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Job security position in the light of privatization process in Iran

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ABSTRACT

Privatization is the process by which functions and facilities of public sector at any level is transmitted to the private sector. This study examines the job security position in the light of privatization process in Iran. The method of study is descriptive and analytical and information collection had been done by library method. The hypotheses conclusions were that the acceleration of globalization in recent decades has not only affected employment, but also working conditions. Privatization has had an inevitable impact on the job security of workers and the state of workshops. Thus, by globalization and based on the freedom of import and export, national markets becomes increasingly transnational markets and according to the relative merits of rapid production and circulation of capital, dispersion production in different parts of the world, the production workshops based on location, profitability and less expensive manufacturing will be chosen. The large extent and volume of the work force in the public sector compared with the private sector cause their loss through privatization filter for various reasons. Therefore, the reduction of work force in the time of excess work force is of the obvious effects of privatization on the work force. On the one hand, this problem causes the complete damage of job security of the justified work force and on the other hand, it causes the damage mind peace and increases the stress of the remaining employees as a result of losing their former colleagues.

Keywords: Privatization, Work Force, Job Security, Private Sector, Public Sector.

INTRODUCTION

public organizations has changed into bureaucrat giants in order to increase the current costs and bureaucracy law sovereignty of them and do not have the quality services based on Cast Advantages and Customer Relation Management and Client (CRMC) because when an organization develops, the control and monitoring will be more difficult and when the amount of control over the organization is less than it was, the possibility of diversion of resources and getting away from organizational goals would be more.

With learning organizations, the emergence of new forms of organization (such as cyber organizations and so on), the formation of new management theories and practices (such as the theory of order in chaos of knowledge management and so on), adherents of the privatization policies, emphasizing the adaptation of the organizations with the raised principles, concluded that

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there is no escape from the downsizing of organizations and organizational units in today's changing environment. However, critics of downsizing, despite their large number according to institutionalization of the governmental cultural in the country, state that not only the privatization do not cause the organization's success but also is an obstacle to their expansion and changing into multi-national organizations with weak arguments and that privatization leads to dissatisfaction of employees and the frustration of monitoring and evaluation. Perhaps this claim is reliable at first, but its accuracy has not been established yet¹.

Implementation of the privatization policy in Iran was revitalized with the change of title, goals, charter and the responsibility of the Financial Organization of Ownership Promotion to Privatization Organization in May 2001 and was renewed with the general policies of Article 44 of the Constitution.

the transfer of the shares of the public companies to private and quasi-governmental companies began by transferring micro shares and micro block and has reached to station of large companies like telecommunications, Iran Khodro, Saipa, powerhouses, insurance companies and banks and more recently to Iran Air (Homa)².

The intensity of privatization effects on labor force depends on various factors and circumstances. A massive reduction of labor force usually occurs when large state-owned enterprises encounter poor and bankrupt performance of private sector and are placed in competition with other companies with same objectives and responsibilities. However, in some cases the new owners of the transferred companies know the human resources as all integral capital to their companies and retain and enhance human resources and labor and employment levels in their companies by educating, raising wages and owning business stocks³. The lack of information about the existing strategies to decrease the political and social costs of justification of the work force causes the intensification of workers worries about the privatization. This has caused the governments to come over this problem by informing workers and worker organizations, participating workers in privatization profits by transferring shares through redemption payment, income support for unemployed workers and remove barriers and create new jobs.

This question is raised that whether governments should act to improve the structure of the labor force before transfer or leave the modification of the human resources to new buyers? The experience and the suggestion of developed countries in privatization suggest that the improvement of structure in companies with little excess labor force should be given to private investors. But for the massive reduction of labor force, it is better for the government to do it before the sale or transfer in order to minimize the labor force resistance¹. Encouraged to quit the job voluntarily with generous redemption payments has been proposed as a common and effective way to mitigate the labor force. Although the implementation of this program in the short run is costly for the governments, it eliminates the negative effects of the protests of unemployed labor force in social and political terms and will also follow other benefits.

THE MERITOCRACY IN THE GENERAL POLICIES OF ARTICLE 44

Due to the primacy of relations over regulations in governmental employment, less skilled and specialized manpower is absorbed to the public sector. The encouragement and punishment system is not applicable to public sector and due to the fact that managers are not specialists in their field in many cases, and cannot appropriately benefit the human resource in the way of improving the quality and quantity of production, the production in many companies is low. Despite that, the managers in private sector has adapted their production with the needs and

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demands of the market and use the expertise of the personnel appropriately and educate their human resource⁴.

The principles of meritocracy are the consideration of expertise, commitment, experience, skill and ability of individuals and lack of meritocracy principles are taking into account the specific dependencies such as personal and family relationships, ethnicity, race, common language, bands, relationships and even social status and class of people in managers' choice (Ahmadi, 2001).

The meritocracy selection of managers mean adapting to success and are explained based on three principle criteria of meritocracy principles in the organization as follows:

1. The nature and requirements of the job
2. Characteristics, competencies, talents and abilities of the individual
3. The existing and future position of the occupation and organization

In this regard, it is necessary to create a design of occupational relationships in the organization, to identify and announce the lines and ways of success due to the culture and long-term strategies, to determine the criteria and backgrounds of promotion in different levels of management, to consider the position of organization and consistency with other units to choose people and, if necessary, to make the selected nominees more worthy for taking the responsibility through training and development programs⁵.

Disproportion of Wages in the Public System

In the public sector, creativity, innovation and imagination are not paid much attention to and the staff will lose the motivation for innovative activities during the time. In this part, upgrade, promotions and job offer follows a system in which relations are more important than regulations while human resource in the private sector is only promoted by endeavor and should quit the job in case of lack of proficiency¹.

Mismanagement in the Public Sector

Management in the public sector is less based on expertise and efficiency and rarely a public sector manager is responsible for the activities of the company while in the private sector, the manager should be expert in the field of managing. In the private sector, most managers are experts in the same discipline to be responsive to the shareholders. Private sector managers should have the highest efficiency with minimum required personnel; otherwise, he must leave his job to another competent person. Private sector manager earns money according to activities and production amount⁶.

Revitalization of Potential Market

There's a huge potential market in all economic sectors of Iran and there is even the potential of export in some parts. The revitalization of potential market of Iran needs huge investment to be active in this field by hiring labor force and skilled and unskilled forces. Government cannot restore the huge potential market alone. Basically, the state economy is justified in the monopoly form. The private sector is not only able to activate the currency market, but also foreign investors have also tendency to have a exchange independence with the private sector. We need the activation of the private sector to attract foreign investments due to the increase of production, especially in sectors with foreign affiliations in order to provide employment³.

Recently, in most areas of the economy, the government has a complete or multilateral monopoly, and besides, there is no tool to measure the quantity and quality of the goods and the produced services. The inflation of human resources is very high and the final cost is non-competitive. Private sector participation in these sectors has not only boosting production and

provide employment but also is a means to monitor the state activities in this sector and eventually, is the competition area of the public sector with the private sector, because the private sector makes the costs reasonable along with the efficient use of labor force⁴.

Losses and Rising Costs in State-Owned Companies

Costs are not reasonable and the high price of finished goods and services deprive the competition power from state-owned enterprises and the principle of “maximizing profits and minimizing costs” is paid less attention to, while it is a principle of privatization. The private sector tries to make the costs reasonable in comparison with production and efficiency as well as presence in competitive markets in order to hire more human resources and educate unskilled manpower. Hence, despite the strength of competition in the private sector, all components are affected⁶.

Technology Transfer

Most public companies use old technology and out of date machinery are less likely to follow new technology and transfer knowledge. Due to the monopoly of activities in public companies, the new technology and quality increase of production and service are not important; while the private sector requires skilled manpower to participate in the competitive market. So, training human resources is also consistent with new technology in the private sector. The demand for production increases as the quality rises and more demand is followed by higher production. As a result, more manpower is needed for more production⁵.

Now, the immethodical employment of people with no expertise in state-owned companies is done abundantly and efficiency and performance is at the lowest level. Public companies are neither able to hire their required manpower in the reasonable time nor dismiss the inefficient staff easily due to legal restrictions. In state-owned firms, the employment has become an unresolved issue and mitigating human resources is used as a strategy in most cases because of low production and efficiency. In case the private sector hires and educates human resources due to the training of efficient work force and appropriate increase of production and high power maneuver in the market.

The Effect of the Nature of Employment

The privatization causes the effect on the nature of employment from public to private, because by the privatization process, the employees are freed of their employer as the government and change their status to the private employer. In such a case, it is natural that the employees will not be subject to rules and regulations of public sector employment and labor and social security laws will be applied to them. Hence, the employees' contract for private sector will be subject to a variety of contract laws functions and characteristics in an integrated manner while in the public sector, a number of employees are subject to labor laws. In the light of such changing conditions, the employees may not have the former benefits and conditions and it is natural that working conditions, such as wages, working hours, vacations and workplace conditions are changed that will affect their job security status. As we know, favorable working conditions are one of the factors affecting the employees' job security. Thus, if the change of the status of employees from government hiring as both formal and informal to private employment is associated with lack of proper working conditions, the issue affects the job security status adversely. Basically, despite the similarities in the working conditions such as wages, working hours and vacations in the public sector compared to the private sector, there are also differences between them². For example, all of

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the vacations in the public sector are also in the private sector, but there may be differences in the rates. These issues can be also seen on the working hours and staff will see changes in their working hours due to the change of status from governmental to private. So, because all these issues are somehow involved in the working condition, the status change from a working condition to a new one will affect the job security.

Another point that is proposed in relation to the nature of the employment of work force due to the privatization is that the former public sector staffs are not usually treated in the private sector as in the time of being employed in public sector. The mentality and feeling of people about job security in the public sector have been formed due to the formal and lifelong employment. Therefore, as a result of privatization, if the government's servant is employed temporarily or permanently, and also other government employees are assigned to a different work in the private sector in a different position from that of previous status in the government, they will not have a sense of job security. Private sector managers have a high tendency to employ workers on a temporary basis to avoid the risk of long-term commitment of a permanent work force. Naturally, the privatization leading to temporary labor is contrary to the norms of labor legislations^{1, 4}. The most important prophecy and achievement of novice labor law is the job security for employees and the principle in the labor law is the permanent employment of the worker not the temporary one². "permanent contracts are job securer partly but temporal contracts do not provide any job security for the workers and at the end of the contract period, if the employer does not agree to extend or renew contracts, these contracts are considered as out dated and the person is deprived of employment"⁵. However, this applies to employees with less skill and experience because a skilled person is no worry of his future career even in the interim contract.

Impact of Privatization on Labor Standards

One of controversial issues of conflict is international labor standards among the contemporary global political issues. At the core of this debates are topics such as child labor, freedom of associations and the right to collective labor conventions as well as payment standards such as minimum wages, working hours and health and safety conditions of work that directly affect the value of work. Employers and neoclassical scientists are opposed to these standards while leftist workers and unions tend to support these standards. Neoclassic believe that the government should leave the labor standard to the free market and if not, these standards cause the increase of costs and wages and prevent the efficiency and flexibility of reformations, the waste of resources and the reduction of economic growth and lowering the required and fast regulating power as a result of economic shocks. Labor rights and standards that are considered as the basic international standards of labor law are:

1. Freedom of associations,
2. Formation rights and collective bargaining,
3. The prohibition of forced labor,
4. The minimum age for starting child labor
5. Guarantee acceptable working conditions including ensuring the maximum hours of work and holidays and leisure time, proper health and sanitation of the work environment, avoiding discrimination in employment and other employment benefits³.

CONCLUSION

Accelerating globalization in recent decades has not only affected employment opportunities, but also working conditions. In a context of neo-liberal policies, the emergence of ultra-capitalism has had significant descending strains to wages, benefits and protections

particularly for unskilled and semi-skilled workers in the Nordic countries. Entering the economic competence will involve countries in very difficult and tiresome conflict, as globalization requires. In fact, if national priorities in a country are making their industry competitive, they must reduce labor costs in order to remain independence while maintaining flexibility to the competence market. It will have a direct effect on the level of labor standards and respecting it. Privatization, which is another good example of the international monetary and financial organizations in the globalization, damages the social protection system in turn. Privatization reflects a change in the balance between state and market in favor of the market and is the process of transferring ownership of the commercialization from the public sector (government) to the private sector. Changing the state monopoly to private sector and financial corruptions and abuse of administrative processes, lack of accurate and efficient supervision in determining the value of the industries that are divested cause the waist of public assets. On the other hand, the private sector, which is seeking greater interests, whenever feel that can gain greater profit by selling the divested land or property, will not hesitate in doing so, even at the expense of the closure of workshops and more unemployment. Private companies are also after higher productivity and profit by workforce adjustment and reducing wages. Technology development also promotes the development of capital-intensive industries and user-industries will be reduced to the same extent. With the exit of user-industries, we will be faced with the phenomenon of unemployment.

Iran, compared to other countries, is of the latter countries in the implementation of privatization. Since the introduction of privatization, as a patchwork starting in the 1980s and almost coincided with the early years of the Islamic revolution in Iran, there was no tendency during this period and there was little privatization. Since the Islamic Revolution, our economy was more oriented towards the State-owned economy for different reasons and with regard to the early days of the revolution. After nearly a decade of state-owned economy in Iran, the state body changed into a fat, huge and inefficient one and from then on, the above-mentioned trend changed its direction. Thus, limiting the scope of the state economy and privatization were considered as the greatest goals of the first development program in 1989 and such a goal was emphasized during the upcoming five-year development programs until the foundation of privatization in 2001, announcing general policies of Article 44 of the Constitution in 2005 and partly in 2006 and finally the approval of the general policies of Article 44 in 2007 renewed the privatization policy in Iran.

In Article 16 of the general policies of Article 44 of the Constitution, there is a glance at the state of human labor and force in the transferable units. According to this article, maintaining employment levels and the continuity in production at enterprises subject to privatization to support the labor force has forced the transfer Board to insure all the employees of each company against unemployment before the transfer.

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