanese economic development after the Second World War, we must not forget the fact that crude oil from this region fundamentally supported the Japanese economy over the last 50 years.

(3) Analysis of (questionnaire) field study results

In this study,[17] an attitude survey (in questionnaire format) about foreign capital (direct investment) and Japan was conducted among local factory workers and government officials. In Iran our impression was that government officials (at Plan and Budget Organization, the Ministry of Economic Affairs and Finance, the Ministry of Labor and Social Affairs, Central Bank of the Islamic Republic of Iran et al.) without exception have positive attitude toward joint venture projects and productive and high-technology oriented foreign direct investment. As mentioned earlier, the government and national assembly has announced a new law on foreign capital and launched a system that guarantees foreign capital outside the Free Trade Zone.

In the attitude survey conducted on laborers, opinions were heard from laborers in 3 factories (a large automobile plant, a large television plant and a small machine tool factory). The result of their responses regarding the relationship with Japan and Japanese investment are as follows.

i) In response to a question, "Do you support foreign investment in Iran?", 79% of the workers said they support such investment.

ii) In response to a question, "List 4 out of 11 candidate countries you think Iran should accept investment from in the order of their preference," they said: 1) Germany (80.5%); 2) Japan (77.2%); 3) France (36%); 4) U.S. (34.5%).

[17] The questionnaire survey was conducted in Teheran between Oct.19to Nov.2,1998 as a part of the study conducted by the Asian Population and Development Association and comprises a partial analysis based on a survey conducted on 220 workers at 3 factories with response rate of 70%(154) and 91.5% of valid response.

iii) In response to a question, "Among the 17 world-class corporations, which do you expect to invest in Iran," they said: 1) Sony (44.3%); 2) Toyota (36.4%); 3) General Motors (32.35%), indicating the positive image they have towards Japanese companies.

iv) In response to a question, "List the country of origin of companies you would like to work for if they come to Iran in the order of their preference," they said: 1) Japanese companies (81%); 2) German companies (73.9%); 3) French companies (36.6%); 4) American companies (31.7%).

v) In response to a question, "Are you more supportive of direct investment by Japanese companies than Iranian workers going to Japan to work" they said: 1) Very supportive (68.8%); 2) Supportive (18.2%). Together these two response accounted for 86.8% of the total. On the other hand, there were those who were 3) Not very supportive (9.5%); and 4) Not supportive at all (2.9%).

vi) In response to a question, "Should young Iranian people go to Japan to find work," they said: 1) Yes (18.7%); 2) No (43.7%); 3) For training "yes," but for finding work "no" (36%).

vii) In response to a question, "Have you been to Japan," they said: 1) Yes, for tourism (1.4%); 2) No (98.6%).

As can be seen from these study results, one can conclude from the environment for receiving foreign direct investment and awareness of the laborers regarding acceptance of such investment in present Iran that the foundation for accepting foreign investment is being prepared. Therefore, the key is how promptly can institutional barriers be removed. At the same time, it is important for Japan to properly grasp the reality of the society and economy in Iran by conducting her own independent research. This study is expected to play a part in this effort. Such accurate information will make it possible to promote improvement of institutions that are still not well developed in Iran and realize cooperation in this area, while correcting the stereotyped approach to trade of paying attention only to crude oil.

In view of the future long-term relationship between Japan and Iran, the most important task for Japan would be to actively seek direct investment in Iran aimed at production of goods (including crude oil products) and export. Such an effort would constitute a joint effort of Japan and Iran in solving the employment issue and would lead to reconstruction of an economic relationship between the two countries towards the 21st Century.

(4) Economic cooperation between Japan and Iran after the Second World War

It was in May 1992 that the World Bank approved a loan to Iran. A year later, in May 1993, Japan granted a 38.6 billion yen loan to Iran for a hydroelectric power generation project. It was the first loan that Japan offered to Iran in 17 years. Its repayment period was 25 years and interest rate was set at 3% a year. However, the payment for the second project was frozen due to opposition from the U.S.

Technical assistance, gratuitous financial cooperation, acceptance of trainees and cumulative expert dispatch from the 1960s to 1996 are as shown in the following.

Table 2-10 Yearly results of Japan's technical cooperation to Iran (amount on JICA expenses basis)

	Amount (100 million yen)	Trainees accepted (persons)	Experts dispatched (persons)	Study missions dispatched (persons)	Equipment provided (million yen)	Technical assistance projects (cases)	Develop-ment studies (cases)
Aggregate up to 1990	54.56	1381	300	269	939.6	9	16
1991	9.38	47	63	57	237.2	1	2
1992	8.34	60	14	48	206.0	1	3
1993	9.37	60	11	57	95.0	2	3
1994	10.26	66	7	63	245.0	2	4
1995	6.93	72	11	38	94.6	2	3
1996	9.83	69	7	94	38.2	1	3
Aggregate up to 1996	108.66	1755	413	626	1855.6	10	21

Source: "White Paper on Japan's Official Development Assistance, Part II (Assistance by Country)," edited by Economic Cooperation Bureau of the Ministry of Foreign Affairs, International Cooperation Promotion Association, 1997, pp.322-333

Table 2-11 Japan's Financial Grant to Iran in the 1990s

Year	Case name	Amount (100 million yen)	Remarks
1990	Emergency disaster assistance (earthquake damage)	1.36	Via Red Cross Federation
1990	Emergency disaster assistance (relief of earthquake victims)	2.04	
1992	Emergency disaster assistance (flood damage)	0.52	
1992	Audiovisual equipment for Educational Technology Center of the Ministry of Education	0.44	
1996	Offering of programs for the Islamic Republic of Iran	0.49	
1996	Emergency disaster assistance (earthquake damage)	0.10	
1996	Emergency disaster assistance (earthquake damage)	0.15	

Source: "White Paper on Japan's Official Development Assistance, Part II (Assistance by Country)," edited by Economic Cooperation Bureau of the Ministry of Foreign Affairs, International Cooperation Promotion Association, 1997, p.322

Compared to other western countries, Japan has always maintained some degree of relationship with Iran. However, a more strategic, complementary and productive economic relationship needs to be considered in view of more than the half-century of crude oil-dependent economic relationship, i.e. Iran has supplied more than 10% of the crude oil consumed by Japan (30% before the oil crisis), Iran's friendly political and economic relationship and importance of West Asia and Central Asian region in the future.

Numerous plans for expanding the relationship between Japan and Iran were announced when the Iranian Foreign Minister visited Japan from December 21 to 23 of 1998. Among them were acceptance of 300 trainees and 50 students from Iran over a 3-year period. This program has enormous significance from the viewpoint that fostering and training young talents of the world is the greatest contribution to the world. In addition, the Iranian government is planning to hold an investment seminar in Japan on the subject of investment in West and Central Asia.

These opportunities will not only develop the economic and political relationship between the two countries but make it possible for Japan to break away from the bias of her economic activities towards East and Southeast Asia and expand her prospects to the entire Asian region including West and Central Asia. The issue related to productive economic cooperation between Japan and Iran is not due to shortage of capital, low technological level, or laws related to foreign capital and labor.

It is believed that the following two points are at the core of the issue.

i) The most important task for Iran is to change her economic thought and institutional arrangements of economic system from an unproductive one toward a productive and competitive system and publicly announce that she will break away from her present economic system of being addicted to crude oil exports in her macro-economic policy and reveal the stance for productive economic development.
ii) The task for Japan is to look at Iran (and other West Asian countries) not as a crude oil supply base but as a production base that fully utilizes her human resources and 300 million market in West and Central Asia.

Although there are many other issues, they will most likely be solved (even though some time may be required) considering the mutual potentiality that the two countries have.

Chapter 3

System Concerning Employment and Its Operation

1. Labor administration

(1) Creation and stabilization of employment and development of vocational abilities

Iran has a long history of labor administration. Tentative Labor Law was proclaimed and Labor Placement Regulations was provided as early as in 1946 and the foundation for labor administration was laid down the following year in 1947 with the stipulation of financial rules on the management of the Ministry of Labor and Social Affairs. Since then, various statutes were put in place along the lines of ILO Standard. Like in many other developing countries, the level of enforcement for the statutes is high, setting aside the issue of their effectiveness.

Enactment of Tentative Labor Law in 1953 was followed by revision of the Labor Law in 1959, revision of the Social Security Act in 1960 and establishment of Minimum Wage Regulations for Unskilled Laborers, Training Regulations and Apprenticeship System Regulations in 1961. Thus labor administration was being prepared at a faster rate than in Japan.

Surprisingly, however, preparation of laws concerning job stability is delayed and the only reference made to this subject in the Revised Labor Law of 1959 is the section in Article 65 of Miscellaneous Regulation which provides that the Ministry of Labor and Social Affairs has the authority to supervise the operation of private employment offices and build national employment offices from time to time and offer services free of charge. In Article 66, it provides that places of business shall make necessary facilities available to train the employees and improve the technical and knowledge level of workers and trainees. Judging from these provisions, it appears that a policy under private initiative was strongly reflected in job stabilization and training.

However, the awareness of employment was increased as the government started implementing economic policies in a systematic manner after the revolution in 1979. In Article 119 of the Revised Labor Law of 1990, the Ministry of Labor and Social Affairs is required to build an employment service center throughout the country. These centers are entrusted with the duty of preparing the foundation for creation of jobs and male plans related to job opportunities. They also register unemployed persons, and introduce them to undermentioned training centers if necessary and send jobseekers to companies in industries such as production, manufacturing, agriculture and service. Also, it is mentioned in the Appendix that employment service centers at each state capital can request planning and protection bodies related to employment of physically handicapped and that the government should offer assistance including long-term interest-free loans, necessary training and facilities that offer protection required by the handicapped people. Moreover, it requires the government to remove structural barriers for the handicapped at all centers.

The third section of the Appendix requires the Ministry of Labor and Social Affairs to discuss with the Iranian Handicap Association and state welfare organizations to draft laws that are needed to offer welfare facilities that are needed by handicapped people that are hired by businesses. Thus, the position of placing emphasis on securing job opportunities and developing skills led to actual preparation of the existing law by the Ministry of Labor.

After entering the 70s, placement of employment service center was accelerated, increasing the number from 13 locations in 1969 to 50 locations 5 years later in 1974. As of 1996, the number increased to 185 locations and reached the two-digit level in major states. Post office windows are also used for this purpose. Service centers for new graduates have also been built although they are found only in Teheran. A computer system has been introduced in the recent years but does not cover the entire country at present. Mobile service centers for covering the areas that

are not covered by the wide-area job introduction system are also available. The government is actively promoting these employment service centers as their number is scheduled to be nearly doubled during the tertiary economic plan that will be implemented after the second economic plan is completed in the year 2000.

The primary staff of the Ministry of Labor and Social Affairs is very small at 6,263 when compared to total number of government office employees 2,160,000 (in 1994) and incommensurably smaller than 240,000 employees at the Ministry of Health. This is largely due to the fact that the Ministry of Labor and Social Affairs is a planning and supervision-oriented agency as opposed to the Ministry of Health which has business undertakings such as hospitals. Among government sectors, the Ministry of Education which has jurisdiction over schools, the Ministry of Transport which is in charge of field work, and the Ministry of Energy naturally have large staff (Table 3-1).

The dependence of labor administration on private sector for creation of employment was mentioned earlier in this text. However, it does not mean that the Iranian government is neglecting employment.

The target related to employment has already been mentioned in the National Economic Development Plan. In the Fourth Plan ending in 1973, absorption of new labor force and unemployed persons and switchover of unproductive and low-productive work to stable and productive work were mentioned. Also included in this plan was an extremely ambitious target of creating 960,000 job opportunities and lowering of unemployment rate to 0.8% during the 5-year period of the plan and 57% increase in GNP that was needed to achieve this target. Judging from the 6% unemployment rate that remained after the end of the plan, underachievement of the plan was obvious and led to indication of the overly optimistic nature of the plan by ILO.

The situation of economic planning, whose basic position including the presentation of employment target based on planned economy was inherited after the revolution, will be described in the following.

The difficult economic conditions that continued after the Iran Revolution in 1979 and the subsequent Iraqi-Iranian War (1980-88) partly due to economic sanctions imposed by the U.S., the First 5-Year Plan implemented from 1989 to 1990 and then from 1993 to 1994. The policies incorporated into this plan consisted of a series of liberalization and orientation towards market economy, and included release of price control, improving efficiency of public sector, correction of non-tariff barriers, lowering of income tax, release of financial credit restriction, privatization of state enterprises and liberalization of foreign exchange. The real economic growth rate of 7% was expected during the plan as a result of these policies. However, the

macroeconomic balance had been lost by the excessively assertive financial policy. In addition, current account balance went into the red due to long-term restrictions on foreign capital introduction and caused reduction in foreign reserve and soaring of short-term liabilities. The official exchange rate dropped to 1,750 rials to a U.S. dollar as balance of international payments deteriorated due to unexpected sharp decline in petroleum prices on top of all this, leaving no choice but to introduce a double foreign exchange system (exports other than oil, 2,345 rials for import of non-necessity goods).

Despite these deteriorating conditions, 7.2% growth was achieved on a macroeconomic basis while export, real fixed assets and capital investment increased by 12.8%, 12.8% and 28.2%, respectively, during the plan. Upon completion of the First 5-Year Plan, the Second Plan was prepared (1995-96, 1999-2000) by setting as the main goal 6% annual real economic growth, achievement single-digit inflation rate, breakaway from dependence on oil income and unification of the exchange market.

However, Iran encountered macroeconomic destabilization immediately after entering the plan in the first quarter of the 1995-96 year. Despite the negative impact of economic sanctions by the U.S., the 1996-97 year saw 4.5% growth by reflecting the results of the previous plan. The petroleum sector also contributed in marking 5% growth which was higher than the average growth rate of 4.5% between 1992-93 and 1995-96. Meanwhile, inflation rate of consumer prices dropped from the 59% peak in May 1995 to 17% by the end of 1996 and slowed down to 23% in terms of annual increase rate.

Under these circumstances, employment in the entire economy increased by 33% from 11 million to 14.6 million (91% of labor force) while unemployment rate dropped from 14.2% to 9.1% despite the average increase of labor force at 2% a year. During this period, a marked improvement in various health indices was observed over the past 10 to 20 year period. Population having access to health services jumped from 50% in 1980 to 90% in 1996-1997. Average life expectancy increased from 60.1 years to 68.4 years and mortality rate was significantly improved from 90.6 to 26 ‰.

The Third 5-Year Plan ending in year 200 is being prepared by taking into consideration these socioeconomic results. The challenges faced by this plan which was named the Economic Recovery Program are as follows.

- Economic issues shall be addressed by economic decisions without exception.
- Social justice shall be given top priority in the plan
- Public involvement in socioeconomic development projects
- Creation of employment: one of top priority tasks

- Equal access to public facilities and economic opportunities
- Promotion of safe environment for investment
- Deregulation by the government
- Complete implementation of Islam Non-Profit Financing Act

Emphasis is placed on socioeconomic matters and social justice as the fundamental philosophy behind these policies.

Emphasized in this socioeconomic orientation are:
(1) Protection of rights for low-income class
(2) Emphasis on the roles of young people and women
(3) Emphasis on viewpoint for the health of future generations
(4) Protection of welfare opportunities for the entire people

As for social justice, economic efficiency is given importance, although in tradeoff between social justice and economic efficiency, priority is given to the former.

Under this principle, creation of employment has been place at the top of actual policy. In addition, emphasis is placed on activation of labor market and economic growth giving priority to creation of employment. The policy also requires full use of the existing production capacity and introduction of Special Employment Plan aimed at increasing potential by reducing the restrictions and obstacles in creation of employment and at expanding medium- and long-term employment opportunities.

It is said that an average of 400,000 jobs a year and total of 2,010,000 jobs have been created during the Second Plan. In particular, as labor administration offers a contrast to the political task of the Ministry of Labor by allocating an adjustment function of sending new graduate and unemployed persons to training if necessary to improve their skills and qualify them for newly created employment opportunities.

On the other hand, the Ministry of Labor is given the task of dealing with additional 600,000 persons going to school during the term of the plan. A total budget of 87.6 billion rials has been earmarked in the form of a program to assist the employment of self-employment. This fund has been appropriated in the Ministry of Finance's special account that will be disbursed in the form of Self-Employment Opportunity Support Fund for launching activities in underdeveloped villages.

The content of this program will be explained in the following.

This program is an important policy subject for a country like Iran that places emphasis on social justice and offers income opportunities to self-employed persons and unpaid family workers who have the burden of supporting their family but do not

have sufficient income. In Iran, this program started at the time of the First 5-Year Plan.

The first program is the construction of Service Center for Self-Employed, which is a facility for scouting people that are willing to work hard from unproductive workplace including small businesses and from similar work areas and converting them to productive employment on an individual level. In the initial stage, the facility was built in the market near Lalek Park which is the most densely populated area in Teheran. As a result of appealing to self-employed producers, those engaged in individual production and jobseekers with its attractive architectural style and innovative design, it spread to many parts of Teheran and developed in other cities.

The second stage of the program was financing, i.e. offering funds that are needed for purchasing materials and production tools to those who seek them. The amount of fund offered was 5 million rials per person when the facility was opened and was increased thereafter according to necessity. Experts at the center gave proper guidance in response to consultations from the jobseekers. The number of people utilizing these loans increased partly due to its advantage of requiring much less commission compared to similar loans.

The next improvement took place in workplace. Since it is difficult for each jobseeker to secure the mechanical facility for production and tools requiring capital cost, collective workplace was built inside the center to make them available to these people. Consideration was given by making them available throughout the day so that people can use them without any time restriction. It goes without saying that exchange of experience at these workplaces contributed to improving their skills and knowledge.

Education was substantiated to increase the effectiveness of the measure. Numerous courses offered by each center provided the foundation of knowledge and skills to the jobseekers and stimulated their motivation. Those who showed interest were required to take advantage of educational opportunities once a week and those who completed each course joined the production group supported by the center. By going through these steps, education gradually increased its educational effect.

Furthermore, those engaging in production as individuals were separated from those forming networks to collaborate to increase the effectiveness with the latter handling special products including order production. A special booth was set up at the center and was replaced anther booth every 15 days. The center offered solutions to difficult issues for individual producers such as location and marketing. The charge for use of the booth was kept at a low level and used for operating expenses of succeeding users.

These programs were welcomed above all by women. Statistics show that 70% of those who received loans through this program were women. Participation of women in these economic activities not only had the effect of controlling population growth but had an assertive side to it of improving the social and cultural status of women.

The centers were built at 25 locations throughout the country in the 4 year period after the opening of the first center and gave stimulation to other Islam countries. This project that initiated social advancement of women in an Islam country was an extremely unique approach that also proved to be effective in expanding employment.

Although this program cannot claim all the credit, recent changes in employment status that are worthy of note must be mentioned in this connection. To compare the unemployment rate between 1990 and 1993, the figure slightly increased for men from 8.4% to 9.3% while that for women jumped from 2.7% to 13.2%. This should be interpreted as change in awareness of female jobseekers rather than employment situation becoming difficult for only women. Change in their awareness that made them more assertive towards employment happened to lead to increase in their unemployment rate. It may represent an aspect of this program for supporting employment of self-employed persons. Even though it created a problem that needs to be solved of higher unemployment for the labor administration, it should be regarded as having the aforementioned effect of improving the status of women in the long run.

Along with employment stabilization policy, vocational training policy has become a major pillar of labor policy and the importance of training policy is increasing under the advancement of industry in the recent years. The situation of Technical and Vocational Training Organization (TVTO), an organization placed in charge of core projects in this area, will be explained in the following.

(2) Provisions for installation of TVTO

There are 11 provisions concerning vocational training in the Labor Law. In Article 107, the Ministry of Labor and Social Affairs is required to establish necessary training facilities. The article also notes that related government agencies should cooperate with the Ministry of Labor and Social Affairs upon request. In Article 108 that follows, reference is made to establishment of the following vocational training centers according to various levels of skill.

a) Center for basic training of unskilled laborers and jobseekers
b) Center for supplemental and special retraining in accordance with individual skills.

c) Training center for instructors who would be teaching at (local vocational) training centers.
d) Special training center working with government agencies (e.g. Ministry of Health) for people with disability.

Article 110 touches on installation of workplace for training, training standards and preparation of training materials. This is followed by Article 111 which provides that private corporations and individuals can establish training centers by obtaining the permission from the Ministry of Labor and Social Affairs.
Specified in Article 113 as the lesson for trainees is the need to maintain the employment relationship and a certain level of salary during the training period (basic pay) for workers that are sent to training centers (trainees) and payment of welfare benefits that are sufficient to meet the requirements for the livelihood of such trainees and their family.

The article also provides that training hours shall not exceed 6 hours for young trainees and refers to the need to sign a training contract to secure the content and results of the training and impermissibility of training that deals with health and intellectual development.

In Article 118, which is the last article concerning this matter, a instructive provision requiring training centers to meet various conditions for realizing fruitful training in accordance with the training standard of the Ministry of Labor and Social Affairs is included.

Thus, the provisions concerning vocational training are incorporated in considerable detail into the Revised Labor Law of 1990, marking a contrast with the previous Labor Law which did not touch on this subject. The very reason behind this is the strong recognition of the need for importance of labor and improvement of skills in economic and industrial development.

The present situation of training center that was placed in charge of important task after the legal improvement is discussed in the next section.

(3) System and organization of TVTO

The head of Technical and Vocational Training Organization (TVTO) is the Vice-Minister of Labor and Social Affairs. Its main office in Teheran hires 350 people as staff and controls training centers in 29 states and 27 local branch centers. The organization as a whole hires 5,000 instructors, comprised of 3,500 full-time and 1,500 part-time staff. There are training center at 150 locations and training workshops at 900 locations throughout the country as well as mobile centers for visiting rural areas. A total of 100,000 trainees are accepted every year. In addition,

there are 4,500 private training centers that have been approved by the Ministry of Labor and Social Affairs as well as training offered in the military, accepting a total of 600,000 trainees every year.

In the future, 147 training centers and 1 instructor training center will be added by the Second Economic Plan (ending in 2000) and the Third Economic Plan. As for recent development, addition of 1,029 personnel required for opening 49 centers has been approved through cooperation with the Adminstrate and Employment Organization (AEO).

As provided in the Labor Law, the tasks of the training center is as follows.

1) Basic skill training for young people.
2) Training for upgrading the skills of adults (employees)
3) Training for technicians and engineers
4) Training for people with disability
5) Vocational training for self-employed persons
6) Lifelong vocational training
7) Development of vocational skill training
8) Development and supply of texts for vocational training and texts used at workplace
9) Implementation of vocational capacity qualifications and skill contest.

There are 152 training set-up courses that range from traditional skills including service to high technology are available and are adopted selectively according to regional needs. Instructors are placed in charge of beginners' course 2 years after graduating from high school while advanced course instructors work as full-time staff and are dispatched from companies or recruited from the general market in the event of shortage. It is said that no problem exists with regard to recruitment and employment of these instructors since conditions such as salary are comparable to those in the private sector.

The requirement for admission of trainees is completion of 6-year primary education and literacy. Some training centers that were established under the approval from the Ministry of Labor and Social Affairs are offering general education to middle- and advanced age persons lacking in reading abilities. Engineers are dispatched from the government for this purpose.

Duration of education at training centers varies from course to course, ranging from 4 months to 18 months. Courses lasting for 18 months are treated as junior colleges that are attended after graduation from high school. The fact that wage usually increases by 5 to 10% upon completion of training is increasing the number of persons wishing to enroll in training centers.

TVTO is conducting a 3-stage skills test for each job classification. The purposes of grating qualification include: 1) improving technical level of laborers in industry; 2) support in development of human resources by offering means of qualitative and quantitative evaluation of skilled labor on a national level; and 3) improvement of occupational grading.

To touch on the programs at Instructor Training Center (ITC) which was established in 1998 through cooperation among TVTO, UNDO and ILO, this organization is engaged in the following activities to meet the high-level and specialized technical demand that came about with the advancement of industrialization over the past 40 years.

1) Short courses for retraining including standard (tailor-made) upgrading to meet specialized training demand from both public and private sectors.
2) Two-year instructor training program (off-the-job, on-the-job) granting qualification to offer training in main technical areas.
3) Implementation of research conferences, workshops and seminars.

Concurrently with the training, TVTO is working on assessment of realities of training and improvement of training system by setting as its task for the first phase on researching the training. For this reason, it is engaged in discussions with many experts and instructors and in preparation of curriculum. The central themes of such research include occupational skills, development of national skills standard, development of audiovisual equipment, development of training methods and programs, and holding training workshops and seminars.

TVTO's international activities include the following programs.

1) Introduction of advanced technology in the area of vocational training and qualifying examination
2) Evaluation and research of vocational training aimed at national and local macroeconomic development program
3) Technical assistance to Islamic countries
4) Overseas training of instructors and administrative staff
5) Standard skill training for foreign companies
6) Exchange of information and research related technology and vocational training

TVTO intends to contribute to catching up in the area of high technology. Needless to say, these international activities are contributing to improvement of Iran's own training skills, even though they have the characteristic of technical assistance to neighboring friendly nations.

Let us touch briefly on TVTO's budget and finance. TVTO can collect an amount corresponding to 2% of salary paid at companies to which the Labor Law and the Social Security Act apply (in all industries) for the purpose of improving facilities at vocational training centers. This enables the trainees to receive training free of charge.

As for the summary of the budget for main items, TVTO is permitted to spend 5% of income based on Article 14 of the Apprenticeship Act to the extent the amount does not exceed 3.5 billion rials that was collected in the foregoing process. In addition, women who have the responsibility to support her family are given preference in utilizing the facilities offered this fund. Based on Article 154 of the Labor Law and Article 78 of the Financial Exemption Act, the organization can spend 10% of its income on sports and recreation.

The funds transferred to the Ministry of Labor and Social Affairs can be used for the following purposes, i.e. 1 billion rials can be spent for training laborers and as current expenses and the remaining 2 billion rials can be spend on the nursing center for laborers' children with disability.

In addition to the aforementioned financial allowance, a credit of up to 5 billion rials has been offered to TVTO as well as inherent income (collected training expenses) based on Article 14 of the Apprenticeship Act. This fund is used for expansion of facilities among other things in response to meet the demand for operation of greater scale.

TVTO's activities related to its operation, personnel and budget that have been introduced above indicate that they are considerably greater in scale compared to the vocational training systems that are implemented in Southeast Asian countries and that they have substantial content. As for its results, however, the details of the extent to which it is meeting the demand for skilled labor is not known even though it is allegedly accepting a total of 600,000 trainees including the private sector. Setting aside the question of measures that are taken according to situation on a regional level, total coordination on a national level does not necessarily seem to be fully functioning fully. This situation coincides with the fact that wide area development is currently being implemented in the area of job placement programs, which means that wide area placement of those who have completed the training will be accelerated once the present wide area job placement efforts get started along the right lines. The situation regarding labor migration we have seen earlier is also expected to improve at the same time.

2. Education System in Iran

The Ministry of Education and Training and the Ministry of Culture and Higher Education are two ministries that are mainly in charge of education in Iran. The Ministry of Education and Training is in charge of general education up to guidance school and the Ministry of Culture and Higher Education oversees college education and research carried out at research institutions. Education is provided free of charge for 12 years starting in primary school, and substantiation of basic education including literacy program is sought to achieve the goal of the national literacy program which was set in 1979 of "providing literacy education to all by the year 2000."

The Ministry of Culture and Higher Education, which is presently in charge of higher education, is planning to change its name to the Ministry of Science and Higher Education based on the view that all government agencies shall be responsible for culture. In addition, the Ministry of Health and Welfare plays a leading role in medical education while the Ministry of Labor and Social Affairs' Technical and Vocational Training Organization (TVTO) is almost fully in control of vocational training and operates large vocational training centers across the country.

Iran has attained remarkable progress in education after the revolution, improving literacy rate from 47.5% in1976 to 74.4% in 1996. It goes without saying that the greatest driving force behind this was the diffusion and expansion of primary education using oil income. In this sense, the purpose of Islamic revolution discussed in Chapter 2 was put into practice. As for the education system itself, details can be found in the chart prepared by the Iranian Ministry of Education. Two-year kindergartens have been established for preprimary school education and the importance of the period from birth to age 4 is being stressed.

Materials made available by the Ministry of Education clearly sets forth the emphasis placed on home education by stating, "The most important period of education begins with the birth of a child. Experts in the field of education and psychology have shown enormous interest in this period. Benevolence, religious mind, social behavior and other elements are formed and conceived by children during this 4-year period preceding admission in kindergarten."

Turning our attention to the labor participation rate by gender in Iran, labor participation rate of women remains low compared to their educational background. While it is true that difficulty in finding job opportunities is one of the reasons behind this, another reason is the emphasis placed by government policy on family values and large role women play in her family.

Two years in kindergarten is followed by 5 years in primary school and 3 years in guidance school which is an equivalent of secondary school where students

decide on their careers. While some students find employment after graduation, they also have the option of moving on to high school or teacher training program, receive education in the military, enrolling in technical vocational training school or special vocational school, sandwich and technical school.

Students that have elected to proceed to next stage of education enter 3-year high school and 1-year university preparatory course before entering specialized courses that are divided into medicine, engineering and literature.

Medical students study for 8 years including doctoral course while engineering students study for 4 years and additional 2 years for master's degree and 3 years for doctoral degree. Students in other areas go through another year of general education in addition to a year of university preparatory course before entering the 4-year course in the field of their specialization and to doctoral course.

Students that entered high school obtain earn general subject credits in their first year, divided into groups according to universities they wish to enter in the second year and receive education according to their career goals in the third year. Then they move on to preparatory course and to department of their specialization after passing the test. These series of education courses are referred to as "continuous courses" and are based on the premise of completing the entire university education.

Students can enter both technical training schools, specialized vocational school courses and sandwich polytechnic courses are referred to as "uncontinuous courses," i.e. courses that are not based on students moving on to college education. However, students graduating from technical training schools, specialized vocational school courses and sandwich polytechnic courses are admitted to college if they pass the college qualification test, although students in sandwich polytechnic courses rarely receive college education. Technical training schools and specialized vocational schools are advanced vocational schools in nature and many of their graduates become instructors at vocational training schools throughout the country after receiving training from TVTO.

Sandwich polytechnic courses are very similar to on-the-job training and can be compared to mechanic training course. Sandwich course is a course in which students engage in labor on the field and earn credit while still enrolled in school and came to be called under such name because actual labor is incorporated into various stages of institutionalized education.

A course offering vocational training on a general university course level to those graduating from high school has been created and is being encouraged. It is basically a course for training vocational training instructors and intermediate level corporate engineers through a 2-year course and those completing this course will be working as engineers. The graduates of this course can be admitted to a specialized

university course after passing the uncontinuous course test and can obtain a B.S. degree after taking the course for 2 years.

It is difficult to say anything conclusive about this course as it was created only 2 years ago and has no graduates or those wishing to move on to university at this point. However, it offers a possibility of earning a bachelor's degree 1 year earlier than the course attended by high-achieving students and is being encouraged from the viewpoint of promoting practical learning.

One can also say that technology is at the center of education in Iran. For instance, the curriculum followed in Iran show that courses in social science have not been taken up, suggesting the existence of delicate issues in connection with social science education. Emphasis is placed on technological training for this reason and efforts are made based on the assumption that offering technological education is all that is needed to secure employment opportunities. Nevertheless, social science-oriented approach and training of experts equipped with such approach are indispensable in solving the labor issues that are confronting Iran.

Distinguished talents with doctorate from foreign universities, although few in number, have been placed at important posts in government ministries and agencies. However, there is certainly a shortage of staff with social science-oriented thinking for supporting these talents and may be regarded as a factor in disparity between policy planning and policy execution.

In addition, the children that were born during the population increase policy are becoming old enough to enter college. Competition for entering universities is predicted to intensify despite the efforts that are being made by universities to increase their enrollment capacity.

3. Labor Law and Social Security System

(1) Labor Law

The subject matter of labor legislation strongly affects not only the structure of the labor market but also the industrial structure of an economy. The difference that exists in the content of labor law from country to country has become the factor behind great differences in state of their labor markets. For instance, the workers are placed under strong legal protection in the Philippines where the labor law with strong American influence was enacted, even though the law also created large gap between workers of modern companies under such protection and workers in the informal sector without protections. In contrast, the provisions of labor law are lenient enough in Malaysia to place the activities of labor unions under restriction, giving rise to a

free competition labor market with no legal minimum wage established. This has created an economy in which dual industrial structure based on wage difference is unlikely to emerge.

The content of a country's labor legislation strongly reflects that philosophy of economic management embraced by the policymakers of that country. When considering the present economic condition of Iran, however, one can say that Iran is at a stage where she has to form international competitiveness of her companies and to attract direct investment from overseas. It is presumed to be the background behind the outward strategy sought by the Khatami administration in the field of economy. If this were true, the ideal content of labor legislation will be compelled to put a limit on its protection of laborers. Let us take a look at labor legislation of Iran from such point of view. Reference will be made to the social security system in Iran according to necessity since labor laws in Iran are deeply connected with her social security system.[1]

Iran's existing Labor Law replaced the previous Labor Law (enacted in 1958) on November 20, 1990. The existing Labor Law has as its background the ideology of Islamic revolution and strongly supports the social rights of the workers as if it is aiming to realize an Islamic commune. The Labor Law is comprised of 203 articles and is structured in the following manner.[2]

Chapter 1 General Definitions and Principles
Chapter 2 Employment Contract
- Section 1 Definition of Employment Contract and Fundamental Conditions Involved in Its Conclusion
- Section 2 Temporary Suspension of Employment Contract
- Section 3 Cancellation of Employment Contract
- Section 4 Security Concerning Cancellation of Employment Contract and Payment of Severance Pay

Chapter 3 Working Conditions
- Section 1 Compensation
- Section 2 Working Hours
- Section 3 Holidays and Vacation
- Section 4 Working Condition of Women
- Section 5 Working Condition of Young Workers

Chapter 4 Technical Protection and Occupational Health
- Section 1 General Clause

[1] Data on social security system in Iran depends on: Nahid Eatezadpour, Social Security in the Islamic Republic of Iran, Social Security Institute, Tehran, 1997
[2] Uses Labour and Social Security Institute, Labour Law of the Islamic Republic of Iran, 1993

Section 2 Labor Audit

Chapter 5 Training and Employment

Section 1 Trainees and Training Center

Section 2 Employees

Section 3 Employment of Foreign Citizens

Chapter 6 Labor Organizations and Employer Organization

Chapter 7 Collective Bargaining

Chapter 8 Welfare Service of Laborers

Chapter 9 Settlement of Dispute

Chapter 10 Supreme Labor Council

Chapter 11 Violation and Penalty

Chapter 12 Others

Instead of introducing all the provisions of the Labor Law in detail, this section will limit its discussion to labor conditions and employment adjustment which are areas that may become crucial points when Iranian enterprises attempt to gain international competitiveness and when inviting foreign companies into Iran.

Working conditions deeply concern labor cost. Basic wage is determined by the legal minimum wage that is decided every year by the Supreme Labor Council, taking the inflation rate announced by the Central Bank of Islamic Republic of Iran into consideration. Minimum wage for the past several years are shown in Table 3-2. While nominal wages have tripled over the past 5 years due to high inflation rate, there is no change in real wages.

Labor cost in Iran also includes family allowance, food allowance, transportation subsidies as well as production-increase bonus and profit bonus. These allowances vary from company to company but may reach 30 to 40% of the amount of salary. Companies can also adopt daily wages or piece rate wage system, although they will have to pay average daily wages calculated from previous month's results on Fridays and holidays as well. One-month leave with pay (including 4 Fridays) is also granted every year and other holidays are not included in this one-month holiday. In this respect, we must conclude that real wages in Iran are at considerably higher level than the legal minimum wage. Monthly salary for secondary school graduate workers amounted to about 160 to 180 dollars at the time of the study.

The extent to which employment adjustment can be implemented in connection with economic fluctuations will become an important aspect of corporate management. Article 11 of the Labor Law approves the probation system. Probationers can be dismissed without advance notice and without the payment of

compensation that is required for full-time workers. However, wages for the contracted trial period will have to be paid in the case of dismissal by reason of the employer. Amount of wages must conform to the legal minimum wages. Above all, trial period lasts only 1 month for unskilled workers, 2 months for semi-skilled workers and 3 months for skilled workers.

In the Philippines, for instance, trial period has been approved up to 6 months and minimum wage requirement is 75% of legal minimum wage. Probationers can also be dismissed without any payment related to dismissal. For this reason, many of the labor-intensive industries (e.g. garment industry) hire many probationers as buffer for economic fluctuations. In contrast, it is not possible to hire probationers for employment adjustment purposes in Iran.

Let us now take a look at dismissal and layoff. Since there is no provision on dismissal for the reason of employer in the Labor Law, cancellation of employment contract would be for the reason of the worker. However, dismissal due to negligence is permitted after obtaining approval by the Islamic Labour Council. In such case, it is necessary to pay the amount obtained by multiplying the length of service by monthly salary as severance pay (Article 27). Layoff is also approved in Article 30. However, although the system permits dismissal and layoff, they are difficult to carry out in reality because of complicated procedure.

Thus, the Iranian companies are unable to obtain the means to adjust their employees. The resulting difficulty of employment adjustment in Iran rapidly lowers labor productivity at the time of recession due to over-employment. Such reality is not desirable from the viewpoint of Iranian companies gaining international competitiveness nor from the viewpoint of inviting foreign companies to Iran. One Iranian entrepreneur has said that, "The Labor Law in Iran is like that of developed countries and does not match the reality in Iran." Our interview found conflicting views. The Ministry of Labor is asserting the legitimacy of the existing Labor Law, while the Ministry of Economic Affairs and Finance and the Central Bank believe in the need to revise the Labor Law to open the economy further.

Two points in the provisions of the Labor Law that are considered important may need some explanation. The Labor Law states that "Several clauses in the Labor Law do not apply to business establishments with 10 or less employees. The actual clauses shall be determined in accordance with the rules of the Supreme Labor Council (Article 191)." On this point, a high government official at the Ministry of Economic Affairs and Finance has said that "Although the Ministry of Labor is trying to apply the Labor Law without exception to business establishments with 10 or less employees, we feel that it should be applied more flexibly."

Labor organizations in Iran consist of: 1) Guild Society; 2) Islamic Council of the Workplace; and 3) Workers Representative. Guild Society is a labor organization that had been formed before the revolution and corresponds to labor union. It can be divided into those organized by a large company on a company basis and those organized by small and medium enterprises on an industry basis (e.g. soap industry). The latter two have been formed as organizations having strong Islamic characteristics. Islamic Council of the Workplace was formed at business establishments having 35 or more employees and Workers Representatives were formed at smaller business establishments. Islamic Councils are organized on a company basis and are placed under the State Islamic Councils and the National Islamic Council.

(2) Social security system

The Labor Law in Iran protects the rights of laborers in a manner that appears to be excessive in view of the country's present stage of economic development. Forming a pair with this Labor Law in the system is the social security system of Iran. The system can be divided into the contributory system (in which the employees make partial contribution) and the non-contributory system with various systems being applied according to the subject. This section will touch on the contributory system as a system of social security pertinent to the labor market with focus on the Social Security Organization (SSO) which plays the central role in this system.

SSO was established in 1952 and covers all laborers to which the Labor Law applies in the form of compulsory insurance. The legal backbone for the existing system is the Social Security Law which was enacted in 1975. Self-employed persons became qualified for social security in 1977. The contribution rate has been set at 30% of the salary since July 1976 and is comprised of contribution of 7% from workers, 20% from employers and 3% from the government. In small businesses, however, the rate has been kept down to 21% (13% employers, workers 5% and 3% government). In addition, employers are exempted from paying their share in businesses with 5 workers or less and the difference is covered by the government. These rates are at extremely high level compared to other developing countries (for instance, the rate is 7% in Thailand with workers and employers paying 3.5% each). In particular, payment of 20% by employers alone has the effect of raising the actual labor cost and distorts the factor price in the same manner as the aforementioned Labor Law. Needless to say, this is not an ideal situation for Iran where unemployment has become a serious social problem.

Security offered by SSO can be divided into long-term and short-term security. Let us first examine the short-term security which is the main security of the two.

1) Sickness benefit

Workers that were compelled to take leave of absence from work receive sickness benefit. The amount of benefit corresponds to three-fourths of the worker's salary when he or she has dependents and two-thirds of the salary when he or she does not have dependents. Payment will be made until the worker is rehabilitated or is certified as disabled person by SSO. The latter case will be subject to the aforementioned long-term security.

2) Childbirth allowance

Pays two-thirds of the salary over a 12-week period before and after childbirth while the worker takes leave from her work.

3) Unemployment allowance

Non-voluntary unemployed persons receive 55% of his or her salary. If the worker has dependents, he or she receives 10% of minimum wage for each dependent for up to 4 dependents. No limit has been set as to the period of payment. Workers have to pay 3% of their salary towards their unemployment insurance.

Pension is the key element of long-term security. Pension payment starts at age 60 for men and 55 for women. Workers who have worked for more than 30 years or under poor working conditions for more than 20 years start receiving their pension at age 50 for men and age 45 for women. The amount of pension is decided in accordance with Article 77 of the Social Security Law by multiplying the length of service by 1/30 of the salary amount. The upper limit is 35/30. The amount of salary used as the standard is 1/24 of the total salary amount during the 2-year period prior to retirement. Disability compensation and survivor's pension (e.g. half of pension amount for spouse) are also available. Changes in number of recipients are shown in Table 3-3.

SSO's finances are relatively stable as its expenditure remained at 74.16% of its revenues in 1995. As shown in the table, however, recipients are increasing at a much higher rate compared to population increase rate. Also considering the significant changes in labor force structure that are expected to occur due to rapid decline in population growth rate that has started in Iran, it will be difficult to maintain this system in the future. As mentioned earlier, contribution rate is already at very high level and it would be practically be difficult to raise this further. Moreover, a policy that will raise the market labor cost should be avoided when a country is entering a stage where she is compelled to compete with other countries.

Chapter 4

Present Situation of Labor and Employment

1. Labor situation

As we have seen in Chapter 2, Iran has achieved phenomenal lowering of fertility in the recent years. However, a striking increase in population is observed when seen from a medium- and long-term perspective.

Population of those aged 10 years and above has nearly doubled over a 20-year period from 23,002,000 in 1976 to 45,401,000 in 1996. At the backdrop of such population increase, economically active population also increased by 6,229,000 (63.5%) from 9,798,000 to 16,027,000 during the same period.

Some degree of growth in national economy is needed to secure certain income to such increasing population. Looking at the trend of national income per capita, Iran has attained reasonable results for a developing country by increasing the figure from US$165 in 1960 to US$366 in 1970 and US$2,100 in 1990. Compared to the miraculous growth that has occurred in Southeast Asia, however, one cannot deny that Iran is lagging behind in growth rate, if not in the level of growth.

Iran did not necessarily succeed in maintaining steady economic growth through changes in her internal and external conditions from the Pahlavi Dynasty to Iranian Revolution and Iraqi-Iranian War. There was economic sanction and isolation

from the rest of the world that followed the tension in her relationship with the U.S. The economic growth from recent economic planning was not fully attained due to lowering petroleum prices. Meanwhile, shortage of foreign capital acceptance and sluggishness in technological introduction cannot be negated.

Economic stagnation is also reflected in the labor situation. As can be seen in Table 4-1, economically active population increased by 63% while economically inactive population increased by more than twofold and macroeconomic labor participation rate dropped from 42.6% in 1976 to 35.3% in 1996. Moreover, in economically active population, number of unemployed persons increased by 459,000 (46.1%) in proportion to increase in number of employed persons (6,229,000, a 65.6% increase). When seen in terms of unemployment rate, the figure has remained at high level of 10.2% in 1976 and 8.64% in 1996.

Labor participation rate is rising in most Asian countries with increase attributable to social advancement of women more than offsetting the decline due to aging. In the case of Iran, however, a special situation has emerged in which labor participation rate of women is low and declining compared to other countries (12.9% in 1976 and 9.1% in 1996). While there are many conditions that need to be examined such as religion, awareness and industrial situation, economic situation also cannot be neglected.

Unemployment rate is allegedly in the neighborhood of 10% according to official statistics. However, the fact that oversupply of labor in which more people are looking for jobs than are offered has been continuing for a long time since the 1960s and pervasion of economically inactive population over many age groups suggest that there are many underemployed people and that the percentage of unemployed persons is well over 10% in reality. Researchers in private sector have pointed out that existence of practically unemployed persons, which are said to be twice the number of officially unemployed persons, cannot be neglected.

Let us examine the characteristics of unemployment by looking at its several different aspects.

Firstly, to look at the number of unemployed persons by their previous occupation, factory workers are largest at 98,337, followed by menial laborers at 71,678. These two categories account for 25.9% and 18.8% of the entire unemployed population, respectively, which are about 5 points higher than their share in the entire employed population of 20.2% and 13.3%, respectively. In contrast, the percentage of unemployed persons is lower than that of employed persons among skilled workers and experts.

In other words, the difference in technical level is directly reflected in the degree of unemployment, indicating that acquisition of skills is necessary for stabilization of employment.

A look at situation of unemployment by age in the recent years shows that unemployment rate is high among young population (23.6% for ages 15-19 and 16.2% for ages 20-24). By gender, unemployment rate among women is 13.1% and is higher compared to 8.5% among men. This may reflect the situation that employment of young people is not advancing smoothly amidst the large number of state enterprises that are in existence and priority given to stabilization of employment for middle and advance aged workers. Also influencing the situation may be the strong labor-saving tendency in the area of high technology that prevents large number of people from being employed. As will be mentioned later, employment of young jobseekers is not increasing steadily even among those who completed training at vocational training centers.

As for the situation of this highly unemployed young population by region, their unemployment rate is higher in urban areas where average unemployment rate is lower compared to rural areas. While advancement of industries and companies in urban areas is generally expected to be in better condition compared to rural areas, unemployment rate of ages 20-24 is considerably higher in urban areas at 18.8% compared to 16.9% in rural areas. Since urban areas are in better condition in terms of general education and vocational training, this situation may suggest a mismatch caused by excessive supply of prime. labor force.

Another point that must be made with regard to status of unemployment is the long-term nature of unemployment. The percentage of those that have been unemployed for 13 months or more is 49.7% of all unemployed persons and remains as high as 36.5% for those who have been out of work for 25 months or longer. It means that nearly half of unemployed persons in Japan are experiencing long-term unemployment to suggest a strong characteristic of structural unemployment. By age, the percentage of those that have been unemployed for 13 months or more is quite high at 47.6% for age group 20-24 (which has high overall unemployment rate) and 54.6% for age group 25-29 (Table 4-2).

On the other hand, the percentage of persons that have been unemployed for 13 months or more is high at 64% among elderly persons aged 60 years and above. The reasons for high percentage of long-term unemployed persons among young population and senior population are different from one another. The former is caused by excess supply of prime labor force who tend to take time looking for their right job while the latter are people who cannot retire smoothly from the society due to lack of proper social security.

A look at the situation concerning social retirement which is deeply related with unemployment of senior citizens shows that the number of retirees among public pension recipients increased by 84% over a 5-year period from 158,000 in 1990 to 290,000 in 1995. While the amount of pension benefit is calculated by multiplying one-thirtieth of the in-service salary by the number of years of enrolment (up to 35 years), there are only a few pensioners because of the historical background of the pension system and many retiring senior citizens still seek jobs as they cannot depend solely on pension benefit for subsistence (Table 4-3).

Let us now examine the labor situation from various aspects of the employment structure.

First, we must see whether employment is keeping pace with industrialization and modernization from the viewpoint of employment form (status of occupation). Iran is still an agricultural country and has low percentage of private employers. As shown in Table 4-5, the percentage among employed persons was 22.7% and 33.3% in the private sector. The percentage of employees after counting the entire public sector barely accounted for the majority with 51.6%. This employer rate exceeds 80% in almost all developed countries and ranges between 60 and 70% among developing countries with advanced modernization and industrialization.

Let us now turn to the structure of employed persons by industry that directly reflects the changes in industrial structure. As shown in Table 4-6, Iran is fundamentally an agricultural country although agriculture is losing its share in the medium- and long-term due to the influence of service economy orientation resulting from industrialization and urbanization while industry and commerce increase their share. The percentage of agriculture dropped by almost 3 points over a period of about 10 years while that of industry and commerce increased by a little over 5 points and 4 points, respectively.

Of 1,476,000 new employment opportunities that have been created after entering the 1990s, agriculture, industry and service contributed 10.3%, 58.1% and 31.6%, respectively, indicating that Iran is finally entering the phase of employment increase centered on industry. However, the country has not reached the pure switchover from agriculture to industry as agriculture continues to generate employment.

The characteristics of each industry in the recent years studied by comparing urban and rural areas as well as men and women were as follows. As shown in Table 4-7, 78% of agriculture is concentrated in rural areas while 67% of industry is concentrated in urban areas. Other industries that were highly concentrated in urban areas include health and medicine (84%), financing (94%), real estate (87%), utilities (81%) and commerce (86%). Sixty-percent of industry as a whole is concentrated in

urban areas, exceeding the percentage of urban concentration population. One cannot negate the fact that employment opportunities, particularly good employment opportunities, are found in cities. Industries that are spread out in relatively similar percentages compared to population are limited to construction (63%) and regular household hiring service (46%).

To look at the characteristics by gender, no significant difference exists in the percentage of men between urban and rural areas at 88% and 87%, respectively. With regard to agriculture, however, the percentage is high at 90% in urban areas and slightly lower in rural areas at 90%, suggesting that they have slightly better chance of finding farm labor in rural areas.

In manufacturing which is more common in urban areas, the percentage of men is high at 89% in urban areas and low at 55% in rural areas to reflect relatively large distribution of textile and food processing industries in rural areas.

As we have seen, the difference between urban and rural areas in terms of conditions for industrial development and employment opportunities have become the main cause behind structural unemployment emerging out of mismatch between supply and demand. What are the possibilities of efficiently distributing human resources to resolve this situation? One cannot negate that regional migration for employment promotes industrialization and urbanization and such situation has applied to Iran in the recent years. Let us take a look at the situation of migration in urban and rural areas (data is not necessarily limited to employed persons, however).

According to population census, out of 8,718,000 persons who changed their address during the 10-year period between 1986 and 1996, 2,307,000 (26.4%) moved between cities within the same state, 2,940,000 (33.6%) moved to another state and 238,000 (2.9%) moved outside of the country, suggesting that migration rate is not necessarily low.

When viewed by limiting this to urban and rural areas, about half of migration took place between cities while that from rural to urban areas accounted for 21.7% and exceeded the migration from urban to rural areas, resulting in 4% net increase in urban population due to migration. The migrating population mainly consists of economically active population although it naturally includes young students and senior citizens.

By gender, overall migration rate is higher for men. However, there were 296,000 male migrants (19.7%) and 228,000 female migrants (20.9%) when limited to number of migrants from rural to urban areas to show that men exceeded women in number but the same was not true in migration rate. The strong trend among women to migrate from rural to urban areas is worthy of note despite the higher migration

tendency among men. Implied by this fact is the development of service industry in cities that is increasing employment opportunities for women (Table 4-7).

Let us now turn to the condition of subcategories in the manufacturing industry.

Among 2,552,000 persons hired in the manufacturing industry, largest employers in order of their scale are metal fabric production other than machinery (247,000), lumber and wood products (109,000), textile (848,000), garment (168,000), non-metal mineral products (183,000) and food processing (310,000). There top five employers hire 67% of the labor force in manufacturing industry. No other subcategories in manufacturing hire more than 100,000 people.

A characteristic commonly found among the top five subcategories is the large number of private business owners and unpaid family workers. They account for 43% of workers in these subcategories and by far exceeds the average among all subcategories of 34% to indicate the existence of small businesses. The percentage of private business owners and unpaid family workers is as high as 60% in textile industry and can be seen as a characteristic of textile industry containing traditional carpet making which is a typical example of labor-intensive industry.

On the other hand, some companies in garment and sewing industry, also a part of textile industry, have already shifted to factory production and the same percentage drops considerably to 41%. The situation concerning lumber and wooden products and food processing industries is quite similar.

Although a slightly different viewpoint from industrial categorization, it is necessary to touch briefly on the public and cooperative sectors as non-private categories that also indicate the condition of employed persons in Iran.

Iran's public sector differs considerably from Southeast Asian countries in that she hires as many as 29% of employed persons in all industries including private sector throughout the country which is obviously the outcome of adopting policies such as nationalization of industry after the Iranian revolution. A look at component ratio of scale of employment among public sector industries reveals that state enterprises play important role in many industries such as manufacturing (523,000), mining (96,000), utilities (85,000), wholesale (70,000), petroleum and natural gas exploitation (70,000), construction (62,000) and agriculture (55,000). It is understandable that petroleum and textile have been nationalized as strategically important industries and the special circumstance of including repair and fuel in wholesale can be recognized.

In addition, there is state tobacco business which employs small number of people but is operated almost like monopoly by maintaining high share throughout the country and semi-monopoly business such as basic metal. State enterprises also hold

very high share in manufacturing machinery and equipment industry (54%) and exceed 50% in automobile industry as well.

Nationalization of state enterprises is being implemented from the viewpoint of emphasizing efficiency. However, it is necessary to briefly touch on the past trends.

Number of employed persons throughout Iran increased by 2.5 times from 5,908,000 in 1956 to 13,097,000 in 1991, although the rate of increase in private sector was slower at 1.6 times. However, public sector accelerated after entering the 1970s and doubled the number of workers during the 1960s and 1970s. Although the rate of increase slowed down after entering the 1980s, number of employed persons reached 4,346,000 in 1991 after increasing almost tenfold in thirty-some years and nearly doubling in the last 10 years. The impact of expanding state enterprises on national economy, particularly its contribution to creation of employment, was not small, although it has reached a point where its negative effect in the area of employment as a result of streamlining cannot be neglected.

Cooperative sector employs 56,000 persons which is extremely small compared to public sector. Its special situation, however, requires some explanation.

Cooperative sector is a strategic sector placed under the control of an independent ministry (Ministry of Cooperative). It is comprised of 48,000 cooperatives with total membership of 15 million. Its economic activities accounts for 20% of GNP and its activities cover areas such as agriculture, fisheries and forestry. As can be seen in the areas of industry participated by its employed persons, however, it is involved with a wide ranging variety of industries including agriculture and fisheries as well as manufacturing (e.g. textile, food processing, metal processing), plantation, construction, wholesale/retail and transport. The employees are working in connection with cooperative activities. Two to three-thousand people are being newly employed every year through expansion of business realized by loan from the government to enable this sector to contribute to creation of employment in its small way. Islamic cooperatives are based on the principle of social equality and support for low income persons. They are presently striving to break away from their small structure and increase their scale to membership of more than 500. A relatively large cooperative, like the cooperative of Iran's specialty pistachio, has a membership of 70,000.

On the other hand, 4,000 out of 48,000 associations are operating in the red, half of which are in regions that have been damaged by the Iraqi-Iranian War, which is being supported on the basis of sustainability.

While changes in composition of industry-wise structure among employed persons reflect aggregate power of labor force and their conditions that accompany changes in industrial structure, composition by occupation reflects the quality of such

labor force in a more direct manner. On the whole, the most common occupation among the entire employed population of 14,572,000 is agriculture-related professionals at 3,043,000 (21%), followed by 2,942,000 of engineers in the modern industry area and 1,303,000 mechanical transport workers. The latter two exceed agriculture-related professionals when combined.

Then there are high-level engineers comprised of experts and technicians, totaling 1,263,000 and 475,000 in number, respectively. Considering the high percentage of women in the former category indicates that it includes medical personnel and teachers while the overwhelming majority of men among the latter suggests that it includes industrial engineers. The number of high-level engineers including those in the managerial position has also increased to the extent of outnumbering technicians. Although these classifications are slightly different from their international and Japanese counterparts, they represent the status of labor distribution in Iran to some extent as classification of technical level.

As for regional distribution, these high-level engineers are highly concentrated in urban areas. Number of employed persons in rural areas accounts for 65% of that in urban areas, although the percentage drops to 11% when it is limited to high-level engineers.

By gender, considerable difference exists between men and women in terms of high-level engineer distribution even after considering the quality of industrial labor force. A comparison of rural/urban distribution among women reveals a contrast in which high-level engineers such as experts accounting for the majority in urban areas and agricultural experts and industrial laborers accounting for the greater part in rural areas. Regional characteristics are obvious in social advancement of women in Iran.

Labor participation rate of women is very low in Iran. However, the possibility of social advancement for women in not by any means small when seen in connection with migration. Many employment opportunities have existed for women in areas of low technical requirement such as farming in rural areas and textile industry in urban areas, and their percentage among employed persons has remained relatively high in reality.

The recent situation of female labor force shows that changes are taking place at accelerated speed. According to census data, the percentage of women in adult labor force has increased considerably from 18% in 1970 to 24% in 1995. By industry, percentage of women dropped sharply between 1970 and 1990 from 48% to 32% in agriculture and dropped slightly from 27% to 25% in manufacturing while rising sharply from 25% to 43% in service industry. This increase in percentage of women in service industry is consistent with the aforementioned rural-urban migration of women.

The most common occupation for women between 1992 and 1996 was teacher, followed by technician (33%). Technicians include medical personnel and teachers include those other than primary school teachers. Other common occupations, although considerably lower in percentage, were commerce and service (7%), clerk (5%), executive officer and management (4%). Their percentage in the government sector is still very low and has not exceeded 1% in sub-administrative position in 1995, and remains at 0% in administrative position ad overall government sector.

Despite the data indicating that 80% of university graduates are employed by the public sector, the reality is that the door has not been fully opened to women.

The qualitative aspect of labor has been discussed up to this point from the viewpoint of occupation. Another important aspect of labor quality is age; reaching a certain age is a requirement in empirical learning-oriented occupations while knowledge is a more important requirement than skill in modern industry-oriented occupations. While the details are discussed in the section on education, the percentage of students moving up to higher education increased for boys from 1.9% in 1986 to 4.0% in 1991 and to 5.6% in 1996. The percentage for girls also jumped at rather high speed from 1.2% to 4.3% during the same period.

These students belong to economically inactive population during their school years but will emerge as quality labor after school age. They will obviously be inclined to seeking employment in modern areas of the economy. When seen in terms of contrast between agriculture and industry, agriculture employs more people than industry on the whole. As seen in Table 4-8, however, industry exceeds agriculture by 10% in the young population aged 19 and under and by 26% among those aged between 20 and 29. It is after ages 40 and above that agriculture exceeds industry in number of employment. It illustrates that fact that advancement of young population is promoting changes in industrial structure.

In more detailed occupational areas such as R&D and computer, the percentage of young population is 86% for the former and 78% for the latter, far greater than the industrial average of 63%.

Table 4-1 Changes in economically active population

(unit: thousand persons)

	Total 1976	1986	1991	1996	Male 1976	1986	1991	1996	Female 1976	1986	1991	1996
Population aged 10 and above	23,002	32,874	38,655	45,401	11,796	16,841	19,997	23,002	11,206	16,003	18,658	22,379
Economically active population	9,798	12,820	14,737	16,027	8,347	11,512	13,107	13,990	1,449	1,307	1,630	2,037
Economically inactive population	8,799	11,002	13,097	14,572	7,587	10,026	11,865	12,806	1,212	975	1,231	1,765
Student	4,443	6,531	9,490	12,633	2,778	3,871	5,388	6,678	1,664	2,659	4,102	5,955
Household worker	7,707	11,170	12,095	13,193	-	159	216	120	7,707	11,011	11,879	13,073
Pensioners	667	563	454	1,298	427	428	390	935	240	135	64	362
Others	390	1,601	1,443	1,698	244	797	675	965	146	804	768	733

Table 4-2 Number of unemployed persons by period of unemployment

Age	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65 and above
Total	365,569	363,098	198,245	95,878	69,776	49,623	34,794	29,200	31,260	35,447	79,051
3 months or less	42,697	45,330	23,594	14,118	11,523	7,798	5,253	3,931	3,577	3,639	4,769
4 to 6 months	87,561	68,725	31,012	15,927	11,847	8,405	5,694	4,208	4,199	4,303	7,326
7 to 12 months	81,534	76,200	33,840	16,231	12,030	8,593	5,785	4,499	4,366	4,227	7,608
13 to 24 months	49,966	54,816	25,003	10,386	7,524	5,454	3,774	3,342	3,285	3,336	6,028
25 months or more	103,747	117,957	84,756	39,203	26,840	19,363	124,281	13,216	15,827	19,936	53,311

Table 4-3 Changes in number of pensioners

Year	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Retirement pension	82,562	87,454	95,228	102,966	115,324	141,920	158,754	170,455	198,522	241,499	267,527	290,831
Salaried worker pension	35,976	38,878	42,238	45,250	48,902	50,897	53,005	55,981	58,728	62,452	64,766	66,684
Survivor's pension	224,207	238,651	258,103	281,759	308,407	337,395	353,103	383,316	413,912	461,479	501,509	538,235
Total	342,745	364,983	395,669	429,975	471,824	530,212	564,862	609,752	671,162	765,430	833,802	895,750
Annual increase rate	6.45	6.49	8.41	8.67	9.73	12.37	6.54	7.95	10.07	14.04	8.93	7.43

Table 4-4 Changes in number of employed persons by industry

	Agriculture	Mining	Manufac-turing	Utilities	Construc-tion	Wholesale, retail, food	Transporta-tion	Financing and real estate	Public social service	Unknown	Total
1956	3,326	25	816	12	336	355	208	655	655	176	5,908
1966	3,380	26	1,298	53	510	553	224	934	934	139	7,116
1976	2,992	90	1,672	62	1,189	668	431	100	1,520	75	8,799
1986	3,191	32	1,451	91	1,206	875	631	114	3,050	360	11,002
1991	3,205	101	2,014	129	1,372	1,238	762	195	3,518	562	13,097

Table 4-5 Changes in number of employed persons by form of employment

	Employer	Self-employed	Employee	Family worker	Public sector	Unknown	Total	Private sector
								Total
1956	69	2,435	2,246	594	451	113	5,908	5,344
1966	153	2,659	2,636	701	663	47	7,116	6,148
1976	182	2,810	3,072	1,021	1,673	41	8,799	7,086
1986	341	4,390	1,875	484	3,453	458	11,002	7,090
1991	396	5,453	2,348	337	4,346	217	13,097	8,534

Table 4-6 Number of employed persons by industry, urban/rural and gender

		Agricul-ture	Fisheries	Mining	Manufac-turing	Utilities	Construc-tion	Com-merce and repair	Hotel construc-tion	Transpor-tation	Financing	Real estate	Public utility	Education
Nation wide	14,571,572	3,318,536	38,727,	119,884	2,551,962	150,631	1,650,481	1,842,289	84,778	972,792	152,872	149,090	1,618,100	1,041,056
Urban areas	8,799,42	443,414	17,350	89,891	1,685,595	122,756	1,038,325	1,577,933	69,643	724,757	143,147	131,057	1,214,119	867,570
Rural areas	7,808,032	422,843	17,230	85,673	1,495,236	117,691	1,027,620	1,545,687	67,445	710,070	129,745	119,745	1,124,324	445,641

Table 4-7 Status of migration (1986-96)

		Total	Settled	Urban	Rural	Migration within state	Urban	Rural	Migration between state	Urban	Rural	Overseas
Urban areas	Male	3,303,488	1,042,799	398,860	643,939	868,588	693,404	175,184	1,290,660	1,124,772	83,173	83,173
	Female	2,819,191	998,052	389,788	608,264	792,459	631,689	160,770	959,518	823,658	54,541	54,541
Rural areas	Male	1,505,526	580,052	231,565	348,487	361,358	296,200	65,158	497,055	427,269	59,553	59,553
	Female	1,090,569	567,850	209,147	358,703	284,091	228,091	56,695	192,688	148,422	41,064	41,064
Total		8,718,770	3,188,753	1,229,360	1,959,393	2,307,191	1,849,384	457,807	2,939,921	2,524,121	415,800	238,331

Source: Plan and Budget Organization, Statistical Center of Iran, Multi-Round Population Survey National Results

Table 4-8 Composition of employed persons by age

	Total	10-14	15-19	20-29	30-39	40-49	50-59	60-64	65 and up
All industries	14,571	364	1,181	4,149	3,972	2,473	1,272	544	705
Agriculture	3,318	100	295	669	603	494	451	280	422
Industry	2,551	113	342	843	674	350	148	40	37
Commerce	1,842	14	143	517	486	266	133	48	39
Education	1,041	0	2	328	394	254	45	6	4

Source: Plan and Budget Organization, Statistical Center of Iran, Multi-Round Population Survey National Results

2. Implementation and analysis of corporate survey

Three manufacturing factories (Companies A, B and C) in the State of Teheran were examined. Companies A and B were originally state-operated large companies but have become semi-governmental corporations through public offering of their stocks. Company C is a small-scale firm with a little more than 10 employees. A hearing survey based on question sheet was also conducted. Eighty-one and 73 replies were obtained from Company A and B, respectively. The 13 replies from Company C were used for reference purposes only in view of their sample size.

Major attributes of the respondents are shown in Table 4-9. Attentions must be given to the difference in educational attainments among three factories. If those graduated from secondary school and above are regarded as "the highly educated," then the percentage of the highly educated is highest in the automobile factory at 61.6% followed by the electric home appliance factory at 42.4%. The difference appears to be the result of different level of technical requirements between the two, which, as will be mentioned later, is creating different attitudes and behavior between the workers of these factories. Incidentally, Company C is manufacturing industrial machinery and should require the high-educated workers from technical standpoint. In reality, however, its percentage of the highly educated is only 15.4%. Considering the difference in basic monthly salary, the dual structure seems to emerge in connection with company scale and academic background.

Table 4-9 Attributes of respondents

	Age	Length of service (years)	Proportion of male workers	Basic monthly salary (1,000 rials)
Automobile	32.4 (7.5)	7.3 (7.3)	88.9%	612.2 (256.5)
Electric home appliance	42.6 (7.8)	18.9 (6.4)	89.6%	572.3 (223.5)
Small businesses	31.8 (6.3)	5.3 (5.9)	92.3%	376.2 (51.9)
Average	36.7 (9.1)	11.6 (8.9)	89.4%	571.0 (236.7)

Note) Figures in parentheses are standard deviations.

Marital status

	Single	Married	Divorced/bereaved	Separated	Total
Automobile manufacturer	18.8 (15)	81.3 (65)	0.0 (0)	0.0 (0)	100% (80)
Electric home appliance manufacturer	2.8 (2)	94.4 (67)	1.4 (1)	1.4 (1)	100% (71)
Small businesses	7.7 (1)	92.3 (12)	0.0 (0)	0.0 (0)	100% (13)
Average	11.0 (18)	87.8 (144)	0.6 (1)	0.6 (1)	100% (164)

Note) Figures in parentheses are number of samples. The same rule applies hereafter.

Academic background (respondents)

	No education	Primary school	Secondary school	High school	Vocational school	University	Graduate school	Total
Automobile	2.6 (2)	14.1 (11)	21.8 (17)	37.2 (29)	12.8 (10)	10.3 (8)	1.3 (1)	100% (78)
Electric	2.8 (2)	42.3 (30)	12.7 (9)	31.0 (22)	7.0 (5)	4.2 (3)	0.0 (0)	100% (71)
Small businesses	0.0 (0)	76.9 (10)	7.7 (1)	15.4 (2)	0.0 (0)	0.0 (0)	0.0 (0)	100% (13)
Average	2.5 (4)	31.5 (51)	16.7 (27)	32.7 (53)	9.3 (15)	6.8 (11)	(1)	100% (162)

Educational Attainments of Spouse

	No education	Primary school	Secondary school	High school	Vocational school	University	Graduate school	Total
Automobile	5.1 (3)	13.6 (8)	20.3 (12)	37.3 (22)	10.2 (6)	11.9 (7)	1.7 (1)	100% (59)
Electric	3.4 (2)	31.0 (18)	15.5 (9)	44.8 (26)	1.7 (1)	3.4 (2)	0.0 (0)	100% (58)
Small businesses	9.1 (1)	72.7 (8)	0.0 (0)	9.1 (1)	0.0 (0)	9.1 (1)	0.0 (0)	100% (11)
Average	4.9 (6)	26.2 (32)	16.4 (20)	37.7 (46)	5.7 (7)	8.2 (10)	0.0 (0)	100% (122)

As for educational attainments, workers' spouses also received lower levels in the small business (81.8%) while those in two large-scale companies had high educational attainments (61.1% and 49.9%, respectively). That percentage of highly educated spouses was greater in the automobile manufacturer where the percentage of workers with high educational background is large suggests that the dual structure in the labor market has been formed through the different levels of educational attainments caused by a different financial basis. This is overlapping with the dual structure of manufacturing industry based on scale.

(1) Labor management at factories

1) Company A: Automobile assembly plant

Established in 1966, Company A was initially assembling Jeep for an American company. This was followed by a joint venture with GM in 1970 which was later annulled by the revolution. Since then, it has been assembling Jeep and Land Rover by importing parts from Spain and entered a technical cooperation with Nissan in 1986. At present, 50% of the Jeep is produced domestically on an added value basis. Domestic production rate for the 4WD vehicle manufactured through tie-up with Nissan is 35% for the 4-door model and 60% for the 2-door model. However, the engine used in this vehicle is manufactured by Mitsubishi and Mahindra of India.

Company A has 2,300 employees, of which 825 are elementary school graduates (elder employees), 1,100 are high school graduates, 102 are vocational school graduates, 201 college graduates and 31 university graduates. The present minimum educational requirement for employment is high school or vocational school degree. Recruitment is done through the employment office of the Ministry of Labor. The recruits are officially hired after a 3-month probation (in accordance with the Labor Law). During this period, employment of 5 to 10% of the recruits is denied after examining their skill and attitudes towards work. Working hours consist of a shift plus 4 hours of overtime. Field workers rarely leave their jobs, mainly because of the present economic condition. However, resignation rate of engineers is about 2% a year.

As to the job rank of the manufacturing sector, about 1,000 workers are divided into groups consisting of 5 to 6 members with a group leader called "sarkar." There are also foremen who are in charge of supervising 5 to 6 groups. Foremen's responsibility is limited to supervision of labor regulations and does not include technical instruction or work efficiency management. The Industrial Engineering Section decides standardized operation time (tact time).

Labor incentive system generally consists of promotion, which is a long-term incentive, and remuneration, which is a short-term incentive. Higher-ranked personnel in the manufacturing process of Company A are supplemented through internal promotion. All sarkars are promoted from workmen within the plant and 95% of foremen are maintained internally. The ceiling for promotion of workmen is foreman and other job ranks are brought in from other markets. Workmen are also divided into ranks. For instance, welders are divided into 5 ranks and 3 to 5 years are needed before moving up to the next rank. However, wage difference is not significant, as the base salary for top-rank workmen is only 30% higher than that of the bottom-rank workmen. As will be discussed later, workers' skill is the main criteria for promotion. Workmen are evaluated every month by sarkers on 12 points in the scale of 1 to 5. Eighty percent of evaluated items are related to skills and 20% to working regulations. Meanwhile, foremen evaluate sarkars on 17 points. Evaluation results are notified to the workers to rouse their motivation towards their work. Grievances regarding evaluation are accepted but only 3 complaints were received last year. Production bonus is one of the short-term incentives but does not appear to be effective in providing incentive to individual workers as it is paid almost impartially to all employees. Raise in salary resulting from promotion is therefore at the core of the labor incentive system. However, this is a matter of course considering the nature of work process in automobile manufacturing and similar work incentive mechanisms have also been adopted in automobile manufacturing industry of other countries.

Skill formation of the workers relies on the mobile training system implemented by the Ministry of Labor. The training consists of 3-month and 6-month courses in which 2 to 3 classes are offered every week. A diploma is issued upon completion of the training. This diploma will be the basis for promotion and is deemed valid at other business establishments. Thus the groups are not functioning in the same manner as Toyota's QC Circle and skill formation of the workers is sought not through OJT but through off-JT. This form of labor management was allegedly established during the period of joint venture with GM. Attention must be given to the fact that the Ministry of Labor is intervening in the promotion process. Articles 48 and 49 of the Labor Law respectively provide that, "To prevent exploitation of labor, the Ministry of Labor shall prepare and implement the Job Classification and Assessment Scheme in accordance with the national level job standard and general practice at workplace," and that, "Employer must prepare the Job Classification Scheme with approval of the Ministry of Labor and under cooperation with the Job Classification Committee of the company for the purpose of building proper relationship between workplace and labor market with regard to wages and to clarify

the content of each job at each workplace." In addition, they provide that, "Working ability of employees offered under this scheme shall require confirmation from the Ministry of Labor," signifying that, in Iran, the government is intervening in labor management strategy, which is generally left to the discretion of the management under free economic system.

The following discussion with the management is suggestive in understanding the present situation of skill formation in Iranian companies. In response to our explanation about OJT within QC circles in the Japanese automobile manufacturing industry, the management argued that skill formation is not possible without technical training in terms of off-JT, and that skill formation used as criteria for promotion is difficult to be evaluated in the Japanese OJT system. In addition, we explained that efficient operation of the organization through small group activities is realized in Japan by overlapping the work of group members instead of relying on individual skills. Unfortunately, we were not able to get our point across.

This story implies how the term "skill" is interpreted at Company A. As far as the management at Company A is concerned, skill can only be embodied to workers individually, not by the members of a small group formed to realize efficient operation at production site that is known as the Toyota system, for instance. As a result, emphasis is placed on off-JT by the Ministry of Labor's training center instead of OJT. This coincides with the fact that the main point of forming teams at Company A lies in supervision of workmen by sarkars and that they are not required to play the role of technical formation and reduction of standard working hours. Overseas training groups sent to Nissan consisted only of engineers whose purpose was to master individual skills and no workmen would be sent to such training. The response to a question about skill formation being placed under the responsibility of the Ministry of Labor's Vocational Training Center was that, "Teachers at the Ministry of Labor's Vocational Training Center are at the highest technical level and technical formation cannot be realized without their guidance." What this suggests is that factory management still lacks the ability to train workers within the factory through OJT..

Nevertheless, this does not mean that labor management at Company A has become inefficient under the existing environment in Iran. The company is able to avoid international competition through protective tariff. It is also natural that inducement towards seeking efficiency in organizational management does not become strong under the present condition in which the factory is producing only limited number of models. It must also be pointed out that the level of freedom for labor management policy for companies has become restricted owing to the intervention by the Ministry of Labor on labor management from job classification to

wage level and skill formation. That does not necessarily mean that there is no room for efforts on the part of the management under these circumstances. The next example contrasts sharply with Company A in this regard.

2) Company B: Electric appliance factory

Founded in 1963, this factory is performing CDK(completely knocked down) by receiving parts supply mainly from German companies. It manufactures 700,000 TV sets a year and has 50% share in the domestic market. In addition, it manufactures 100,000 computer monitors and 500,000 cassette decks a year. The products are exported in small quantities to Africa and CIS. The Ministry of Labor and the Ministry of Industry commended this company in 1998 for being the most efficient company the State of Teheran. This system, which was launched in the same year, should be noted as a sign indicating a switchover in government policy to place more emphasis on production efficiency than on creation of employment.

Methods of recruitment and minimum educational requirement are same as those at Company A. The majority of new recruits are employed after a 3-month trial period. Absence rate is low, although 1% of the workers are assigned as reserve workers in case of labor shortage. While multipotent workers are trained in economies where labor cost is high, reserve workers are often secured in developing economies where capital cost is relatively higher than labor cost. Since workers commute from their homes in the suburb, the company has contracted 120 buses to offer them the means of transportation.

As for the quality of employees, the management has said that, "There is no problem with the quality of our employees. We can secure high quality engineers in particular." As mentioned in the section of this report on education, education system in Iran is considerably well equipped compared to countries at similar levels of development with Iran. In particular, Iran, which places science and technology at the center of university education, does not seem to have serious with regard to the supply of engineers.

This factory has cut back on the number of its employees from 3,000 to 1,400 in 1995. According to the management, the reasons for this cutback include: 1) automation of TV board manufacturing; 2) suspension of manufacturing black and white TV; and 3) over-employment due to continuation of policies giving priority to securing employment than productivity or profit. No confusion was created at the time of layoff as voluntary retirees were invited by offering retirement compensation equal to monthly salary times the service years multiplied by 3. While no clear provision exists in the Labor Law with regard to such situation, it appears that the amount was obtained by using Article 32, which provides that the amount equal to the amount of monthly salary multiplied by 2 times the service years shall be paid when

employment contract is annulled due to physical problems of a worker (it only states "two months' wages" and it is uncertain whether the amount refers to base pay or to the amount including various benefits), as the basis and adding extra allowance on top of it. For instance, a worker that had been with the company for 20 years would have received 60 months' worth of salary as retirement allowance. However, this means that the company would incur enormous cost for dismissing its employees under the existing Labor Law and that it would be accompanied by difficulty in employment adjustment. Incidentally, additional retirement allowance is paid from the social security system (Article 31, Labor Law).

The management also has mentioned that layoff is practically impossible in Iran. For this reason, this company now accepted 600 workers from 2 temporary employment agencies after the personnel cut for performing employment adjustment in response to economic fluctuations. In other words, the company designated a little less than 30% of its workers in the manufacturing process for the purpose of employment adjustment. While the company is responsible for labor management of dispatched workers, their salaries are paid to the temporary employment agencies. All the company has to do is notify one month in advance when cutting down on its personnel. This manner in which Company B is dealing with economic fluctuations stands in contrast with that practiced by Company A. It is said that government intervention in labor management and protection from market competition are causing rigidity of management among Iranian companies. However, emergence of efficiency-oriented companies such as Company B deserves special mention. Considering the fact that employment adjustment of regularly employed workers is difficult because of the Labor Act and the unemployment rate is high, a flexible form of employment using temporary employment agencies may spread in Iran in the future.

Let us examine the labor management at Company B by limiting the scope to manufacturing process. The process is comprised of 30 foremen, 50 sarkars, 1,280 regular workmen and 600 temporary workers. A sarkar is assigned to production line and a foreman is assigned to every 3 production lines. As for promotion, almost everyone up to the Director of Manufacturing reached his or her current position through internal promotion. While this company has same policy as Company A in that skill acquisition is an important criterion for promotion, Company B built its own training center 3 years ago, which, along with Administration Section, makes decisions regarding job classification and its content. This is another indication of the company's effort to become independent from government control. Foreman earns about 3 times more than workmen in base salary but the difference becomes smaller due to numerous allowances. Nevertheless, promotion is deemed to have sufficient

wage difference to rouse labor incentive. There are 15 directors at Manufacturing Section who are part of the management. Forty percent of workers in the Manufacturing Section are women and most of them are married. Although women account for extremely small percentage of the labor force in Islamic countries for religious reasons, social advancement of women can be witness at least at this factory.

Production and quality control bonuses are (short-term) labor incentives offered aside from promotion. As for the former, there is a lamp display of the number of units produced at the factory and bonus is paid to the employees every month when the target is exceeded. Quality control bonus is paid every month to individual employees that made fewer errors. However, piece rates are not adopted due to the mode of production technology.

In contrast to Company A, Company B is making managerial efforts to improve production efficiency and its management as expressed an intention of introducing an improvement system. However, the company has only 3 QC circles and working hours are decided by the Industrial Engineering Section. The standard hours decided by this section are readjusted about 3 weeks after it is introduced and will not be changed thereafter. The company has not reached the stage of realizing reduction of standard working hours through small group activities nor efficient line management through introduction of multipotent workers. This factory is making attempts to increase the workers' commitment towards the company by holding sports meetings on "Women's Day" which was started in 1998 and organizing company trips by inviting approximately 400 employees every year.

3) Company C: Small industrial machinery manufacturer

This company was established in 1980 and was manufacturing gearboxes. Then it relocated the gearbox production to a separate place after the industrial machinery (lathe) it produced won the third prize at an exhibition in 1993 and started manufacturing industrial machinery at a factory in Teheran. The company currently has a total of 13 employees consisting of 3 vocational school graduates, 8 secondary school graduates and 2 primary school graduates. Their educational background is limited compared to the 2 large companies mentioned above. The company also hires university graduate experts on a temporary basis to perform work such as design and technical guidance.

Recruiting is done through recommendations of other companies in the same trade. Many people apply when a vacancy is announced, but 2 to 3 months are sometimes required before the decision to hire a person is made because few of them are equipped with proper skills. No employee has left the company in the past 5 years. The company pays enough salary to buy a house (a house with space of about $100m^2$

and costs about 80 million rials) after working for the company for 2 to 3 years. The company lends two-thirds of the housing cost upon its purchase and 9 employees are currently taking advantage of this system.

As for the salary, base salary is 380,000 rials for secondary school graduates and about 650,000 rials for engineers. The amounts increase to 600,000 rials and 1 million rials, respectively, after adding numerous allowances. Incidentally, legal minimum wage is 310,000 per month. The management decides pay raise after considering the workers' skills and behavior. In addition, allowance is given to about 2 productive workers every month based on the evaluation by senior worker at the workplace. A bonus equivalent to two months' salary is also paid.

The response to a question about measures that are taken to raise the morale among employees was that the management was working on increasing the commitment of the employees by always attending all ceremonial occasions. As in any society, labor management at small businesses relies on intimate relationship.

The company dismissed 2 employees in the last 5 years; one for not being punctual and the other for rough handling of machinery. Severance pay equal to the salary times the service years multiplied by 2 was paid in such cases.

4) A conclusion

Although the samples were limited, the following points can be made with regard to the relationship between the labor market and factory labor management in Iran.

Cost of dismissal is extremely high under the framework of the existing Labor Law. A provision concerning layoff does exist in the Labor Law but it is difficult to introduce the system in reality. Workers are reluctant about voluntarily leaving their jobs because retirement compensation is not paid when a worker resigns for reasons of his own. When asked about the possibility of finding a job having the same working conditions as the current job, 55.9% of the respondents said that it would be difficult to find such a job (Table 4-10). Workers themselves are fully aware of the present condition of the labor market and therefore the resignation rate does not increase. In response to a question about intention to quit, 79.1% expressed their intention of staying with the current company (Table 4-11). For this reason, workers are regarded as 'stock' rather than 'flow' at companies once they are hired. Over-employment within the company also lowering the financial strengths of companies. In particular, sharp drop in corporate profit during the recession period shall be regarded as a problem. Nevertheless, 53.8% of the respondents at Company C where salary level is low said that they could somehow find an alternative employment opportunity even though it would not be easy, while 38.5% said that they would

switch to another job in the future. In other words, there is a dual structure of labor market existing.

Table 4-10 What do you think about the possibility of finding a job?

	a	b	c	Total
Automobile manufacturer	57.1 (40)	27.1 (19)	15.7 (11)	100% (70)
Home electric appliance manufacturer	60.0 (36)	25.0 (15)	15.0 (9)	100% (60)
Small business	30.8 (4)	53.8 (7)	15.4 (2)	100% (13)
Average	55.9 (80)	28.7 (41)	15.4 (22)	100%

a. It is totally impossible to find such work these days.
b. It is difficult, but it should be possible to find such work before too soon.
c. It should be possible to find such work without much difficulty.

Table 4-11 What do you think about leaving this company?

	a	b	c	Total
Automobile manufacturer	82.9 (63)	13.2 (10)	3.9 (3)	100% (76)
Home electric appliance manufacturer	81.3 (52)	12.5 (8)	6.3 (4)	100% (64)
Small business	46.2 (6)	38.5 (5)	0.0 (0)	100% (13)
Average	79.1 (121)	15.0 (23)	4.6 (7)	100% (153)

a. Intend to continue working for this company in consideration of future.
b. Not necessarily looking for new jobs but intend to switch to a new job in the future.
c. Seriously considering leaving the company.

If Iran is to move ahead with economic opening policy, it would be necessary to establish a system that would enable employment adjustment and immobilization of laborers for manufacturing factories. Although temporary employment agencies will be playing that role for the time being, the issue would be the amount of strength companies that are already experiencing overemployment have to adopt the same strategy as Company B since the payment of retirement compensation would be the bottleneck.

The raison d'être of the Ministry of Labor's vocational training centers would be recognized in stages where not much emphasis is placed on company-specific skills. Involvement of the Ministry of Labor in job classification and compensation for each classification may have been an effective means for realizing the ideal of the Islamic revolution and securing employment. However, this system has a risk of hindering development of technology unique to a company and efficient labor management when economic opening advances and the companies are faced with competitive market. Even if the market is opened further under the Khatami administration (which is probably inevitable considering the present macroeconomic environments), it would not be able to demonstrate its anticipated effect without reforming the system concerning the labor market. It requires changes in various

systems that had been built based on the spirit of Islamic revolution that would most likely be met by strong resistance within the country.

Table 4-12 Aspiration to work abroad to earn high income

	Strongly Yes	Yes	Not so much	Not at all	Total
Automobile manufacturer	19.2 (15)	23.1 (18)	11.5 (9)	46.2 (36)	100% (78)
Home electric appliance manufacturer	20.6 (14)	36.8 (25)	2.9 (2)	39.7 (27)	100% (68)
Small business	0.0 (0)	61.5 (8)	7.7 (1)	30.8 (4)	100% (13)
Average	18.2 (29)	32.1 (51)	7.5 (12)	42.1 (67)	100% (159)

However, the difficulty of maintaining the existing system is clear unless global petroleum market prices take a favorable turn. Intentions to work abroad is very strong as indicated by the fact that a total of 50.3% of sample workers show aspiration to do so (Table 4-12). Considering this fact, strengthening the international competitiveness of domestic manufacturing industry in Iran would become an issue that cannot be solved without support from outside of the country.

(2) Results of hearing survey: factor analysis

In this section, analysis based on industrial-organizational psychology will be conducted on the results obtained from the blue-color workers in the automobile manufacturer and household electric appliance manufacturer. The core interest of industrial psychology lies in identifying the occupational attitudes and their effects on occupational behavior. The management has to foster and manipulate workers' attitudes in various ways to obtain anticipated occupational behavior.

First, the 3 factors (with eigen value of 1 or higher) shown on Table 4-13 was obtained by processing the response to 10 questions concerning occupational attitudes through factor analysis (Varimax rotation/alpha factor method). The first factor centering on mutual trust with the management is named the factor of administrative commitment. The second represents commitment to the organization itself, known as organizational commitment. Meanwhile, the third factor represents the response to the working conditions provided by the organization such as wage and secured employment, which is referred to as job satisfaction factor.

Table 4-13 Results of factor analysis on occupational attitudes

	Administrative Commitment (AC)	Organizational Commitment (OC)	Job satisfaction (JS)	Communality
Superior gives advice about problems at work.	0.761			0.342
Superior is trustworthy.	0.738			0.333
The management is trustworthy.	0.684			0.203
Company treats me fairly.	0.669			0.540
I am proud to be an employee of this company.		0.617		0.524
Workers are cooperative about work.		0.604		0.644
Company really cares about its employees.	0.418	0.581		0.620
I am attached to this company.		0.428		0.480
Wage level is adequate.			0.683	0.413
Employment is guaranteed.			0.585	0.263
Eigen value	4.02	1.65	1.33	
Variance	32.0	10.7	7.3	

Table 4-14 Results of factor analysis on occupational behavior

	Morale (Mo)	Job ithdrawal (JW)	Commonalty
Want to do more responsible job.	0.645		0.255
Trying to work harder than fellow workers.	0.621		0.319
Want to work harder than fellow workers to earn higher wages and positions.	0.601		0.248
Want to get promoted.	0.572		0.303
Want to get far in the society by working as hard as I can.	0.545		0.373
Lost passion for the work at this company.		0.600	0.251
Occasionally lose the desire to work.		0.590	0.310
Feel frustrated while at work.		0.563	0.338
Eigen Value	2.81	1.81	
Variance	24.3	13.3	

Two factors shown in Table 4-14 were obtained after processing the 9 factors concerning occupational behavior. The first factor represents morale (career orientation). In contrast, the second factor represents job withdrawal which is a state lacking the enthusiasm towards work, that is, neglect behavior. Attention must be given to the fact that two factors are detected as independent will having no correlation. In other words, having little morale does not signify strong tendency of job withdrawal. The most ideal state for the management is to have workers that have strong morale towards their work and low tendency for job withdrawal. Conversely, what they should avoid by all means is to hire workers that have little morale and strong tendency for job withdrawal.

(3) Occupational behavior: work-related attitudes and turnover intention

The relationship of the two occupational behaviors (turnover intention and willingness towards work) with occupational attitudes will be discussed in this section.

Turnover intention is shown in Table 4-15. Nearly 80% of the workers indicated strong intention to stay with the current enterprises. However, intentions increase at small business as the percentage drops to 50%. Perceptions toward alternative employment opportunities with similar working conditions correspond with the present situation in which unemployment has become an issue (Table 4-16). However, workers at small business were optimistic about the existence of alternative employment opportunities.

Table 4-15 What do you think about leaving this company?

	a	b	c	Total
Automobile manufacturer	82.9 (63)	13.2 (10)	3.9 (3)	100% (76)
Home electric appliance manufacturer	81.3 (52)	12.5 (8)	6.3 (4)	100% (64)
Small business	54.5 (6)	45.5 (5)	0.0 (0)	100% (13)
Average	79.1 (121)	15.0 (23)	4.6 (7)	100% (153)

a. Intend to continue working for this company in consideration of future.
b. Not necessarily looking for new jobs but intend to switch to a new job in the future.
c. Seriously considering leaving the company.

Table 4-16 What do you think about the possibility of finding a job offering same conditions as your current job?

	a	b	c	Total
Automobile manufacturer	57.1 (40)	27.1 (19)	15.7 (11)	100% (70)
Home electric appliance manufacturer	60.0 (36)	25.0 (15)	15.0 (9)	100% (60)
Small business	30.8 (4)	53.8 (7)	15.4 (2)	100% (13)
Average	55.9 (80)	28.7 (41)	15.4 (22)	100%

a. It is totally impossible to find such work these days.
b. It is difficult, but it should be possible to find such work before too soon.
c. It should be possible to find such work without much difficulty.

The turnover function is shown in (for large companies only) Table 4-17. Organizational commitment is the most significant attitude that explains turnover intentions. Workers' identification with their organization is lowering the intention of resignation. In addition, turnover intentions are is low when workers feel that alternative employment opportunities do no exist. Attention must also be given to the fact that job satisfaction is not affecting the intention. The fact that job satisfaction is not associated with turnover intentions indicates the fact that workers have strong the idea of taking root in current workplace considering high unemployment rate in the economy.

Table 17 Resignation function

Turnover Intention = 2.17 – 0.01(administrative commitment) –
(-0.21)

0.20 (organizational commitment) +0.09 (job satisfaction)
(-3.78)*** (1.49)

- 0.14 (alternative employment opportunities) – 0.16D
(-2.46)** (-1.83)+

R2 = 0.17, F = 3.46 ****
***<1.0%, **<2.5%, *<5%, +<10%
Figures in parentheses are t values. D indicates company dummy

Moral function is shown in Table 4-18. Organizational commitment is the only significant factor. An incentive system must be in place to effectively motivate workers. We asked the following 3 questions to find out how the workers recognize the incentive systems of their companies. As will be clear from the comparison of Table 4-19 and Table 4-20, workers recognize that "acquiring skills" is a better way than "working hard" for realizing promotion. Furthermore, more than half of the workers at large companies do not agree that "working hard" will lead to promotion. This fact suggests that the labor management strategies of the companies emphasis on skill, which also became clear from the interview with the management, is being accepted by the workers as well. Similarly, "working hard" is not recognized as a factor in raising their salary (Table 4-21).

Table 4-18 Career orientation function

Career orientation = 0.59 + 0.06 (administrative commitment)
(0.71)

- 0.01 (organizational commitment) +0.01 (job satisfaction)
(5.31)*** (-0.09)

-0.04 (alternative employment opportunities) + 0.17D
(-0.46) (1.21)

R2 = 0.21, F = 5.41***
*<1.0%, **<2.5%, *<5%, +<10%
Figures in parentheses are t values D indicates company dummy

Table 4-19 Acquiring skills at this factory will lead to promotion

	Strongly applies	Applies	Does not apply	Does not apply at all	Total
Automobile manufacturer	44.6 (33)	31.1 (23)	13.5 (10)	10.8 (8)	100% (74)
Home electric appliance manufacturer	40.3 (25)	37.1 (23)	11.3 (7)	11.3 (7)	100% (62)
Small business	0.0 (0)	84.6 (11)	15.4 (2)	0.0 (0)	100% (13)
Average	38.9 (58)	38.3 (57)	12.8 (19)	10.1 (15)	100% (149)

Table 4-20 Working hard at this factory will lead to promotion

	Strongly applies	Applies	Does not apply	Does not apply at all	Total
Automobile manufacturer	7.7 (6)	33.3 (26)	30.8 (24)	28.2 (22)	100% (78)
Home electric appliance manufacturer	10.4 (7)	32.8 (22)	26.9 (18)	29.9 (20)	100% (67)
Small business	7.7 (1)	76.9 (10)	15.4 (2)	0.0 (0)	100% (13)
Average	8.9 (14)	36.7 (58)	27.8 (44)	26.6 (42)	100% (158)

Table 4-21 Working hard at this factory will lead to raise in salary

	Strongly applies	Applies	Does not apply	Does not apply at all	Total
Automobile manufacturer	12.3 (10)	27.2 (22)	27.2 (22)	33.3 (27)	100% (81)
Home electric appliance manufacturer	8.5 (6)	38.0 (27)	21.1 (15)	32.4 (23)	100% (71)
Small business	18.2 (2)	54.5 (6)	27.3 (3)	0.0 (0)	100% (11)
Average	11.0 (18)	33.7 (55)	24.5 (40)	30.7 (50)	100% (163)

Table 4-22 I am properly evaluated at this company

	Strongly Yes	Yes	Not Much	Not at all	Total
Automobile manufacturer	12.5 (10)	35.0 (28)	27.5 (22)	25.0 (20)	100% (80)
Electric appliance manufacturer	8.2 (6)	37.0 (27)	20.5 (15)	34.2 (25)	100% (73)
Small business	15.4 (2)	46.2 (6)	30.8 (4)	7.7 (1)	100% (13)
Average	10.8 (18)	36.7 (61)	24.7 (41)	27.7 (46)	100% (166)

The next question is how workers recognize the causal relationship between work efforts and remuneration, and then how the relations affect the link between occupational attitudes and behavior? Let us examine the relationship at these two companies separately in view of the difference in content of technology. Recognition of connection between acquiring of skills/workload and remuneration enhance attitudes towards the organization positively. However, such recognition of relationship is also increasing organizational commitment at the automobile manufacturer while such relationship was not detected at the home electric appliance manufacturer. At the automobile manufacturer, all the attitudes including

administrative commitment, organizational commitment and job satisfaction have been increased when the workers feel that they are "being properly evaluated (Table 4-22)." Meanwhile, it is not increasing organizational commitment at the home electric appliance manufacturer and is strongly linked to job satisfaction instead.

Considering the different technical system, promotion occurs frequently at automobile manufacturer as can be inferred from the fact that workmen are divided into several ranks. In contrast, promotion cannot be used as work incentive at home electric appliance manufacturer as the number of job ranks is limited to workmen, sarkar and line foremen. This has resulted in a contrasting relationship shown in Table 4-23. For this reason, the company is taking the strategy of increasing the organizational commitment of the employees by fringe benefits, such as holding sports meetings.

Table 4-23 Recognition of incentive system and occupational attitudes/behavior

	Occupational attitude			occupational behavior	
	Administrative Commitment	Organizational Commitment	Job Satisfaction	Morale	Job With-drawal
Automobile manufacturer					
1 Proper evaluation	0.34***	0.29**	0.19+	0.14	-0.10
2 Acquisition of skills	0.21+	0.15	0.06	0.18	-0.16
3 Work → promotion	0.34***	0.24**	0.38***	0.06	-0.12
4 Work → wages	0.21+	0.50***	0.27**	0.28**	-0.03
Home electric appliance manufacturer					
1 Proper evaluation	0.24+	0.09	0.36**	-0.14	-0.36**
2 Acquisition of skills	0.44***	0.20	-0.08	0.27+	-0.39***
3 Work → promotion	0.36**	0.10	0.37**	0.05	-0.16
4 Work → wages	0.41***	0.15	0.23+	0.05	-0.07

Table 4-24 Job withdrawal function

Job withdrawal = 0.28 + 0.37 (administrative commitment)
(-4.53)***

– 0.19 (organizational commitment) +0.11 (job satisfaction)
(-2.11)** (-1.21)

+0.18 (alternative employment opportunities) + 0.03D
(1.82) (-1.57)

R2 = 0.21 F = 6.63***
***<1.0%, **<2.5%, *<5%, +<10%
Figures in parentheses are t values. D indicates company dummy

Job withdrawal function is show in Table 4-24. In contrast to the fact that organizational commitment was the occupational attitude that explains turnover intentions and career orientation, administrative commitment is involved in job withdrawal, indicating that job withdrawal occurs when the trusting relationship with the management and superior is damaged.

Table 4-25 Mean value of factor points

	Occupational attitude			Occupational behavior	
	Administrative Commitment	Organizational Commitment	Job Satisfaction	Morale	Job Withdrawal
Automobile manufacturer	-0.036	-0.278	0.043	0.121	0.064
Electric appliance manufacturer	0.106	0.448	-0.196	0.230	-0.037
Small business	0.440	0.011	1.250	-0.935	-0.612

Lastly, mean values of factor points for each company are shown in Table 4-25. Compared to automobile manufacturer, the workers of the home electric appliance manufacturer show more favorable values in both occupational attitudes and behavior. This can be interpreted as the result of efforts made at home electric appliance manufacturer to create desirable occupational attitude to induce favorable occupational behavior.

Appendix: Partial Results of Questionnaire Survey

Q1: Gender

	Male	Female	Total
Automobile	88.9 (72)	11.1 (9)	100% (81)
Electric	90.5 (65)	9.7 (7)	100% (67)
Small-scale	92.3 (12)	7.7 (1)	100% (72)
Average	89.4 (149)	10.6 (17)	100% (166)

Q3: Marital Status

	Single	Married	Widow/ divorced	Separate	Total
Automobile	18.8 (15)	81.3 (65)	0.0 (0)	0.0 (0)	100% (80)
Electric	2.8 (2)	94.4 (67)	1.4 (1)	1.4 (1)	100% (71)
Small-scale	7.7 (1)	92.3 (12)	0.0 (0)	0.0 (0)	100% (13)
Average	11.0 (18)	87.8 (144)	(1)	(1)	100% (164)

Q5: Level of education attainment (graduation level).
About yourself

	No education	Primary School	Junior High	Senior High	Vocation-al School	Univer-sity	Graduate Course	Total
Automobile	2.6(2)	14.1(11)	21.8(17)	37.2(29)	12.8(10)	10.3(8)	1.3(1)	100%(78)
Electric	2.8(2)	42.3(30)	12.7(9)	31.0(22)	7.0(5)	4.2(3)	0.0(0)	100%(71)
Small-scale	0.0 (0)	76.9(10)	7.7(1)	15.4(2)	0.0(0)	0.0(0)	0.0(0)	100%(13)
Average	2.5(4)	31.5(51)	16.7(27)	32.7(53)	9.3(15)	6.8(11)	(1)	100%(162)

Q6: Level of education attainment (graduation level).
About your father

	No education	Primary School	Junior High	Senior High	Vocation-al School	Univer-sity	Graduate Course	Total
Automobile	30.0(18)	41.7(25)	11.7(7)	11.7(7)	1.7(1)	1.7(1)	1.7(1)	100%(60)
Electric	30.0(18)	41.7(25)	8.5(4)	4.3(2)	0.0(0)	2.1(1)	0.0(0)	100%(47)
Small-scale	46.2(6)	38.5(5)	15.4(2)	0.0(0)	0.0(0)	0.0(0)	0.0(0)	100%(13)
Average	35.8(43)	42.5(51)	10.8(13)	7.5(9)	(1)	1.7(2)	(1)	100%(120)

Q7: Level of education attainment (graduation level).
About your Mother

	No education	Primary School	Junior High	Senior High	University	Total
Automobile	36.2(21)	44.8(26)	10.3(6)	6.9(4)	1.7(1)	100%(58)
Electric	46.7(21)	46.7(21)	2.2(1)	4.4(2)	0.0(0)	100%(45)
Small-scale	76.9(10)	7.7(1)	7.7(1)	7.7(1)	0.0(0)	100%(13)
Average	44.8(52)	41.4(48)	6.9(8)	6.0(7)	(1)	100%(116)

Q8: Level of education attainment (graduation level).
About your spouse

	No education	Primary School	Junior High	Senior High	Vocation-al School	Univer-sity	Graduate Course	Total
Automobile	5.1(3)	13.6(8)	20.3(12)	37.3(22)	10.2(6)	11.9(7)	1.7(1)	100%(59)
Electric	3.4(2)	31.0(18)	15.5(9)	44.8(26)	1.7(1)	3.4(2)	0.0(0)	100%(58)
Small-scale	9.1(1)	72.7(8)	0.0(0)	9.1(1)	0.0(0)	9.1(1)	0.0(0)	100%(11)
Average	4.9(6)	26.2(32)	16.4(20)	37.7(46)	5.7(7)	8.2(10)	0.0(0)	100%(122)

Q10: How did you find your present job?

	Friends	Relatives	Parents	Advertisement	Teacher	School	Total
Automobile	42.4(28)	28.8(19)	6.1(4)	16.7(11)	3.0(2)	3.0(2)	100%(66)
Electric	50.9(28)	30.9(17)	1.8(1)	14.5(8)	0.0(0)	1.8(1)	100%(55)
Small-scale	53.8(7)	46.2(6)	0.0(0)	0.0(0)	0.0(0)	0.0(0)	100%(13)
Average	47.0(63)	31.3(42)	3.7(5)	14.2(19)	1.5(2)	2.2(3)	100%(134)

Q11: What is your present working position?

	Floor worker	Group leader	Line leader	Mechanics	White-color	Other	Total
Automobile	31.4(22)	2.9(2)	4.3(3)	1.4(1)	50.0(35)	10.0(7)	100%(70)
Electric	41.5(22)	9.4(5)	3.8(2)	3.8 (2)	24.5(13)	17.0(9)	100%(53)
Small-scale	46.2 (6)	30.8 (4)	7.7 (1)	0.0 (0)	15.4 (2)	0.0 (0)	100% (13)
Average	36.8(50)	8.1(11)	4.4(6)	2.2(3)	36.8(50)	11.8(16)	100%(136)

Q12: Have you promoted in this company?

	Yes	No		Total
Automobile	52.6(40)	47.4(36)		100%(76)
Electric	66.7(40)	31.7(19)	1.7(1)	100%(60)
Small-scale	61.5(8)	38.5(5)		100%(13)
Average	59.1(88)	40.3(60)	(1)	100%(149)

Q13: Did you work for other company before working this company?

	Yes	No	Total
Automobile	59.3(48)	40.7(33)	100%(81)
Electric	37.5(25)	62.1(41)	100%(66)
Small-scale	81.8(9)	18.2(2)	100%(11)
Average	51.9(82)	48.1(76)	100%(158)

Q15: What do you think of working women outside their home?

	a	B	c	d	Total
Automobile	45.6(31)	13.2(9)	29.4(20)	11.8(8)	100% (68)
Electric	42.9(27)	9.5(6)	28.6(18)	19.0(12)	100%(63)
Small-scale	76.9(10)	15.4(2)	7.7(1)	0.0(0)	100%(13)
Average	47.2(68)	11.8(17)	27.1(39)	13.9(20)	100%(144)

a: Women should engage in domestic work only.
b: It would be better for women to work outside home before marriage. After marriage they should stay at home and do domestic work only.
c: Working women should quit their job when they have children, and then return to work after the children have grown up.
d: Women should keep their jobs irrespective to their marriage.

Q16: I want to achieve high social status through hard work.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	62.0 (49)	35.4 (28)	1.3 (1)	1.3 (1)	100% (79)
Electric	57.1 (40)	37.1 (26)	5.7 (4)	0.0 (0)	100% (70)
Small-scale	30.8 (4)	53.8 (7)	7.7 (1)	7.7 (1)	100% (13)
Average	57.4 (93)	37.7 (61)	3.7 (6)	1.2 (2)	100% (162)

Q17: It is interesting to master skills in this company.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	57.0 (45)	30.4 (24)	8.9 (7)	3.8 (3)	100% (79)
Electric	59.2 (42)	33.8 (24)	4.2 (3)	2.8 (2)	100% (71)
Small-scale	38.5 (5)	30.8 (4)	30.8 (4)	0.0 (0)	100% (13)
Average	56.4 (92)	31.9 (52)	8.6 (14)	3.1 (5)	100% (163)

Q18: I am properly evaluated in this company.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	12.5 (10)	35.0 (28)	27.5 (22)	25.0 (20)	100% (80)
Electric	8.2 (6)	37.0 (27)	20.5 (15)	34.2 (25)	100% (73)
Small-scale	15.4 (2)	46.2 (6)	30.8 (4)	7.7 (1)	100% (13)
Average	10.8 (18)	36.7 (61)	24.7 (41)	27.7 (46)	100% (166)

Q19: I am proud of being a worker of this company.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	32.1 (26)	49.4 (40)	12.3 (10)	6.2 (5)	100% (81)
Electric	39.7 (29)	45.2(33)	12.3 (9)	2.7 (2)	100% (73)
Small-scale	7.7 (1)	84.6 (11)	7.7 (1)	0.0 (0)	100% (13)
Average	33.5 (56)	50.3 (84)	12.0(20)	4.2 (7)	100% (167)

Q20: I have lost enthusiasm for my work in this company.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	4.9 (4)	18.5 (15)	29.6 (24)	46.9 (38)	100% (81)
Electric	19.7(14)	14.1 (10)	22.5 (16)	43.7 (31)	100% (71)
Small-scale	0.0 (0)	0.0 (0)	0.0 (0)	100.0(13)	100% (13)
Average	10.9 (18)	15.2 (25)	24.2 (40)	49.7 (82)	100% (165)

Q21: I try to work harder than my co-workers.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	30.9(25)	56.8 (46)	8.6 (7)	3.7 (3)	100% (81)
Electric	50.7 (37)	45.2 (33)	1.4 (1)	2.7 (2)	100% (73)
Small-scale	0.0 (0)	69.2 (9)	30.8 (4)	0.0 (0)	100% (13)
Average	37.1(62)	52.7 (88)	7.2 (12)	3.0 (5)	100% (167)

Q22: I am eager to be promoted.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	35.8(29)	49.4 (40)	11.1 (9)	3.7 (3)	100% (81)
Electric	34.7 (25)	56.9 (41)	5.6 (4)	2.8 (2)	100% (72)
Small-scale	0.0 (0)	61.5 (8)	30.8 (4)	7.7 (1)	100% (13)
Average	32.5 (54)	53.6 (89)	10.2 (17)	3.6 (6)	100% (166)

Q23: The amount of salary I receive is adequate.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	2.5 (2)	12.3 (10)	24.7 (20)	60.5 (49)	100% (81)
Electric	1.4 (1)	2.7 (2)	15.1 (11)	80.8 (59)	100% (73)
Small-scale	7.7 (1)	53.8 (7)	38.5 (5)	0.0 (0)	100% (13)
Average	2.4 (4)	11.4 (19)	21.6 (36)	64.7 (108)	100% (167)

Q24: The acquirement of skills in this factory is important for promotion.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	44.6 (33)	31.1 (23)	13.5 (10)	10.8 (8)	100% (74)
Electric	40.3 (25)	37.1 (23)	11.3 (7)	11.3 (7)	100% (62)
Small-scale	0.0 (0)	84.6 (11)	15.4 (2)	0.0 (0)	100% (13)
Average	38.9 (58)	38.3 (57)	12.8 (19)	10.1 (15)	100% (149)

Q25: The skills of this factory would be useful for finding another job.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	25.3 (20)	51.9 (41)	10.1 (8)	12.7 (10)	100% (79)
Electric	17.4 (12)	55.1 (38)	14.5 (10)	13.0 (9)	100% (69)
Small-scale	15.4 (2)	76.9 (10)	7.7 (1)	0.0 (0)	100% (13)
Average	21.1 (34)	55.3 (89)	11.8(19)	11.8 (19)	100% (161)

Q26: I feel attachment to the company.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	33.3 (27)	40.7 (33)	17.3 (14)	8.6 (7)	100% (81)
Electric	40.8 (29)	49.3(35)	8.5 (5)	1.4 (1)	100% (71)
Small-scale	53.8 (7)	15.4 (2)	30.8 (4)	0.0 (0)	100% (13)
Average	38.2 (63)	42.4 (70)	14.5 (24)	4.8 (8)	100% (165)

Q27: Sometimes I do not feel like working.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	3.7 (3)	18.5 (15)	39.5 (32)	38.3 (31)	100% (81)
Electric	4.5 (3)	19.7 (13)	25.8 (17)	50.0 (33)	100% (66)
Small-scale	0.0 (0)	7.7 (1)	61.5 (8)	30.8 (4)	100% (13)
Average	3.8 (6)	18.1 (29)	35.6 (57)	42.5 (68)	100% (160)

Q28: I sometimes feel tired while working.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	6.2 (5)	33.3 (27)	33.3 (27)	27.2 (22)	100% (81)
Electric	11.0 (8)	26.0 (19)	35.6 (26)	27.4 (20)	100% (73)
Small-scale	0.0 (0)	7.7 (1)	76.9 (10)	15.4 (2)	100% (13)
Average	7.8 (13)	28.1(47)	37.7 (63)	26.3 (44)	100% (167)

Q29: My boss(supervisor) listens to my problems about my work.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	9.9 (8)	44.4 (36)	27.2 (22)	18.5 (15)	100% (81)
Electric	11.8 (8)	31.9 (23)	36.1 (26)	20.8 (15)	100% (72)
Small-scale	23.1 (3)	76.9 (10)	0.0 (0)	0.0 (0)	100% (13)
Average	11.4 (19)	41.6 (69)	28.9 (48)	18.1 (30)	100% (166)

Q30: My work is monotonous/boring.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	17.3 (14)	35.8 (29)	14.8 (12)	32.1 (26)	100% (81)
Electric	6.8 (5)	38.4 (28)	20.5 (15)	34.2 (25)	100% (73)
Small-scale	0.0 (0)	7.7 (1)	46.2 (6)	46.2 (6)	100% (13)
Average	11.4 (19)	34.7 (58)	19.8 (33)	34.1 (57)	100% (167)

Q31: I feel frustrated while working.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	4.9 (4)	17.3 (14)	19.8 (16)	58.0 (47)	100% (81)
Electric	8.2 (6)	9.6 (7)	16.4(12)	65.8 (48)	100% (73)
Small-scale	0.0 (0)	7.7 (1)	30.8 (4)	61.5 (8)	100% (13)
Average	6.0 (10)	13.2 (22)	19.2 (32)	61.7 (103)	100% (167)

Q32: My employment is secured.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	2.5 (2)	27.2 (22)	34.6 (28)	35.8 (29)	100% (81)
Electric	1.4 (1)	28.8 (21)	30.1 (22)	39.7 (29)	100% (73)
Small-scale	7.7 (1)	61.5 (8)	30.8 (4)	0.0 (0)	100% (13)
Average	2.4 (4)	30.5 (51)	32.3 (54)	34.7(58)	100% (167)

Q33: My employer treats me fairly.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	20.3 (16)	48.1 (38)	21.5 (17)	10.1 (8)	100% (79)
Electric	16.9 (12)	45.1 (32)	23.9 (17)	14.1 (10)	100% (71)
Small-scale	38.5 (5)	61.5 (8)	0.0 (0)	0.0 (0)	100% (13)
Average	20.2(33)	47.9 (78)	20.9 (34)	11.0 (18)	100% (163)

Q34: Hard work promises promotion in this company.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	7.7 (6)	33.3 (26)	30.8 (24)	28.2 (22)	100% (78)
Electric	10.4(7)	32.8 (22)	26.9 (18)	29.9 (20)	100% (67)
Small-scale	7.7 (1)	76.9 (10)	15.4 (2)	0.0 (0)	100% (13)
Average	8.9 (14)	36.7 (58)	27.8 (44)	26.6 (42)	100% (158)

Q35: I am willing to do overtime work.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	27.8 (22)	53.2 (42)	10.1(8)	8.9 (7)	100% (79)
Electric	28.2 (20)	53.5 (38)	5.6 (4)	12.7 (9)	100% (71)
Small-scale	46.2 (6)	53.8 (7)	0.0 (0)	0.0 (0)	100% (13)
Average	29.4 (48)	53.4 (87)	7.4 (12)	9.8 (16)	100% (163)

Q36: I trust my employer/company/manager.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	28.4 (23)	42.0 (34)	21.0(17)	8.6 (7)	100% (81)
Electric	35.2 (25)	45.1 (32)	12.7(9)	7.0 (5)	100% (71)
Small-scale	53.8 (7)	46.2 (6)	0.0 (0)	0.0 (0)	100% (13)
Average	33.3(55)	43.6 (72)	15.8 (26)	7.3 (12)	100% (165)

Q37: I trust my immediate boss.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	28.8 (23)	42.5 (34)	17.5 (14)	11.3 (9)	100% (80)
Electric	26.8 (19)	50.7 (36)	12.7 (9)	9.9 (7)	100% (71)
Small-scale	61.5 (8)	38.5 (5)	0.0 (0)	0.0 (0)	100% (13)
Average	30.5 (50)	45.7 (75)	14.0 (23)	9.8 (16)	100% (164)

Q38: My company takes care of workers well.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	8.8 (7)	27.5 (22)	35.0 (28)	28.8 (23)	100% (80)
Electric	6.9 (5)	61.1 (44)	18.1(13)	13.9 (10)	100% (72)
Small-scale	23.1 (3)	69.2 (9)	7.7 (1)	0.0 (0)	100% (13)
Average	9.1 (15)	45.5 (75)	25.5 (42)	20.0 (33)	100% (165)

Q39: Hard work promises higher wages in this company.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	12.3 (10)	27.2 (22)	27.2 (22)	33.3 (27)	100% (81)
Electric	8.5 (6)	38.0 (27)	21.1 (15)	32.4 (23)	100% (71)
Small-scale	18.2 (2)	54.5 (6)	27.3 (3)	0.0 (0)	100% (11)
Average	11.0 (18)	33.7 (55)	24.5 (40)	30.7 (50)	100% (163)

Q40: I would like to work abroad for work to earn high income.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	19.2 (15)	23.1 (18)	11.5 (9)	46.2 (36)	100% (78)
Electric	20.6 (14)	36.8 (25)	2.9 (2)	39.7 (27)	100% (68)
Small-scale	0.0 (0)	61.5 (8)	7.7 (1)	30.8 (4)	100% (13)
Average	18.2 (29)	32.1 (51)	7.5 (12)	42.1(67)	100% (159)

Q41: When I have problems on my work, I discuss them with my boss.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	15.0 (12)	43.8 (35)	28.8 (23)	12.5 (10)	100% (80)
Electric	12.9 (9)	55.7 (39)	17.1(12)	14.3 (10)	100% (70)
Small-scale	7.7 (1)	84.6 (11)	7.7 (1)	0.0 (0)	100% (13)
Average	13.5 (22)	52.1 (85)	22.1 (36)	12.3(20)	100% (163)

Q42: I have some dissatisfaction with my company.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	19.0 (15)	32.9(26)	38.0 (30)	10.1 (8)	100% (79)
Electric	12.3 (9)	28.8 (21)	34.2 (25)	24.7 (18)	100% (73)
Small-scale	0.0 (0)	7.7 (1)	15.4 (2)	76.9 (10)	100% (13)
Average	14.5 (24)	29.1 (48)	34.5 (57)	21.8 (36)	100% (165)

Q43: There is a good cooperation among workers.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	10.0 (8)	46.3 (37)	23.8 (19)	20.0 (16)	100% (80)
Electric	22.2 (16)	52.8 (38)	12.5 (9)	12.5 (9)	100% (72)
Small-scale	0.0 (0)	53.8 (7)	46.2 (6)	0.0 (0)	100% (13)
Average	14.5 (24)	49.7 (82)	20.6 (34)	15.2 (25)	100% (165)

Q44: I like to compete with my co-workers for better payment and positions.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	30.4 (24)	41.8 (33)	10.1 (8)	17.7 (14)	100% (79)
Electric	25.0 (18)	55.6 (40)	11.1 (8)	8.3. (6)	100% (72)
Small-scale	0.0 (0)	61.5 (8)	38.5 (5)	0.0 (0)	100% (13)
Average	25.6 (42)	49.4 (81)	12.8 (21)	12.2 (20)	100% (164)

Q45: I like to undertake task with higher responsibility.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
Automobile	29.1 (23)	49.4 (39)	13.9 (11)	7.6 (6)	100% (79)
Electric	26.0 (19)	57.5 (42)	11.0 (8)	5.5 (4)	100% (73)
Small-scale	15.4 (2)	38.5 (5)	23.1 (3)	23.1 (3)	100% (13)
Average	26.7 (44)	52.1 (86)	13.3 (22)	7.9 (13)	100% (165)

Q46: How do you feel about leaving this company?

	a	b	c	Total
Automobile	82.9 (63)	13.2 (10)	3.9 (3)	100% (76)
Electric	81.4 (57)	13.2 (10)	7.1 (5)	100% (70)
Small-scale	46.2 (6)	38.5 (5)	0.0 (0)	100% (13)
Average	80.3 (126)	14.6 (23)	5.1 (8)	100% (153)

a: As far as I can see ahead, I intend to stay with this company.
b: I am not searching a job, but, I will change thinking of the future.
c: I am seriously thinking of leaving this company.

Q47: What do you think of finding an alternative job with more or less same working condition with the present one?

	a	b	c	Total
Automobile	57.1(40)	27.1(19)	15.7(11)	100% (70)
Electric	60.0(36)	25.0(15)	15.0(9)	100% (60)
Small-scale	30.8(4)	53.8(7)	15.4(2)	100% (13)
Average	55.9(80)	28.7(41)	15.4(22)	100% (143)

a: Nowadays it is utterly impossible to find such a job.
b: Though it is difficult, I may find a job in the course of time.
c: I can find a job without much difficulties.

Q48: When your boss asks you to do a task different from your assigned task, What would you do?

	a	b	c	Total
Automobile	56.0 (42)	34.7 (26)	9.3 (7)	100% (75)
Electric	60.3 (41)	29.4 (20)	10.3 (7)	100% (68)
Small-scale	92.3 (12)	7.7 (1)	0.0 (0)	100% (13)
Average	60.9 (95)	30.1 (47)	9.0 (14)	100% (156)

Note; a: I do not mind undertaking such a task.
b: I do not like to, but I will.
c: I do not accept.

Chapter 5

Survey Members and Itinerary

1. Survey Members

(1) Committee in Japan

Toshio Kuroda	Director Emeritus, Nihon University Population Research Institute Board of Directors, APDA
Yoichi Okazaki	Former Director, Institute of Population Problem, Ministry of Health and Welfare
Ken'ich Furuya	Vice-Chairman, Nippon Family Care Association
Yonosuke Hara	Director, The Institute of Oriental Culture, The University of Tokyo
Masao Kikuchi	Professor, Faculty of Horticulture, The Chiba University
Hiroaki Shimizu	Professor, Nihon University
Naghizadeh Mohamad	Director of International Studies, Meijigakuin University
Machiko Watanabe	Professor, Meikai University
Akihiko Ono	Associate Professor, Osaka City University

Tsuguo Hirose	Executive Director, Secretary General, The Asian Population and development Association (APDA)
Osamu Kusumoto	Senior Researcher, APDA
Haruyo Kitabata	Manager, International Affairs, APDA
Chiharu Hoshiai	Chief, International Affairs, APDA

(2) Study Mission Member (19 October – 3 November)

Ken'ichi Furuya	Team leader (see above)
Naghizadeh Mohamad	Team member (see above)
Akihiko Ono	Team member (see above)
Osamu Kusumoto	Team member (see above)

2. Cooperators

(1) Japan Embassy, JICA and JETRO

Azuma,Hiroshi, Counsellor, Embassy of Japan

Okada,Kohei, First Secretary, Embassy of Japan

Shinji Sakurai, JICA Expert for Vocational Training

Nakamura, Katsuo, Principal Representative of Japan External Trade Organization (JETRO) Teheran

Aryan,Marilyn, Commercial Research Expert, JETRO

(2) Government and Institutions

Afkari, M. Deputy Minister of Culture and International Affairs, Ministry of Labor and Social Affairs

Tahaei, S.A., Deputy Minister for Financial and Administrative Affairs, Ministry of Labor and Social Affairs

Saadati,Pirooz, General Director, International Relation Bureau, Ministry of Labor and Social Affairs

Karimian,Amir Azar, Deputy Manager of Plan and Research Department, Ministry of Labor and Social Affairs

Sarafat,Abdolali, Work Relation Expert, Ministry of Labor and Social Affairs

Rabbni,Bromand, Transfer and Exchange Expert, Ministry of Labor and Social Affairs

Khadijeh Azardokht Heyrat, Planning Expert, Ministry of Labor and Social Affairs

Ojaghi, Zahra, Women Employment Manager, Ministry of Labor and Social Affairs

Salimi, Nematollah, Men Employment Manager, Ministry of Labor and Social Affairs

Abedi,Mostafa, Expert, International Relation Bureau, Ministry of Labor and Social Affairs

Morteza Gharebaghian, Deputy Minister of Economic Affairs and Finance, Ministry of Economic Affairs and Finance

Komijani,Akbar, Vice Governor, The Central Bank of the Islamic Republic of Iran

Hossain,Fazeli, Deputy General Director, Macroeconomic Bureau, Plan and Budget Organization

Asali-Mehdi, General Director, Macroeconomic Bureau, Plan and Budget Organization (PBO)

Yadollah,Ebrahimi Far, Expert, Plan and Budget Organization (PBO)

Neamat,Falihi, Expert, Plan and Budget Organization (PBO)

Sharghi,A. Ali, Advisor to the Minister & Director General, Ministry of Culture and Higher Education

Tavakkol,Mohammad, Advisor to the Minister of Higher Education & President, Institute for Research and Planing in Higher Education, Ministry of Culture and Higher Education

Kousari,Tavakol, Head, Educational Research Organization for Science and Technology, Ministry of Culture and Higher Education.

Vatani,A., Director General in Research, Ministry of Culture and Higher Education.

Jafar.,Keivani, Director General for Education, Ministry of Culture and Higher Education

Sharghi,A., Advisor to the Minister and Director General ,Office of International and Scientific Cooperation, Ministry of Culture and Higher Education

Beheshti, M., Expert of Japan, Ministry of Culture and Higher Education

Dadbin,H., Director of Innovative and Inventive Affairs, Ministry of Culture and Higher Education

Dr. Bahri,Shahireh, Deputy Director General, Office of International and Scientific Cooperation, Ministry of Culture and Higher Education

Javadi, Sherly, Expert and Translator, Office of International and Scientific Cooperation, Ministry of Culture and Higher Education

Eftekarzadeh, Director-General, Bureau of International Cooperation, Ministry of Education and Training

Khorasani,Engg. Mahmood, Deputy for Technical & Vocational Training Office, Ministry of Education and Training

Jariani, Engg. Abolghasem, Head of the Group for Training Services & V.T.O., Ministry of Education and Training

Azad, Engg. ,Deputy for Publication & Planning, Intermediate Education Section, Ministry of Education and Training

Yaghoobi,Roohieh, Expert, International Organization, Office of Scientific International Cooperations, Ministry of Education and Training

Ghasemi, Khosro, Expert, Asia & Pacific Area, Ministry of Education and Training

Nasiri, S. Nematollah Mirfalah, Director-General, Household Social & Eco., Statistics Department, Statistical Center of Iran

Taha Nourollahe, Senior Demographer, Statistical Center of Iran

Farzin,Farzaneh, Senior Expert in Household Income and Expenditure, Statistical Center of Iran,

Muhtashami,Majid, Director Manager, Management of Establishment, Management of Cooperative, Ministry of Cooperative.

Allipovr, Zohreh, Director Manager, Management of Planning, Ministry of Cooperative.

Sanesaeleh, Advisor to the Deputy of Project and Development, Ministry of Cooperative.

Xu,Shu-Yun, UNFPA Representative for The Islamic Republic of Iran, United Nations Population Fund

Mir-Motahari,M., Assistant Representative for The Islamic Republic of Iran, United Nations Population Fund (UNFPA)

Amirkhalili,S., National Programme Officer, United Nations Population Fund (UNFPA).

Sobhany,Hooshang, Assistant Professor, Industrial Forestry Operations, Faculty of Natural Resource, University of Tehran.

Hosseinzadegan,J. Vice-President in charge of Support Services, Pars Electric Mfg. Co.

Vatani,Mehrdad, Deputy Managing Director, Pars Electric Mfg. Co.

Saraei,R., Administration Deputy to M.D., Pars Khodro Co. Ltd.

Zarastoonia, Shahin Dasht

Itinerary

From: 19th October – 2nd November

October 19th (Mon.)

· 14:55 Depart from Narita 20:20 Arrive at Teheran by IR 801

October 20th (Tue.)

· Visit to Ministry of Labor and Social Affairs. Briefing on employment security system, labor policy and social development of Iran

· Visit to Central Statistic Office. Material Collection and briefing on macro economic figure, population statistics, human resource development statistics and social development statistics (Education, literacy, income per household, GNP by sector etc).

October 21st (Wed.)

· Visit JETRO. Briefing on Japanese enterprises in Iran, and its human development program.

· Visit to UNFPA Iran Office. Briefing on Population Program in Iran from Dr. Shu Yuu Xu, Resident Representative of UNFPA.

October 22nd (Thu.)

· Visit to Basar

· Material Collection

October 23rd (Fri.)

· OFF

October 24th (Sat.)

· Visit to Plan and Budget Organization. Briefing on Economic Reform and Macro Economic Policy from Dr. Asali-Mehdi, General Director, Macroeconomic Bureau, Plan and Budget Organization (PBO).

· Visit to Ministry of Education and Training. Briefing on educational, and vocational system of Iran.

· Visit to ministry of Economic Affairs and Finance. Briefing on Macro- Economic policy and Foreign Investment Policy of Iran.

October 25th (Sun.)

· Visit to Ministry of Culture and Higher Education. Briefing on advanced skill training in Iran. Briefing on higher education in Iran.

· Visit to Ministry of Cooperatives. Briefing on cooperative activities and its feature of work force.

· Visit to the Embassy of Japan. Briefing on employment security system, labor policy of Iran and its feature from Mr. Hiroshi Azuma, Counsellor, Embassy of Japan

October 26th (Mon.)

- Visit to TVTO. Briefing on Vocational Training System and Activities of TVTO.

October 27th (Tue.)

- Visit to SHAHIN DASHI. Briefing on employment situation in SHAHIN DASHI.
- Conduct questioner survey at SHAHIN DASHI.
- Visit to Central Bank of Iran (Banka Macazi). Briefing on foreign currency policy of Iran from Mr. Akbar Komijani, Vice Governor, The Central Bank of the Islamic Republic of Iran.

October 28th (Wed.)

- Visit to PARS-KODARO (NISSAN PATROL Assemble Factory). Briefing on human resource development and Labor force management from Mr. R. Saraei, Administration Deputy to M.D., Pars Khodro Co. Ltd.
- Conduct questioner survey at PARS-KODARO.
- Visit to Ministry of Labor and Social Affairs. Report survey results to Mr. Pirooz Saadathi, General Director, International Relation Bureau, Ministry of Labor and Social Affairs.

October 29th (Thu.)

- OFF

October 30th (Fri.)

- OFF

October 31st (Sat.)

- PARS-ELECTRIC. Briefing on Employment Management System at PARS-ELECTRIC from J. Hosseinzadegan, Vice-President in charge of Support Services, Pars Electric Mfg. Co.
- Conduct questioner survey at PARS-ELECTRIC.

November 1st (Sun.)

- Meet with Mr. S.A. Tahaei, Deputy Minister for Financial and Administrative Affairs, Ministry of Labor and Social Affairs. Report Survey Results.
- 21:55 Depart from Teheran by IR 800

November 2nd (Mon.)

- 12:00 Arrive at Narita

Collected Material
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Nahid Eatezadpour, "Social Security in the Islamic Republic of Iran", Social Security Research Institute, 1997

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Institute for Research & Planning in Higher Education, Ministry of Culture & Higher Education, Islamic Republic of Iran, "Iran's Higher Education Statistics at a Glance", Institute for Research & Planning in Higher Education

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Plan and Budget Organization, Macroeconomic Bureau, A brief Account on Iran's Economic Policies and Performance, Plan and Budget Organization 1998

Ministry of Education, Briefing Material-Junior Secondary Course-, The Bureau of International, Scientific Cooperation, Ministry of Education 1998

Ministry of Education, Briefing Material- The New System of Secondary Education-, The Bureau of International, Scientific Cooperation, Ministry of Education 1998