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A Brief Review of Iran' Labor Employment Law and Its Labor Market

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Iran as a developing country has an employee friendly labor employment law that sets extremely difficulties in lay off the staffs.

There are some pros which are:

- Social security is compulsory for all Iranian employees and it is prohibited to hire employees under a one year contract.
- Only the fixed terms contracts are legal and the Ministry of Labor is sensitive about any related disputes.
- Employers should calculate the accumulation of annual settlement as "End of Services Benefits".
- Iran' labor employment law covers all labor relations in Iran. It also provides some instructions about hiring foreign staff. For instance, foreign nationals should apply for work permit in Iran which grants no exit visa unless the national will pay all due taxes and related (The Worldwide Tax).
- The Iran employment law also supports small firms and home based entrepreneurs by providing exemptions in employment law for them.
- A valid employment contract in Iran should fulfillment the below matters (International Labor Organization):
 - i. The type of work or occupation in which the worker will be engaged or the duties that he must discharge;
 - ii. The basic salary or wage and any supplements thereto whereas should be calculated for 30 days;
 - iii. Working hours holidays and leaves which are 44 hour/week including Sat to Wed (8 hours/day) and a half a day on Thursday (4 hours). Any overtime should be considered as overtime work with calculation of at least 40% of hourly wage of each employee. The employees could leave on official state holidays (22 days a year approximately) and Fridays. Moreover, employees have right to leave a one month per year or two and half days (2.5) per months.

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- iv. The workplace;
- v. The date of signing of the contract;
- vi. The duration of the contract, if it is for a fixed term;
- vii. Any other matters required by custom and common practice in relation to the job and the locality concerned. For instance, the employment contracts should issue in four copies (labor office, the worker, the employer and the Labor Council or workers representative).

However there are many pros but also the real perspective of Iran labor market is not well developed.

Indeed, there are many factors which affect the labor market such as minimum wages, real wages, bargaining powers of employers and unions, foreign investment, inflation, poverty and unemployment rate.

Actually, as the unemployment rate is growing fast then it has played a main role in comparison to others in labor market of Iran.

The real wages and minimum wages are set by government each year, but they couldn't meet the most of job seekers' expectations as the inflation and poverty line are rising.

Iran' government has the most shares of industries and as the main employer representative don't care about labor unions. Hence, employers have opportunities to settle the labor disputes with more bargaining power. Indeed, as Iranian workers have the right of forming labor unions but there is no independent union.

During last years, the foreign direct investment (FDI) is low and it has affected the labor market. The low FDI provides low technology and knowledge transferring which leads to low skilled workers.

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In summary, as Iran' employment labor law covers all relations; it provides great opportunities for foreign investors to support their business in Iran through clarified employment laws.

Also, as Iran economy was supported by a new reformist government which set their primary in dealing with the world, it is the best time for foreign investors to expand their business in Iran. Lifting of sanctions against Iran will boost Iran economy quickly. Lastly, IMF forecasts Iran economic growth at 4-5.5% for the next year (2016) and all of these could lead to a great outlook for foreign investors whereas the Iran' government support themselves (International Monetary Fund). It also would provide a new era for Iran labor market which has great economic potentials.

According to a traditional Persian proverb in English: All things come to he who waits!

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