



Unemployment In the World

What is Unemployment?

Unemployment is a term referring to individuals who are employable and actively seeking a job but are unable to find a job. Included in this group are those people in the workforce who are working but do not have an appropriate job. Usually measured by the unemployment rate, which is dividing the number of unemployed people by the total number of people in the workforce, unemployment serves as one of the indicators of a country's economic status.



Unemployment is a state where a person is able to work but is unable to find a job. It's a key indicator of a country's economic health.

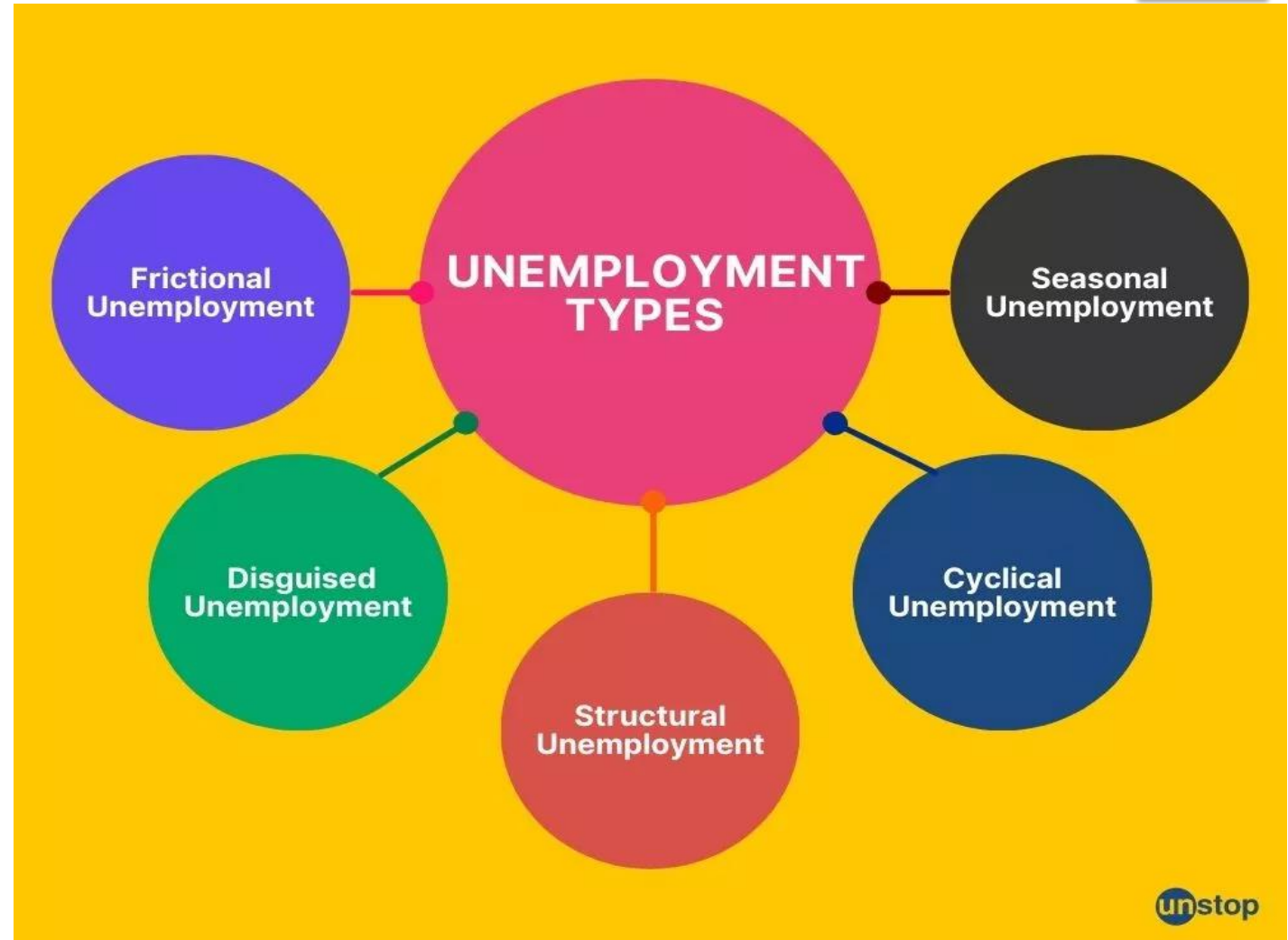
The unemployment rate is the percentage of the labor force that is unemployed. It's calculated by dividing the number of unemployed people by the total number of people in the labor force. The labor force includes the employed, self-employed, unpaid family workers, and the unemployed.



Types of Unemployment

There are basically four types of unemployment:

- (1) demand deficient,
- (2) frictional,
- (3) structural,
- (4) voluntary unemployment.



Causes of Unemployment


- ▶ KEY TAKEAWAYS
- ▶ Unemployment occurs when workers who want to work are unable to find jobs.
- ▶ High rates of unemployment signal economic distress while extremely low rates of unemployment may signal an overheated economy.
- ▶ Unemployment can be classified as frictional, cyclical, structural, or institutional.
- ▶ Unemployment data is collected and published by government agencies in a variety of ways.
- ▶ Many governments offer unemployed individuals a small amount of income through unemployment insurance, as long as they meet certain requirements.



Frictional Unemployment

This type of unemployment is usually short-lived. It is also the least problematic from an economic standpoint. It occurs when people voluntarily change jobs. After a person leaves a company, it naturally takes time to find another job. Similarly, graduates just starting to look for jobs to enter the workforce add to frictional unemployment.


Frictional unemployment is a natural result of the fact that market processes take time and information can be costly. Searching for a new job, recruiting new workers, and matching the right workers to the right jobs all take time and effort. This results in frictional unemployment.



Unemployment

[ən-im-'plɔɪ-mənt]

A situation where a person actively searches for employment but is unable to find work. Unemployment is considered to be a key measure of the health of the economy.

 Investopedia

- The unemployment ratio is defined as the percentage of persons unemployed among the persons in the labour force.
- The unemployment rate was 6.6% for men and 9.4% for women (9.3% and 11.6% in July-September 2021).
Worker-Population Ratio (WPR):
- The WPR is defined as the percentage of employed persons in the population.
- The WPR in urban areas for persons aged 15 and above stood at 44.5% (42.3% in July-September 2021).
- The WPR among men was 68.6% and 19.7% among women (66.6% and 17.6% in 2021).

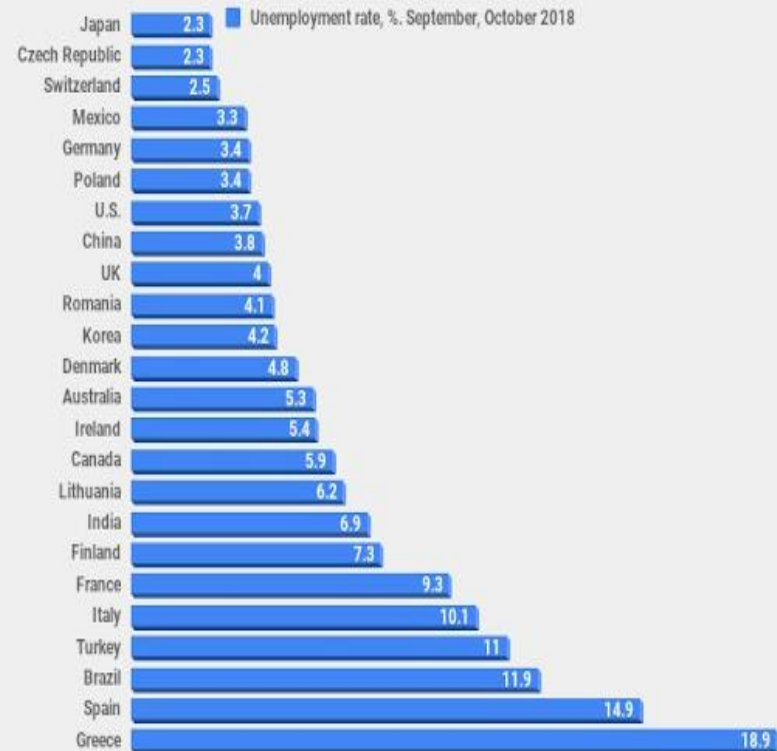



Which country has the highest unemployment rate in the world?

The world's five highest unemployment rates at the end of 2023 (latest information) were in Africa and occupied Palestine.

- Eswatini: 37.6%
- South Africa: 28%
- Djibouti: 26.3%
- West Bank and Gaza: 24.4%
- Botswana: 23.4%¹.

Unemployment rate around the world in 2018





The unemployment rate is hitting its lowest level in decades in the U.S., Japan, Germany, UK and other large economies around the world. What does it mean?

3.7% of Americans in the labor force didn't have a job in October 2018. Although it means that 6.1 million of the U.S. citizens are searching for a job, it's the lowest unemployment rate in America since 1969. What is more, job openings rose to a record 7.14 million in August meaning that there are more vacancies than people looking for a job.

- ▶ **Unemployment rate in Japan is at a 27-year low**
- ▶ A number of world's biggest economies are experiencing the same trend as the U.S.
- ▶ In Japan, the world's third-largest economy, the unemployment rate dipped down to 2.2% in May 2018, the lowest since 1991. In September country's jobless rate was 2.3 %, and it's one of the lowest unemployment rates among the world's developed economies.

- ▶ Due to labor shortages, Japan's government even consider opening up the country's labor market to foreign workers. It's a big step to a country which has maintained a conservative approach toward the immigration.
- ▶ A new visa program would allow overseas blue-collar workers to work in limited sectors facing the biggest labor shortage.

Joblessness in Germany fell to a 28-year low, in UK – a 43-year low

The unemployment rate in Germany, Europe's biggest and world's fourth-largest economy, has dropped to 3.4% – the lowest from the reunification nearly 3 decades ago.

The German Labor Agency attributed the rise in employment to higher household spending, which was fueled by increased job security, above-inflation wage hikes, and low borrowing costs.

While in the UK, the world's fifth-largest economy, a nationwide jobless rate remains at 4%, the lowest level since 1975.

The trend has been spreading fast across Europe.

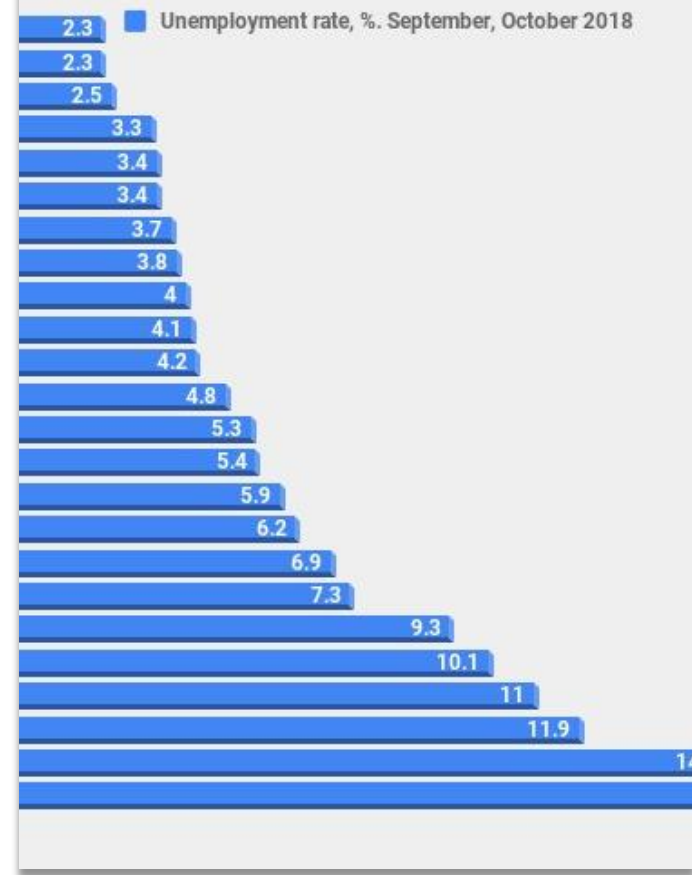
In Poland, the unemployment rate of 3.4% in September 2018 matched the lowest in 28 years.

Whereas in the Czech Republic the unemployment rate fell to a 21-year low of 2.3%. It is the lowest unemployment rate in the EU.

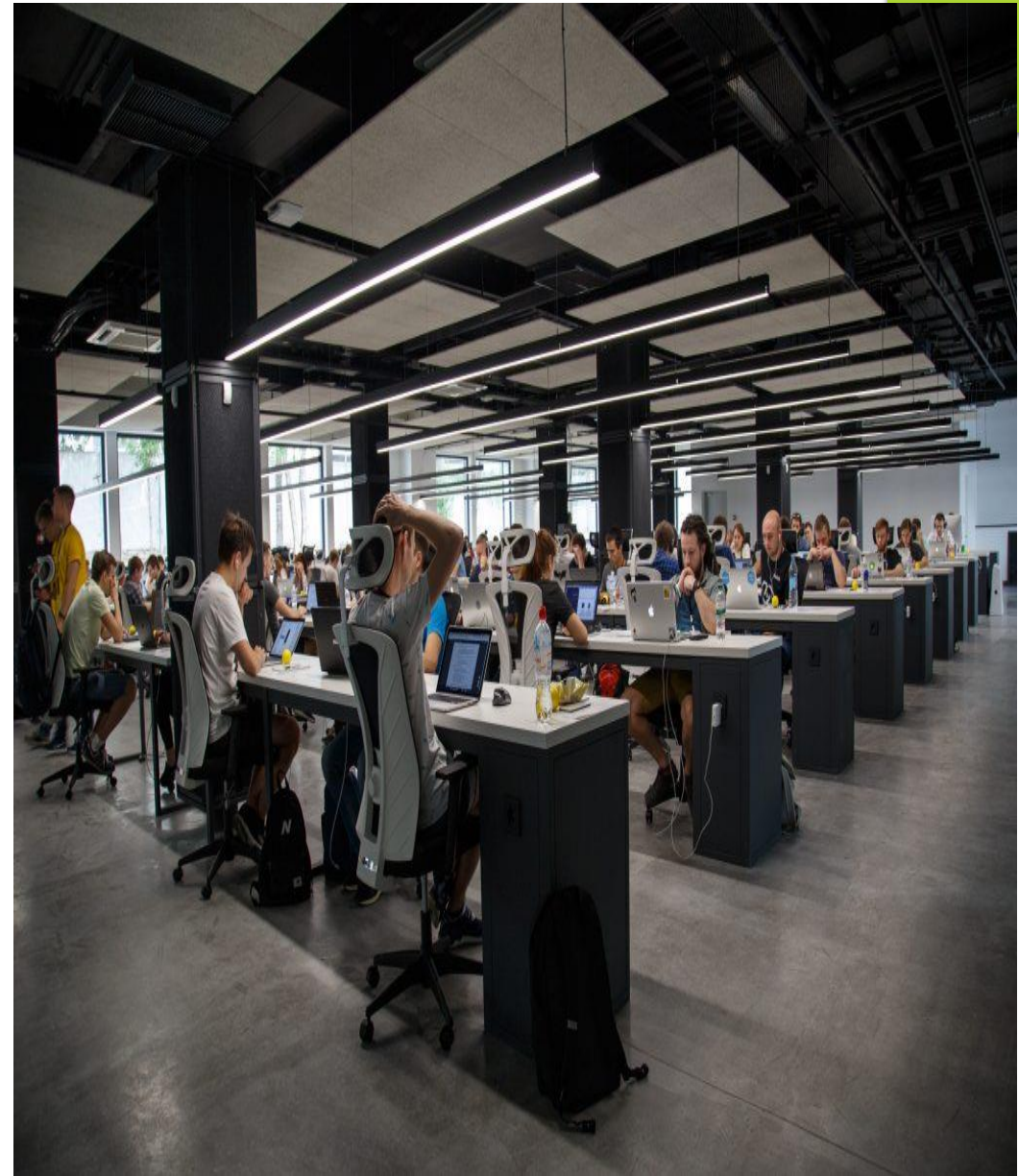
In fact, many European countries have recovered from the 2008 financial crisis with the unemployment rate reaching record lows of 2008. The Netherlands (3.7%), Austria (4.9%), Romania (4.1%), Ireland (5.4%), Slovakia (6.6%) are among such countries.

highest
unemployment
rate

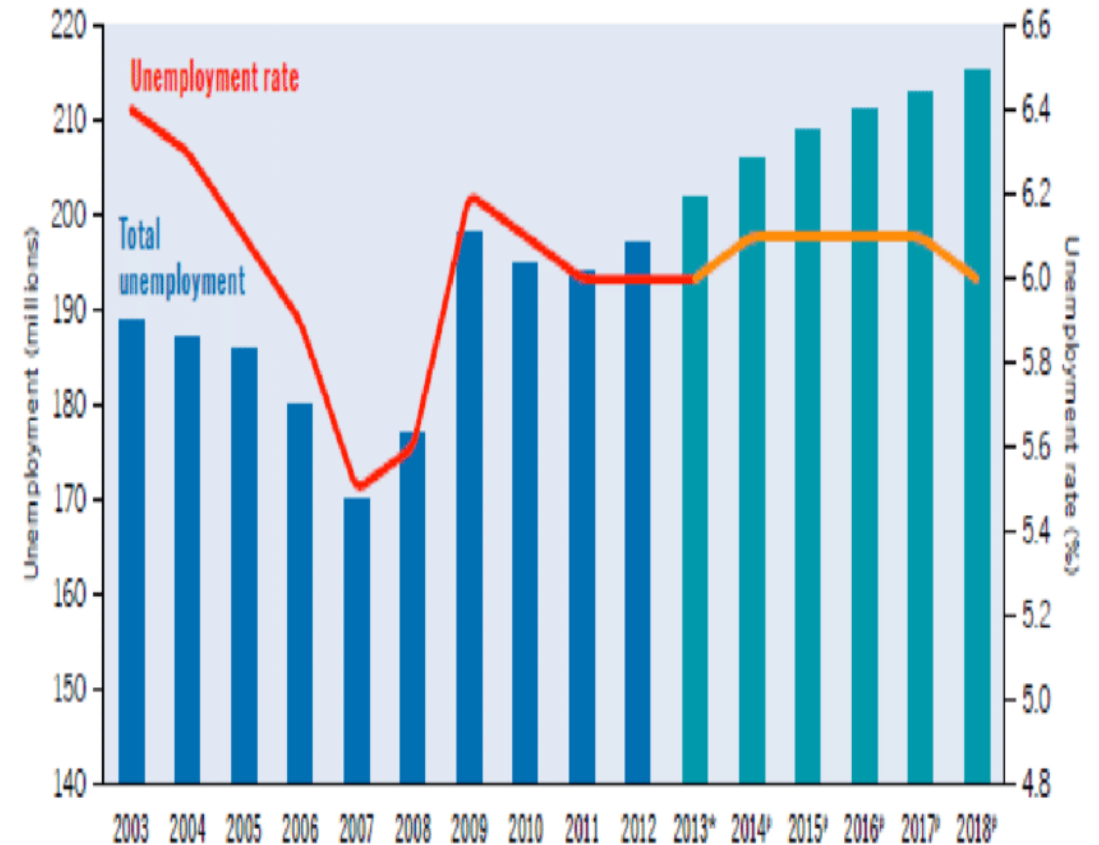
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The unemployment rate at a record low usually means that the wage growth is also starting to pick up. However, a tight labor market is the reason to be optimistic for employees but not economists. Economists are pointing out that the strong job market might indicate that a recession is coming. “When the U.S. unemployment rate falls under 4%, recessions follow soon after,” Jesse Colombo, an economic analyst at investment advisor firm Clarity Financial, LLC writes in [Forbes](#). “Historically, U.S. unemployment under 4% occurs after a long, powerful economic expansion. By the time the unemployment rate is under 4%, the economic cycle is already mature, the labor market is tight, and inflation is becoming a concern.” According to Colombo, this time the 4% U.S. unemployment rate is occurring as a result of what he calls the “

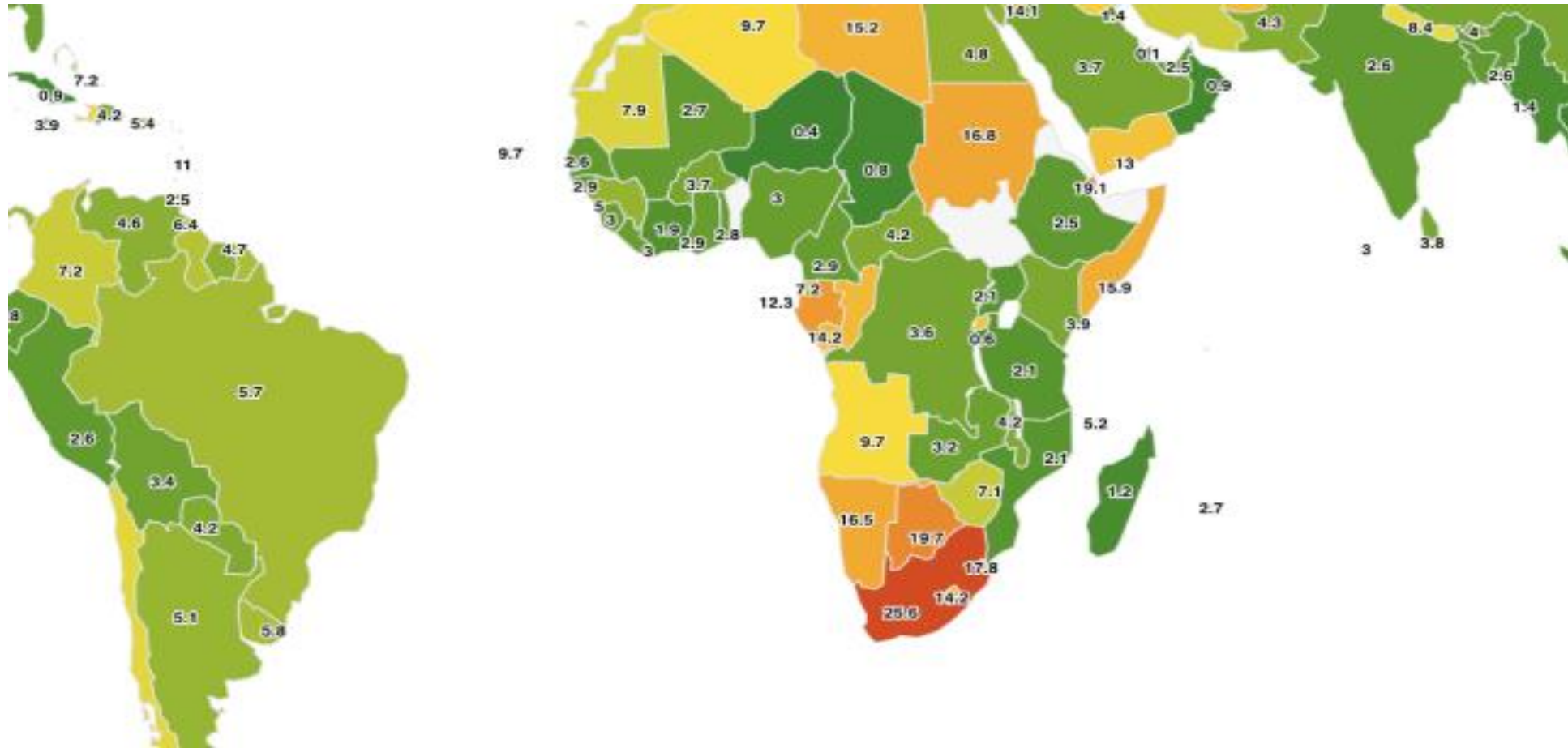


Note: * 2013 are preliminary estimates; 2014–18 are projections. The graph displays past trends and projections for global unemployment.

Source: ILO, *Trends Econometric Models*, October 2013.



Thank You





Thank You