

The Effects of Corruption on the Labor Market in Selected Countries of the Organization of Islamic Cooperation

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Abstract

The labor market in Iran is subject to bottlenecks that, if continued, could damage the national economy. High unemployment and low labor force participation are some of these problems. One of the factors affecting the level of employment and labor force participation rate is the corruption index. Therefore, in this study, using the quantitative regression method, the impact of various corruption index on the labor force participation rate and employment in selected member countries of the Islamic Cooperation Organization during the period 2018-2000 has been studied. Based on the results of model estimation, in all quantiles, the effect of corruption on labor force participation rate and employment is negative. Because corruption reduces the level of employment and labor force participation rates in selected countries by negatively affecting economic growth and the business environment and diverting government spending toward unproductive goals. Consumption level and institutional quality also have a positive effect on labor

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force participation rate and employment level in estimated quantiles. Also in the estimated quantiles, the impact of informal economy on labor force participation rate and employment level is negative. The effect of per capita income on the level of employment and labor force participation rate was both positive and negative.

Keywords: Labor Force Participation Rate; Employment; Corruption; Quantile Regression.

JEL Classification: E24, C21, D73, J21.

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