

In the name of God

Necessity of Restructuring Production System in Iran

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Abstract

In this paper, an attempt is made to review production structure and its pivotal role in successful supply of goods in order to facilitate production process in the country. The paper is prepared in three sections. In the first section, the share of corporate sector, as one of the predominant features of production structure in Iran is being studied. Increasing evidence shows that increase in the share of corporate sector in economy enormously affects the accelerated growth in advanced countries, and its low share is considered as one of the most important impediments to production as well as economic growth of the country. Increase in the share of corporate sector, due to its advantages such as access to optimal level of production and bringing variety and competitiveness to the market, will positively affect the economy in general.

The second section is devoted to the concept of social capital, as a major factor affecting lower share of corporate sector in the Iranian economy. Low social capital underpins lower share in corporate sector in the economy. There is a positive link between social capital and economic development. Indeed, social capital is playing an important role in improving economic development of the countries. The traditional composition of natural capital, physical or produced capital and human capital needs to be broadened to include social capital. Survey of the social capital indicators in Iran, during the past three decades, despite social and political developments, is indicative of a downturn in social capital. In this context, in order to apply the concept of social capital at a practical and operational level, new approaches and policies should be adopted. However, the effective role of policy makers and the government authorities in this regard should not be neglected.

Section 3 elaborates on the subject of brand, and the contribution that brands make to shareholder value. This can contribute to improve the share of corporate sector in the economy. One of the impediments to production which is mostly observed in marketing is largely attributable to negligence of brand.

Nowadays, as global competition becomes tougher and many competitive advantages, such as technology, become more short-lived, the brand's contribution to shareholder value will increase. The brand is one of the few assets that can provide long-term competitive advantage.

Keywords: Production Structure, Institutional Share, Corporate Sector, Social Capital, Brand