

Designing a Conceptual Model of Employment Policymaking in Iran: A Political Economy Approach

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ABSTRACT

The objective of this study was to design a conceptual model of employment policymaking in Iran from a political economy perspective using a qualitative research approach. Grounded theory was employed to analyze official documents, laws, development plans, executive policies, and scientific studies related to employment. The data were analyzed through three stages of coding—open, axial, and selective coding—and a paradigmatic model comprising five main components, namely causal conditions, contextual conditions, intervening conditions, strategies, and consequences, was ultimately developed. The findings indicated that employment policymaking in Iran has been influenced not only by external pressures, such as sanctions and economic fluctuations, but also substantially by politicization, administrative corruption, institutional incoherence, the absence of an independent evaluation system, and centralized and non-accountable decision-making structures. Employment-generation policies have often been symbolic and short-term in nature, lacked a sufficient scientific foundation, and were sometimes inconsistent with the actual needs of the labor market, rather than being oriented toward structural reforms. From a developmental perspective, employment policies during the period under investigation contributed relatively little to improving human resource productivity, regional equity, and the economic participation of disadvantaged groups; rather than promoting empowerment, they frequently reproduced poverty and inequality. From an institutional perspective, weaknesses in governance structures, the absence of effective monitoring mechanisms, and insufficient inter-institutional interaction were identified as major barriers to achieving sustainable employment objectives in the country. The final model developed in this study, as an indigenous analytical framework, can serve as an effective instrument for evaluating previous policies and formulating future employment policies at national and regional levels. Moreover, the findings may assist policymakers, planners, and development researchers in reconsidering approaches to employment governance in Iran.

Keywords: employment policymaking, political economy, institutional development, grounded theory, employment governance

Introduction

Employment is one of the central pillars of economic development, social stability, and political legitimacy, because access to productive and sustainable work determines not only household income and individual welfare but also the capacity of an economy to mobilize human resources, expand aggregate demand, improve productivity, and reduce socioeconomic inequality. Employment policy therefore cannot be understood merely as a technical component of labor economics or as a set of isolated interventions designed to reduce the unemployment rate. Rather, it is embedded within a wider political economy in which governments, firms, financial institutions, labor-



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market actors, social groups, and regulatory bodies interact under specific institutional and historical conditions. Macroeconomic policy, fiscal and monetary arrangements, investment patterns, welfare institutions, and the structure of political decision-making collectively shape both the quantity and quality of employment opportunities (1-3). From this perspective, the effectiveness of employment policy depends not only on the amount of public expenditure or the existence of labor-market programs, but also on the institutional capacity of the state, the configuration of interests surrounding policymaking, and the extent to which policies are consistent with broader development objectives.

The political economy perspective is particularly useful for analyzing employment because labor-market outcomes reflect the distribution of power, resources, and opportunities across economic and social actors. Classical political-economy arguments have long emphasized that the pursuit of full employment can generate political tensions because sustained high employment changes bargaining relationships between workers, employers, and the state (4). Contemporary approaches similarly demonstrate that welfare systems, labor-market institutions, and public policies evolve through historically specific political compromises and institutional arrangements (5). Comparative institutional research further indicates that national economies develop distinct configurations of capitalism, and that these configurations generate different comparative advantages, policy capacities, employment regimes, and distributive outcomes (6, 7). Employment policymaking should therefore be analyzed as an institutional and political process rather than as a purely technocratic exercise. The organization of government, business networks, public agencies, and other institutional actors can determine how policy priorities are defined and how available resources are mobilized (8). Historical analyses of employment policymaking also show that technically plausible employment policies may fail when political coalitions, institutional incentives, and administrative structures are not aligned with policy objectives (9).

These considerations are highly relevant to Iran, where employment outcomes have been shaped by a complex interaction among demographic developments, macroeconomic instability, sanctions, institutional structures, industrial policies, educational systems, and changing forms of state intervention. The Iranian labor market cannot be adequately explained by unemployment indicators alone, because formal and informal employment coexist with substantial labor-force underutilization, skill mismatches, regional inequalities, and variations in access to productive employment. Previous research on employment policy in Iran has shown that policy interventions have often been fragmented across different plans and institutions and that the effectiveness of employment programs has varied considerably (10). Studies of industrial, trade, and employment policy have likewise highlighted the close relationship between employment creation and the broader structure of economic policy, including industrial development, trade orientation, private-sector participation, and the role of the state (11). The political economy of industrial policy in Iran additionally points to the importance of institutional arrangements, competing interests, and the quality of policy implementation in determining development outcomes (12). Consequently, employment policymaking in Iran should be situated within the broader institutional and political structure through which economic priorities are formulated and implemented.

One of the most significant constraints on employment creation in Iran concerns macroeconomic instability and uncertainty. Employment decisions are inherently forward-looking because firms hire workers when they expect future production and demand to justify the associated costs. Persistent uncertainty may therefore postpone investment, recruitment, and expansion, thereby transmitting macroeconomic instability directly to the labor market (13). Economic sanctions constitute an especially important dimension of this problem in the Iranian context.

Empirical evidence indicates that sanctions have adversely affected employment through contractions in economic activity and disruptions to sectors exposed to external economic restrictions (14). Such external pressures interact with domestic economic vulnerabilities rather than operating independently of them. Factors affecting social welfare in Iran under conditions of uncertainty include interconnected macroeconomic, institutional, and socioeconomic determinants, suggesting that employment and welfare must be considered within a multidimensional policy framework (15). Futures-oriented analyses similarly identify economic, technological, institutional, social, and policy variables as critical drivers of the future of employment and social welfare in Iran (16, 17). These findings underscore the need for employment policy to incorporate systemic risk, uncertainty, and long-term structural change rather than relying predominantly on short-term job-creation targets.

Financial conditions constitute another important link between political economy and employment. Firms' capacity to expand employment depends partly on access to liquidity, working capital, and external financing. Evidence from firm-level and banking research indicates that liquidity shocks can influence employment by changing firms' borrowing capacity and investment decisions (18). Similarly, additional liquidity at the firm level can support employment when financing constraints limit productive expansion (19). Research on internal corporate liquidity also demonstrates that changes in financial resources can generate both real and financial effects, affecting corporate investment and operational decisions (20). In developing and emerging economies, working-capital conditions are particularly important because financial constraints may directly influence firm performance and resilience (21). Evidence from Iran also indicates that macroeconomic conditions interact with working-capital management and firm performance, demonstrating that the financial environment cannot be separated from enterprise-level employment capacity (22). Liquidity risk can consequently affect broader economic development and employment outcomes (23). These relationships suggest that employment policymaking requires coordination between labor-market policy, monetary policy, credit allocation, and productive investment.

Investment itself is a central mechanism through which economic policy translates into employment. Public investment can generate direct employment effects and may also stimulate broader economic activity through infrastructure development and demand creation (24). However, the employment effects of investment depend on financial-market and labor-market structures. Where both markets are imperfect, financial constraints and labor-market frictions may substantially alter the capacity of investment to produce new jobs (25). Financial wealth and asset-market developments can also influence real economic activity and local employment through consumption, investment, and balance-sheet channels (26). At the same time, technological and capital investment can substitute for certain categories of labor. Recent evidence concerning labor displacement by capital demonstrates that capital deepening may alter labor demand and corporate financial conditions simultaneously (27). Employment policy must therefore distinguish between investment that expands labor demand, investment that raises productivity without proportionate employment growth, and technological transformation that reallocates employment across occupations and sectors.

Technological change has become particularly important in this regard. Digitalization, automation, and new production technologies can simultaneously create new occupations, eliminate routine tasks, change skill requirements, and reshape the geographical organization of employment (28). Such changes increase the importance of education, skills development, and labor-market adaptability. In Iran, a persistent gap has been identified between university education and the competencies demanded by employers, indicating structural deficiencies in the alignment between higher education and labor-market requirements (29). Productive employment

therefore depends not merely on increasing educational attainment but on improving the relevance, quality, and adaptability of human capital. Research has also emphasized the need to address overeducation, demographic change, and emerging sectors such as renewable energy as part of strategies for improving productive employment in Iran (30). These considerations imply that employment policymaking must integrate education policy, vocational development, innovation policy, and sectoral transformation within a coherent long-term strategy.

The quality of employment is equally important. A policy framework focused exclusively on numerical increases in employment may overlook insecure, informal, low-productivity, or poorly protected forms of work. Informal employment represents a substantial dimension of the Iranian labor market, and evidence indicates that its determinants differ across urban and rural contexts (31). Qualitative research on informal employment in Iran has further identified extensive economic and social consequences associated with employment outside formal regulatory and protective structures (32). The informal economy also interacts with urban competitiveness and the organization of economic activity in major Iranian cities (33). These findings demonstrate that the success of employment policy should not be judged solely by reductions in open unemployment. Sustainable policy must also address job quality, social protection, productivity, employment security, and formalization. Otherwise, apparently favorable changes in headline employment indicators may coexist with persistent vulnerability and inequality.

The structure and size of government constitute another important dimension of employment policymaking. Government can influence employment through public-sector recruitment, fiscal policy, regulation, infrastructure investment, social spending, taxation, and its indirect effects on private investment. However, the relationship between government size and unemployment is not necessarily linear or universally beneficial. Cross-country research examining the Abrams curve suggests that the effects of government expansion on unemployment may differ between developed and developing economies and depend upon institutional and economic circumstances (34). This is particularly relevant in economies where government institutions play a substantial role in resource allocation. The issue is therefore not simply whether government intervention should increase or decrease, but how intervention is designed, coordinated, evaluated, and linked to productive capacity. Effective employment governance requires a state capable of setting priorities while also enabling private-sector development and avoiding fragmented or contradictory interventions.

Institutional quality is especially significant in this process because implementation can diverge considerably from formally announced policy. Policies are translated into practice through administrative organizations whose incentives, resources, competencies, and inter-organizational relationships influence outcomes. Evidence from Iranian public policy demonstrates that implementation barriers can substantially alter policy effectiveness even when formal policy objectives are clearly articulated. For example, analysis of policy options regarding physicians' dual practice in Iran highlights the significance of implementation capacity, stakeholder interests, regulatory feasibility, and institutional coordination (35). Although this case concerns the health sector, its broader governance implications are directly relevant to employment policy: policies that overlook organizational incentives and stakeholder behavior may generate limited or unintended effects. Employment governance therefore requires mechanisms for inter-agency coordination, monitoring, evaluation, accountability, and policy learning.

Labor-market institutions and organizational conditions also influence the relationship between employment and economic performance. Employee satisfaction is associated with organizational and financial outcomes, but the strength and nature of this relationship depend partly on labor-market flexibility and national institutional conditions (36). This illustrates the broader principle that employment outcomes emerge from interactions between macro-

level institutions and firm-level behavior. Policies that increase labor-market flexibility may support adjustment and job creation under some circumstances, while excessive employment insecurity may reduce worker welfare, organizational commitment, and human-capital investment. Political-economy analysis is therefore necessary to identify how regulatory arrangements distribute risks between employers, workers, and the state and whether employment institutions facilitate adaptation without transferring disproportionate insecurity to labor.

Iran's employment policy must additionally be interpreted within the broader transformation of the Iranian state and economy. Analyses of neoliberalism and state formation in Iran suggest that market-oriented reforms have not simply reduced the role of the state; rather, they have reconfigured forms of state intervention, institutional authority, and relationships between public and private actors (37). This perspective is important because employment policies may simultaneously contain market-oriented mechanisms, public subsidies, directed credit, regulatory interventions, and state-led development initiatives. The resulting policy environment can become institutionally complex, particularly when responsibilities are distributed across multiple ministries, agencies, banks, welfare organizations, and regional authorities. Such complexity may reduce coherence if mechanisms for coordination and accountability are weak. Consequently, a political-economy model of employment policymaking should consider not only formal policy instruments but also the institutional configuration through which those instruments are selected and implemented.

The interaction among economic pressures, institutional structures, and policy choices also has distributive implications. Employment policy influences not only aggregate output but the distribution of income, economic security, and opportunities across social groups and regions. Different varieties of capitalism generate different patterns of inequality because institutions shape bargaining power, wage formation, welfare protection, and access to economic opportunities (7). Welfare-state research similarly demonstrates that social outcomes are products of institutional and political arrangements rather than automatic consequences of market development (5). In Iran, employment policy should therefore be evaluated with reference to regional equity, inclusion of vulnerable groups, and the distribution of productive opportunities. The prioritization of employment and social-welfare drivers in Iran suggests that sustainable improvement requires simultaneous attention to economic performance, institutional capacity, human capital, and social conditions (16). A narrowly quantitative approach to job creation risks overlooking whether new employment contributes to empowerment, productivity, and social mobility.

Taken together, previous studies provide important insights into individual determinants of employment, including sanctions, investment, liquidity, education, informality, government size, technological change, industrial policy, and labor-market institutions. Nevertheless, these determinants are frequently examined separately, while employment policymaking in practice emerges from their interaction within a specific political and institutional environment. The Iranian case requires an integrative framework capable of explaining how macroeconomic challenges, foreign relations, financial conditions, institutional structures, policy design, human-resource development, entrepreneurship, market interventions, and governance mechanisms combine to shape employment policy. The need for such integration is reinforced by evidence that the future of employment in Iran is driven by interconnected and mutually reinforcing variables rather than isolated factors (17). Moreover, the historical experience of employment policy elsewhere demonstrates that technically appropriate measures can fail in the absence of political support, institutional coherence, and effective implementation (9). Understanding employment policymaking consequently requires moving beyond lists of economic determinants toward a conceptualization of causal conditions, contextual conditions, intervening factors, strategies, and policy consequences.

A grounded and context-sensitive model is particularly valuable because political-economy relationships cannot always be adequately captured through predetermined variables alone. Institutional relationships, governance deficiencies, political incentives, conflicts of interest, implementation problems, and interactions between formal and informal arrangements may emerge from the empirical evidence in ways that conventional macroeconomic models do not fully anticipate. At the same time, employment policymaking involves multiple levels of analysis—from firm financing and labor demand to national economic policy and international constraints—requiring a framework capable of linking microeconomic mechanisms to macro-institutional dynamics (2, 18, 19). Such an approach is also consistent with comparative political-economy research emphasizing that policy outcomes depend on complementarities among institutions rather than on individual policies considered in isolation (6). By identifying the relationships among these dimensions, a conceptual model can provide a more systematic basis for evaluating past employment interventions and designing future policies.

Accordingly, the aim of the present study is to design a conceptual model of employment policymaking in Iran from a political economy perspective by identifying and integrating its causal conditions, contextual conditions, intervening conditions, strategies, and consequences.

Methods and Materials

This study develops a model of the political economy of employment policymaking in Iran during the period from 2011 to 2022. Given that the development of such a model contributes to the expansion and advancement of the relevant research literature, the study is considered applied in terms of purpose and exploratory and explanatory in terms of research approach. The study employs a qualitative methodology through which a model for identifying the factors affecting the political economy of employment policymaking in Iran during the period from 2011 to 2022 is developed based on grounded theory.

Because the objective of this study is to investigate the political economy of employment policymaking in Iran during the period from 2011 to 2022, the research data were examined through qualitative analysis. Specifically, the variables required for the research model were extracted from documents available on reputable domestic and international websites, books, articles, dissertations and theses, and statistical documents and records, after which the relationships among these variables were determined. In the present study, 41 documents and articles were used to extract the initial open codes. These sources are presented in Table 1.

Table 1. Research Data Sources

No.	Source	No.	Source
1	Mizan News Agency, 2022	22	Momeni, 2015
2	Statistical Center of Iran, 2022	23	Oskouei et al., 2018
3	Islamic Parliament Research Center, 2022	24	Dabbagh, 2005
4	Statistical Center of Iran, 2017; International Labour Organization, 2017	25	Gowharian, 2002
5	Hezarjaribi and Sobhani, 2018	26	Gholizadeh, 2014
6	International Labour Organization, 2005	27	Mehara, 2018
7	Heydari, 2024	28	Amini, 2015
8	Amiri et al., 2011	29	Deliri, 2019
9	Islamic Parliament Research Center, 2014	30	Hashemi, 2022
10	Elamipour, 2022	31	Lim and Chakraborty, 2020
11	Zanganeh et al., 2020	32	Lambin and Tisola, 2020
12	Ojaghi et al., 2022	33	Hosseinpour et al., 2023
13	National Iranian Productivity Organization, 2022	34	Abolhasani and Samadi, 2020
14	General Policies of the Seventh Development Plan, 2022	35	Sobhani et al., 2019

15	General Employment Policies, 2011	36	Bates, 2020
16	Vizheh and Azad, 2022	37	Gilpin, 2017
17	Islamic Parliament Research Center, 2012	38	Dadgar and Namazi, 2015
18	General Policies of the Resistance Economy	39	Chernov, 2023
19	Rasekhi et al., 2006	40	Bayar and Diaconu Maxim, 2020
20	Molayari, 2024	41	Amini Milani et al., 2020
21	Alvandi, 2024		

Findings and Results

This section presents the analysis of the data conducted to extract the codes, categories, and relationships among them using MAXQDA software.

As previously stated, grounded theory was employed in this study to develop the proposed framework and model. Accordingly, after collecting the relevant documents, texts, and articles, the concepts required for the study were first subjected to open coding, subsequently categorized, and ultimately analyzed through axial coding to develop the research model.

Open coding is an analytical process through which concepts are identified and their properties and dimensions are discovered within the data (Strauss & Corbin, 1998). At this stage, initial categories of information concerning the phenomenon are developed by segmenting the data. A category is a concept that exists at a higher level of abstraction than other concepts. The outcome of open coding is therefore a set of conceptual categories generated from the data.

As previously noted, the data sources used in this study included articles, books, reports, and policy briefs published electronically in reputable databases and credible domestic and international journals and by reputable national and international organizations; credible scientific articles, books, reports, and documents published in non-electronic formats; and information obtained from experts in the fields of political economy and employment policymaking in Iran who were affiliated with reputable governmental organizations and institutions. Additional sources included specialized committee meetings, reports derived from upstream policy documents, international comparative studies, and personal notes.

After the data and information had been collected, the researcher conducted open coding of the relevant textual data. At this stage, the texts were carefully examined and reflected upon to extract initial labels and themes. Coding at this stage was primarily researcher-driven and constituted the most important and time-consuming component of the analytical process. During this phase, the researcher personally identified relevant expressions and keywords and assigned codes to the data. When computer software was used, its role was limited to functioning as a tool for facilitating and accelerating the coding process.

In this study, 42 codes were extracted during the open-coding stage. Table 2 presents these codes together with their frequencies.

Table 2. Results of Open Coding

No.	Open Code	Frequency	No.	Open Code	Frequency
1	Status of economic indicators	6	22	Encouraging participation and cooperation	6
2	Legal reform and regulatory stability	8	23	Information dissemination and transparency	4
3	Unemployment rate and employment conditions	7	24	Development of interactions	5
4	Market intervention and market development	5	25	Comprehensive information system	4

5	Policymaking and formulation of appropriate policies	6	26	Realism	6
6	Policy supervision, monitoring, and evaluation	7	27	Holistic perspective	6
7	Tax policies	5	28	Futures studies	7
8	Establishment of organizations and associations	5	29	Job placement and career guidance	5
9	Institutional and structural reforms	6	30	Cost management	8
10	Accepted values and norms	5	31	Promotion of competition	6
11	Appropriate infrastructure	6	32	Flexibility and agility	6
12	Good governance	5	33	Support for entrepreneurs and employment creation	5
13	Development of incentives and motivational mechanisms	7	34	Specialization	7
14	Job security	3	35	Human resource training and development	6
15	Credit facilities and loans	6	36	Skill effectiveness	6
16	Support for businesses	5	37	Resources, facilities, and capacities	5
17	Politicization	5	38	Provision of economic and employment-generation plans	3
18	Self-interest seeking	6	39	Risk-taking and financing	6
19	Administrative corruption	4	40	Political and economic stability	4
20	Crises and sanctions	5	41	Monetary and fiscal policymaking	5
21	Political relations with other countries	4	42	Coordination and integration	4

Following the identification and extraction of codes from the data, the next stage involved determining the categories and synthesizing the concepts. At this stage, the main categories or dimensions of the model were identified based on the conceptual meaning of the codes. Each of these concepts was compared with the others. Accordingly, the primary categories or dimensions of the model were determined based on conceptual similarities among the codes. For example, the axial code or concept of “systems thinking” was derived from codes such as “futures studies,” “holistic perspective,” and “realism.” Similarly, the other categories—“design and implementation of plans,” “training and empowerment,” “entrepreneurship and innovation,” “foreign relations and policies,” “macroeconomic challenges,” “incentive and support policies,” “cultural groundwork,” “legislative institutions and bodies,” and “enhancement of active labor market policies”—were derived from the remaining codes.

The complete process through which the axial codes and categories were developed is presented in Table 3.

Table 3. Axial Coding and Identification of Categories

Secondary Codes	Main Concepts
Provision of economic and employment-generation plans	Design and implementation of plans
Monetary and fiscal policymaking	Design and implementation of plans
Resources, facilities, and capacities	Design and implementation of plans
Risk-taking and financing	Design and implementation of plans
Political and economic stability	Design and implementation of plans
Coordination and integration	Design and implementation of plans
Skill effectiveness	Training and empowerment
Human resource training and development	Training and empowerment
Specialization	Training and empowerment
Support for entrepreneurs and employment creation	Entrepreneurship and innovation
Flexibility and agility	Entrepreneurship and innovation
Cost management	Entrepreneurship and innovation
Promotion of competition	Entrepreneurship and innovation
Job placement and career guidance	Entrepreneurship and innovation
Futures studies	Systems thinking
Holistic perspective	Systems thinking
Realism	Systems thinking
Comprehensive information system	Systems thinking

Development of interactions	Foreign relations and policies
Encouraging participation and cooperation	Foreign relations and policies
Information dissemination and transparency	Foreign relations and policies
Political relations with other countries	Foreign relations and policies
Economic crises and sanctions	Macroeconomic challenges
Administrative corruption	Macroeconomic challenges
Politicization	Macroeconomic challenges
Self-interest seeking	Macroeconomic challenges
Support for businesses and the private sector	Incentive and support policies
Development of incentives and motivational mechanisms	Incentive and support policies
Job security	Incentive and support policies
Provision of credit facilities and loans	Incentive and support policies
Good governance	Cultural groundwork
Appropriate infrastructure	Cultural groundwork
Accepted values and norms	Cultural groundwork
Institutional and structural reforms	Legislative institutions and bodies
Policymaking and formulation of appropriate policies	Legislative institutions and bodies
Establishment of organizations, associations, etc.	Legislative institutions and bodies
Tax policies	Legislative institutions and bodies
Policy supervision, monitoring, and evaluation	Legislative institutions and bodies
Market intervention and market development	Active labor market policies
Unemployment rate and employment conditions	Active labor market policies
Legal reform and stability of the legal framework	Active labor market policies
Status of economic indicators	Active labor market policies

Conditions refer to the set of events that create the issues, situations, and problems associated with the phenomenon under investigation. Within a given situation, conditions assist the researcher in explaining why and how individuals or organizations respond to a specific situation. Such conditions may originate from time, place, culture, laws, regulations, beliefs, economic circumstances, power relations, gender-related factors, social conditions, and organizations. The conditions incorporated into the paradigmatic model include causal conditions, contextual conditions, intervening conditions, the core category, strategies, and consequences (Strauss & Corbin, 1998).

In accordance with the objective of the study, which was to develop a model of the political economy of employment policymaking in Iran during the period from 2011 to 2022, the “political economy of employment policymaking in Iran during the period from 2011 to 2022” was selected as the core category. Following the identification of the core category, the next step involved establishing relationships between the remaining categories and the core category. This process was conducted using the Strauss and Corbin paradigmatic model, which comprises the “core category (phenomenon), causal conditions, intervening conditions, contextual conditions, strategies, and consequences.”

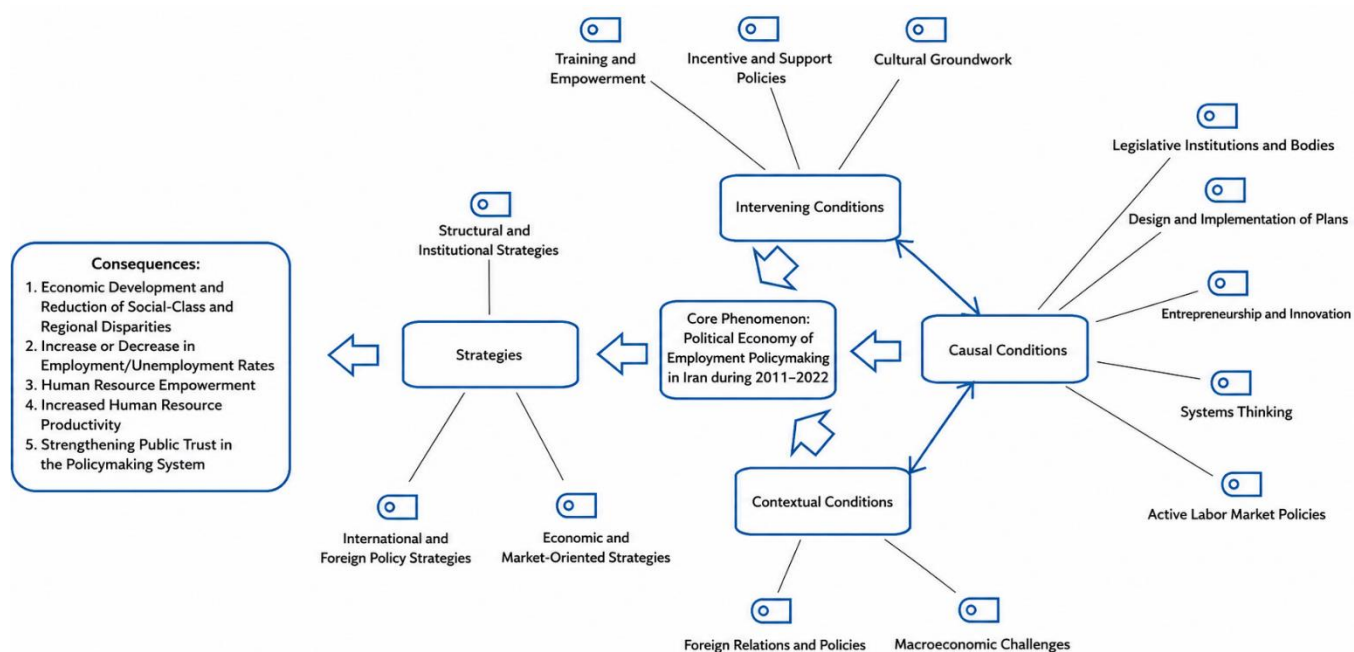


Figure 1. Political Economy Model of Employment Policymaking in Iran During the Period from 2011 to 2022

Discussion and Conclusion

The present study sought to develop a conceptual model of employment policymaking in Iran from a political economy perspective. The grounded theory analysis resulted in a paradigmatic model in which the political economy of employment policymaking constituted the core phenomenon and was explained through causal conditions, contextual conditions, intervening conditions, policy strategies, and consequences. The causal conditions consisted of legislative institutions and bodies, the design and implementation of employment plans, entrepreneurship and innovation, systems thinking, and active labor market policies. The contextual conditions comprised foreign relations and policies and macroeconomic challenges, whereas training and empowerment, incentive and support policies, and cultural groundwork emerged as intervening conditions. The principal strategies included structural and institutional strategies, international and foreign policy strategies, and economic and market-oriented strategies. Finally, the anticipated consequences included economic development and reduction of social-class and regional disparities, changes in employment and unemployment rates, human resource empowerment, increased human resource productivity, and strengthening public trust in the policymaking system. Taken together, these findings demonstrate that employment policy in Iran cannot be reduced to isolated job-creation initiatives; rather, it is the outcome of interacting political, institutional, economic, financial, social, and international forces.

One of the principal findings was the central role of **legislative institutions and policymaking bodies** among the causal conditions affecting employment policymaking. This finding suggests that the effectiveness of employment policies is strongly dependent on institutional capacity, regulatory coherence, policy coordination, and the ability of governmental institutions to formulate and implement consistent rules. This result is compatible with the broader political-economy literature, according to which economic outcomes are conditioned by the institutional architecture within which firms, governments, workers, and other social actors operate (6, 8). In Iran specifically, industrial, trade, and employment policies have historically been affected by institutional fragmentation and the

interaction between state-led economic intervention and market mechanisms (11). The political economy of industrial policy in Iran similarly demonstrates that policy performance depends not only on the formal adoption of development plans but also on political priorities, institutional relationships, implementation capacity, and the distribution of influence among actors (12). Therefore, the identification of legislative and policymaking institutions as a causal factor confirms that sustainable employment creation requires coherent governance rather than merely additional employment programs.

The emergence of **design and implementation of employment plans** as another causal category further indicates that the quality of policy formulation is as important as the availability of economic resources. The findings suggest that employment policies must be realistic, integrated, financially feasible, and compatible with the structural characteristics of the economy and labor market. Previous evaluations of employment policies in Iran have similarly identified weaknesses associated with fragmented interventions, limited coordination, and discrepancies between formal objectives and actual implementation (10). Employment policy failure is not necessarily attributable to the absence of programs; it can result from political and institutional processes that prevent technically appropriate policies from being sustained or effectively implemented (9). In the Iranian setting, these considerations are particularly important because employment policy operates simultaneously through monetary, fiscal, industrial, welfare, educational, and credit mechanisms. The findings therefore support an integrated policy-design perspective in which the employment implications of diverse governmental decisions are considered before implementation.

The importance assigned to **entrepreneurship and innovation** reflects the need to shift employment policy from a predominantly administrative approach toward productive job creation. Entrepreneurship can expand employment opportunities, particularly when firms have adequate access to finance, markets, technology, and institutional support. However, entrepreneurial employment creation is dependent on financial conditions. Research has demonstrated that credit availability and bank liquidity shocks affect firms' capacity to create employment (18), while additional liquidity can support firm-level employment under conditions of financing constraint (19). Internal corporate liquidity also has significant real effects on investment and firms' economic activities (20). These findings correspond with the present study's emphasis on financing, risk-taking, business support, incentives, and entrepreneurship. They also suggest that entrepreneurship policies are unlikely to succeed when isolated from financial-sector reform and macroeconomic stability. The Iranian evidence regarding working-capital management further indicates that firm performance is affected by the wider macroeconomic environment (22), while liquidity risk can constrain development and employment (23). Thus, entrepreneurship must be supported by an ecosystem rather than by temporary credit schemes alone.

Another important causal category was **systems thinking**, comprising futures studies, comprehensiveness, realism, and the development of integrated information systems. This finding is particularly significant because employment policymaking involves numerous interconnected variables whose effects may emerge over different time horizons. The future of employment in Iran is influenced by economic, technological, demographic, social, and institutional drivers that cannot be effectively addressed through fragmented decision-making (16, 17). Technological transformation and digitalization further reinforce the necessity of forward-looking policy because automation changes occupational structures, skill demands, and the composition of labor demand (28). Similarly, capital accumulation can generate productivity gains while also substituting capital for certain forms of labor, thereby altering the relationship between investment and employment (27). Consequently, the systems-thinking component

identified in this study implies that policymakers need to evaluate both immediate employment effects and longer-term structural consequences of economic and technological policies.

The identification of **active labor market policies** as a causal factor is also consistent with the wider literature. Active labor market policies can influence employment by improving matching between employers and job seekers, supporting occupational mobility, developing skills, facilitating market adjustment, and creating incentives for recruitment. However, the effectiveness of such policies depends heavily on labor-market conditions and the broader institutional environment. The Iranian labor market is characterized by a significant mismatch between academic education and the competencies demanded by employers, indicating that merely increasing the number of graduates cannot resolve labor-market imbalances (29). Productive employment also requires addressing overeducation, demographic changes, and emerging sectors with long-term employment potential (30). Accordingly, the present findings indicate that labor-market interventions should be combined with career guidance, skills development, information systems, regulatory reform, and sectoral employment planning rather than relying exclusively on unemployment reduction targets.

Regarding **contextual conditions**, foreign relations and macroeconomic challenges emerged as two major determinants surrounding employment policymaking. This finding is particularly relevant to Iran because international sanctions, external economic restrictions, exchange-rate instability, inflation, and uncertainty can affect investment, production, imports of intermediate goods, financing, and ultimately labor demand. Empirical evidence demonstrates that economic sanctions have significant adverse employment effects in Iran (14). More generally, macroeconomic uncertainty can be transmitted to the real economy through the labor channel by discouraging hiring and investment (13). This result is also consistent with macroeconomic approaches emphasizing that employment performance depends on aggregate demand, investment, fiscal and monetary policy, and broader economic stability (1, 2). The contextual role of foreign relations therefore means that even well-designed domestic employment interventions may perform poorly when firms operate under severe uncertainty, restricted access to international markets, unstable prices, and constrained investment conditions.

The present findings also emphasize the significance of **macroeconomic policy and investment**. Employment creation requires productive investment rather than an exclusive focus on direct administrative job creation. Public investment can generate direct employment and stimulate additional economic activity (24); nevertheless, its ultimate impact is contingent on the efficiency of resource allocation and the conditions of financial and labor markets. Investment under imperfect financial and labor markets may generate markedly different employment outcomes from those predicted under ideal market conditions (25). Asset-market conditions can also influence employment through wealth and demand channels, as changes in stock-market wealth have been shown to produce local real-economy and labor-market effects (26). These findings reinforce the model's proposition that monetary, fiscal, investment, and employment policies should be coordinated rather than developed independently.

Among the **intervening conditions**, training and empowerment emerged as an important element. This finding highlights the central role of human capital in translating policy interventions into sustainable employment. Human resource development becomes especially important when the economy experiences technological change and occupational restructuring. The mismatch between academic qualifications and labor-market skills in Iran demonstrates that educational expansion alone is insufficient unless educational content reflects actual market requirements (29). The present study therefore supports the development of employment policies that link universities, vocational institutions, firms, and labor-market information systems. Such alignment can improve

employability and productivity while reducing structural unemployment. Employee-related outcomes are also influenced by institutional labor-market conditions; international evidence suggests that employee satisfaction and organizational outcomes interact with the degree of labor-market flexibility (36). Accordingly, human resource empowerment should encompass not only technical competence but also job quality, employment security, and organizational conditions conducive to productive work.

The second intervening category, **incentive and support policies**, demonstrates that firms and workers respond to economic incentives and institutional arrangements. Credit facilities, business support, job security, tax incentives, and motivational mechanisms may facilitate employment creation, but their design is critical. Poorly targeted financial assistance can become distributive rather than productive, whereas financing directed toward viable employment-generating activities can enhance firm growth. Evidence concerning liquidity, working capital, and employment supports the importance of access to appropriate financing (18, 19, 21). Nevertheless, policies must account for uncertainty and social welfare consequences. Research on Iranian social welfare shows that economic welfare is affected by multiple interacting factors under uncertainty (15). Consequently, support policies should be evaluated according to their capacity to generate sustainable employment and productivity rather than simply according to the amount of credit or subsidies distributed.

Cultural groundwork was another intervening condition identified by the model, reflecting the importance of accepted norms, governance quality, institutional trust, and social attitudes toward productive activity. This finding extends the analysis beyond conventional economic explanations. Employment policy is implemented within a social and institutional context where expectations about government, entrepreneurship, work, regulation, and fairness influence behavioral responses. Comparative welfare-state and political-economy studies demonstrate that policy systems are embedded in institutional and normative arrangements rather than being reducible to economic incentives (3, 5). The nature of state formation and changing market-state relations in Iran likewise illustrates that reforms are mediated through historically specific political and institutional structures (37). Therefore, employment governance requires not only technical reform but also institutional credibility and a policy environment in which economic actors perceive rules as stable, predictable, and legitimate.

The study further identified three sets of **strategies**: structural and institutional strategies, international and foreign policy strategies, and economic and market-oriented strategies. Structural and institutional strategies are essential because ineffective employment outcomes may originate from deficiencies in coordination, supervision, regulation, and administrative capacity. Iranian policymaking research has shown that even policies with formally defined objectives can encounter significant implementation barriers due to stakeholder interests and institutional constraints (35). International and foreign policy strategies are equally relevant because Iran's labor market is exposed to sanctions and external economic conditions (14). Finally, economic and market-oriented strategies can improve competitiveness and productive employment when they facilitate market development, investment, and private-sector participation. Research on the informal economy in Iranian metropolitan areas indicates that informality and competitiveness are interconnected (33), demonstrating that market-oriented strategies must simultaneously address regulatory quality and formalization.

The model's **consequences** also warrant particular attention. The expected outcomes extend beyond lower unemployment to encompass economic development, reductions in regional and social-class disparities, human resource empowerment, increased productivity, and stronger public trust. This multidimensional conceptualization is important because employment quantity alone does not necessarily represent successful employment policy.

Informal employment, for example, may raise measured employment while producing insecurity, inadequate social protection, and adverse socioeconomic consequences. Studies in Iran have identified multiple determinants of informal employment in urban and rural areas (31) and have documented its broader economic and social implications (32). Therefore, sustainable employment should be evaluated in terms of quality, productivity, stability, inclusion, and access to social protection.

The finding concerning **reduction of socioeconomic and regional inequalities** is consistent with political-economy research showing that institutional arrangements play an important role in determining the distributional consequences of economic development. Different configurations of capitalism generate different patterns of inequality because they structure bargaining relationships, labor-market protections, welfare systems, and access to economic opportunities (7). Government intervention can likewise affect unemployment, although its effects depend on institutional and economic conditions rather than merely the scale of government (34). From this standpoint, employment policy in Iran should not be evaluated exclusively at the national aggregate level. Regional disparities in productive capacity, infrastructure, labor-force characteristics, and investment opportunities imply that decentralized and regionally differentiated employment strategies may be necessary.

Finally, strengthening **public trust in the policymaking system** emerged as a significant consequence of effective employment governance. This finding is theoretically important because political legitimacy and policy effectiveness can reinforce one another. When employment policies are transparent, predictable, evidence-based, and capable of generating tangible improvements, they can increase confidence in public institutions. Conversely, repeated short-term programs with limited outcomes can undermine policy credibility. Classical and contemporary political-economy approaches emphasize that employment policy is inseparable from political relationships and the distribution of power and resources (4, 9). The findings of this study therefore suggest that employment governance should be understood as both an economic and institutional process. Its success requires coherent legislation, effective institutions, productive investment, human-capital development, market coordination, international economic engagement, and systematic monitoring and evaluation.

Several limitations should be considered when interpreting the findings of this study. First, the research was qualitative and relied primarily on documentary sources, including policy documents, reports, laws, scientific studies, and other written materials; consequently, the model reflects the patterns identifiable within the selected documentary corpus and may not encompass all experiences of employers, workers, entrepreneurs, unemployed individuals, or local policymakers. Second, the study focused on a specific period of employment policymaking in Iran, meaning that subsequent institutional, technological, geopolitical, and macroeconomic developments may change the relative importance of some identified categories. Third, grounded theory analysis inevitably involves researcher judgment in coding, categorization, and interpretation, even when systematic procedures are applied. Finally, because the model was developed within the Iranian political, economic, and institutional context, caution is required when attempting to generalize it directly to countries with substantially different governance and labor-market systems.

Future research should empirically test the proposed model using quantitative or mixed-method designs and larger samples of policymakers, employers, entrepreneurs, labor-market experts, workers, and job seekers. Structural equation modeling could be employed to examine the magnitude and direction of relationships among causal conditions, contextual conditions, intervening conditions, strategies, and consequences. Comparative research across Iranian provinces could also determine whether the relative importance of employment-policy

determinants differs according to regional levels of development, industrial structure, unemployment, and institutional capacity. Longitudinal studies are recommended to examine how major economic shocks, technological developments, demographic changes, and international political developments alter the employment-policy system over time. Comparative international studies involving countries facing similar structural or external constraints would also help distinguish context-specific characteristics of Iran from more general mechanisms of employment governance.

For practice, policymakers should replace fragmented and short-term employment interventions with an integrated national employment-governance framework that explicitly coordinates fiscal, monetary, industrial, educational, welfare, trade, and labor-market policies. A comprehensive labor-market information system should be developed to support evidence-based forecasting, identify regional and sectoral skill shortages, and continuously evaluate employment programs. Employment incentives and credit facilities should be linked to measurable outcomes such as sustainable job creation, productivity improvement, formalization, and employee retention rather than merely the distribution of financial resources. Greater authority should be given to professional and regional institutions while establishing transparent accountability mechanisms and independent evaluation procedures. Stronger cooperation among universities, vocational institutions, employers, financial institutions, and government agencies is also necessary to reduce skill mismatches. Finally, employment policymaking should prioritize productive and decent employment, regional equity, support for entrepreneurship and innovation, institutional transparency, and policy stability so that employment growth contributes simultaneously to economic development, human resource empowerment, and public confidence in the governance system.

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Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

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Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

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