

## **Structural Change, labor market mismatch and Jobless Growth in Iran**

Topic: 716X Employment Analysis (2)

Author: Hadi MOUSAVI-NIK

Co-Authors: Afsaneh SHERKAT, Sholeh BAGHERI PORMEHR

In recent years, jobless growth has posed a major problem in many countries. Since 1990s, several economists have suggested structural factors may underlie this phenomenon. Looking at economic statistics of Iran shows that during 2006-2011 the employment rate is significantly reduced however the average annual economic growth rate is not significantly different from the previous, which shows the evidence of jobless growth. The main aim of this paper is to answer these questions: Do structural change- explain jobless growth in Iran? And if the answer is yes, what causes structural change- in this economy? For answering the first question, we use input-output decomposition approach. We also use 3 input-output tables (symmetric industry by industry with industry assumption) for years 2001, 2006 and 2011 at constant price. Our initial finding shows that technology and labor productivity change components especially in manufacturing, transportation and communication and other service sectors are the main reasons of occurring jobless growth in this period. There are two important candidates for explaining why structural change happened in this period: Huge increasing of oil exports and skill mismatch in labor market. They both could guide the economy toward more capital-intensive activities. According to our initial investigation in labor market statistics, unbalanced efficient matching of skill- supply and demand in labor market may cause structural change.

JEL: C67, E24, E32,

Keyword: Input-output Table, Jobless Growth, Labor Market, Structural Change, labor skill mismatch.