

Unemployment

Types

Frictional

- Just graduated
- Switching jobs
- Fired

We like to see this.

Structural

Unemployed because their human capital doesn't match the needs of the employers.

"Skills mismatch"

- Automation

We like to see this. Innovation

Cyclical

Unemployed due to a downturn in overall economical activities.

We don't like this

Actual Unemployment Rate – Natural Unemployment Rate = Cyclical Unemployment Rate