



## The effects of energy consumption, foreign direct investment and population growth on unemployment (the case of Iran)

Seyed Danyal Hosseini (Master of science)

Department of Banking and Finance  
Eastern Mediterranean University  
Famagusta, Cyprus  
Hosseinidanyal@gmail.com

### Abstract

In this research, the relationship of energy consumption, foreign direct investment and population growth with unemployment in Iran is studied according to the data provided during 1989-2017. The present research uses the Johansen's co-accumulation approach to analyze the long-term relationship between variables studied. The long-term flexibility and causality was studied based on VECM framework. The results of long-term flexibility implied the positive significance of population growth and energy consumption and negative significance of foreign direct investment effects on unemployment. The results of causality also implied that in short-term, the causal relationship from population growth and foreign direct investment is toward the unemployment and long-term causality was from energy consumption, foreign direct investment and population growth toward unemployment.

Keywords: unemployment, population growth, foreign direct investment, energy consumption

### 1. Introduction

Economic development is one of the main goals in any economy and wealth and population welfare enhancement along with the social welfare and employment are the goals of economic development. The nature and dynamics of any state's economic development has always been the main focus of economists and

Economic growth factors include quantity and quality of natural resources, labor such as labor efficiency and professional training, fixed capital and novel technologies. These factors lead to production physical growth but this is necessary for enhanced GDO consumption to occur. Therefore, growth depends on

structural changes occurred in economic cycle depends on how people live in a country. Economic development in a society is a multidimensional process encompassing all economic activities areas. The economic perspectives dynamic indices are numerous but the most principal ones is GDP. Due to issues in measurement of economic development process, the economic growth is analyzed.

demand factors (increase of overall consumption) and distribution factors (using the limited resources in different sectors efficiently). Hence, considering key factors such as foreign direct investment, energy consumption and