

## The Effect of value added in the Air Transport Industry on the employment of that sector

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### Abstract

Air transport is one of the key sub-sector of transport industry, which has a high value added and novel technologies. Taking into consideration the importance of the employment in Iranian economy, this research investigates the contribution of air transport industry to employment in Iran. In this research, CES function is used to determine employment potential in this industry. This model considers workforce as dependent variable and value added, wage and capital price as independent variables. Data time span covers the period 1382 to 1397 (2003 to 2018). The Econometric model is estimated by Autoregressive distributed lag model (ARDL) subject to a boundary test approach. Boundary test result confirms correlation among the variables, which indicates interpretable long-term relationship between the variables. Result of the long term model estimation shows that the estimated coefficients for the variables (value added, wage and capital price) are statistically meaningful and their values are 0.16, 0.62 and -0.23, respectively.

**Keywords:** Air transport Industry, Employment function, CES Function, Autoregressive distributed lag model (ARDL), Boundary test

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