Unemployment In Canada And Iran: A Comparative Analysis

Every individual seeks welfare or well-being, which is often defined by some indicators such as standard of living, life expectancy, and income, all of which need good job opportunities. Therefore, by comparing economic indicators between the home country and the host country, some citizens might decide to immigrate. One of the significant financial purposes for immigration would be the unemployment rate, which is the proportion of people who are not employed presently but searching for work (Strobl & Byrne, 2001). By comparing unemployment rates, their root causes, and government actions to solve this problem, individuals can have an obvious view of labor-market efficiency in order to achieve their target. With these points in mind, this essay will compare unemployment in Canada and Iran.

A considerable variance between Iran and Canada is evident in their unemployment rates. The unemployment rate in recent years is approximately 11.6% in Iran and has been increasing, particularly for women and youth (International Monetary Fund, 2019). Unemployment in Canada, conversely, has been on a downtrend since 2009 and reached to about 5.9% in June 2019 (International Monetary Fund, 2019). It should be noted, however, that about 38% of the opportunities are in lower-skilled services, so citizens who find posts are mostly underemployed in low-paid work not relevant to their education, such as retail and service jobs (Government of Canada, 2019).

The root causes of unemployment in Iran are not the same as those in Canada. The lack of proper management planning in the labor market in Iran could be one of the main causes in recent years. Nilforoshan and Shahabadi (2013) claim that the human resource management method could be a key issue to control unemployment in a country. In addition, the current population growth of working-ages in Iran has made the job demand out of proportion to the supply of labor and result in unemployment (Amini, 2011). In addition, the economic sanctions imposed on Iran have arguably had a substantial effect on the Iranian economy (Nademi & Sedaghat., 2018). To clarify, the recent sanctions have led to the distrust of international investors and weakened domestic production incentives in various sections such as oil, gas, and car industries.

One of the contributing factors to unemployment in Canada, however, could be the presence of strong unions. According to Grubel and Bonnici (1986), 'If the unions are strong enough, they can prevent the development of competition to their unionized industries by threats of unionization or boycotts' (p.17). This sort of risk reduces entrepreneurs' interest in entering the job market because inside participants have enough power to prevent non-members to enter their markets. For instance, Uber, an international taxi service, that is illegal in most cities in Canada due to licensing laws, whereas it's working in various countries without legal prohibition (Carter, 2015). So, it might show that a union power behind prevents entering this industry in the country. The second main reason is social insurance programs that reduce incentives for the unemployed (Grubel & Bonnici, 1986). Indeed, jobless workers have a special expectation of getting rehired or finding work at high wages. If the society insurance aids and the possibility of detecting high wage posts are high enough, it is logical to remain jobless as the gain of the expected earnings is greater than accepting the lower-paid job (Grubel & Bonnici, 1986).

Similarly, governments in both countries have enacted policies to control unemployment. The initial action of the Iranian government is applying particular programs for improving private sector investment financing. For example, they help reduce unemployment by facilitating private participation in the labor market, such as assigning incomplete civil projects to the private sector since 2017, which has created some opportunities in the labor market (News agency of Islamic consultative assembly, 2016). Furthermore, they are attempting to empower and support the culture of domestic production by entrepreneurship through the educational system and media among the people (Ministry of Cooperatives, Labor and Social Welfare, 2018). Moreover, they are encouraging individuals to invest. To illustrate, some individuals are looking for paid jobs and are less likely to start a job and tend to work in public or private companies. They are also used to deposit their surplus money and capital in the banks. The government is helping to build a culture in which the creation of co-operatives and the accumulation of capital can lead to job creation (Mirzakhani, 2013). In the same way, Canada's authorities try to sustain financial stability through some programs. In the first place, by providing short-term income aid, Employment Insurance, they assist unemployed workers while they explore employment (Government of Canada, 2019). This program may mainly be significant in the Atlantic regions since many Atlantic province laborers work in seasonal work such as fishing, forestry or tourism, so they can use this program during the cold seasons when there is no work. Then, by implementing some training measures in some provinces, the government gives assistance to develop and promote labor marketability (Government of Canada, 2012). In particular, the “Second Career” program which is financial support for expertise training in community colleges in high demand occupations is provided for dismissed workers (Bramwell, 2014). Ultimately, by controlling dismissal through special programs such as Work-Sharing, they help employers and employees to bypass layoffs when there is a short-term decrease in the normal level of work activity. Therefore, all members go along to minimize their period of work by the unchanging amount and to contribute to the available tasks (Government of Canada, 2018).

Although economic conditions in different countries may vary, government action can be effective in reducing and controlling unemployment. In spite of the fact that the Iranian government has applied several financial programs to improve economic conditions, the unemployment issue has not been completely resolved. In contrast, the Canadian government has controlled the unemployment rate more effectively than Iran through some financial programs. To conclude, it is estimated that unemployment will remain constant for the coming years in Canada, so for people looking for high standards of living and welfare, Canada could be one of their destinations for immigration.