

Labor Market Development in Rural Areas of Iran during the Fourth Development Plan

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Extended Abstract

Introduction

Although based on the development literature, achieving sustainable development is one of the most important aims of many developed as well as developing countries, institutional experts argue that development of various institutions could be the base point in these countries. Labor market, one of the most important institutions, with a comprehensive look at this market and the geographical characteristics of each country, is separable in both rural and urban sectors. In this regard, to achieve sustainable development in any country, focus on its regional development is necessary. Furthermore, access to better jobs is amongst the reasons of migration through rural areas into urban areas, especially in economic transition phase in developing countries. This subject is confirmed based on Iran's economic data and is in concord with presented models for migration, particularly Harris-Todaro Model which assumes that the significant reason for migration from rural areas is to achieve a better occupation and higher revenue in urban areas. Therefore, the distinction between the level of development in labor market in rural and urban areas and its changing process can be considered as a manifestation of the process and of the rise of migration among these areas; therefore, identifying and ranking the development of rural areas and finding its indices, as well as ranking methods should be taken into considerable account from the viewpoint of the labor market. Contrary to several studies on rural development and labor market development (Bosanquet and Doeringer (1973), Piore (1980), Saint-Paul (1996), Mitra and Sambamoorthi (2000), Mitra, and Sambamoorthi (2000), Zhang, et al. (2004), Laszlo (2008), etc.), this study has investigated labor market development in rural areas with a distinct look and this is also due to special factors (unemployment rate, defective employment rate, employment share in private and industrial sectors) and methods (Factor analysis and TOPSIS) that have been used.

Methodology

For review and analysis of labor market development, identifying the market development indicators is essential and the Statistics Center of Iran (SCI), since the beginning of the Fourth Development Plan (2004), was the operator of the collection of statistics of the annual and seasonal labor force for the whole country and provinces in urban and rural areas. Hence, in this paper, data from the five-year plan, published in the reported results of labor market statistics for rural areas' labor market development in Iran have been used. However, multiplicity of these indices and the fact that these indicators don't necessarily have the same weight in labor market development, have led to neglect of indicators with high correlation that overlap in the first step and finding a weighing method for them in the next step. Therefore, in this study, the coefficients were calculated among the indicators and as a result, only four labor market indicators were selected out of 13 (unemployment rate, defective employment rate, employment share in private and industrial sectors). Factor analysis and TOPSIS with the Shannon entropy have also been used for weighing and combining these indices.

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Results

Although the results of both methods (factor analysis and TOPSIS) were comparable to a large extent, it seems that the TOPSIS method has more advantages (mostly because of the ability of using weighed index), and therefore the results of this method are more acceptable.

Conclusion

With emphasis on the results of this method, the results of this study indicate that the rural labor market development in most provinces has not improved at the end of the plan in comparison to the beginning. Accordingly with this process, improvement in situation of economic, social and cultural rural areas cannot be expected. At the next stage, this could be transferred in various forms, such as migration from rural to urban areas, to urban areas as well. On this basis, considering labor market in rural areas and efforts to reduce regional differences are essential.

Keywords: Labor Market Development, Rural Areas, Labor Market indicator, Factor analysis method, TOPSIS method.

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