

Smit to illustrate your
answer. what is

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Smit Shah Student Number: N01251128 Course: Management Economics - ECON-5015-0LA Instructor: Usman Malik Question: How is unemployment measured? Discuss different types of unemployment.

Give examples to illustrate your answer. What is

Unemployment? Unemployment is characterized as individuals who do not have a job, have effectively searched for work in the past four weeks, and are currently available for work. Additionally, individuals who were temporarily laid off and were holding up to be called back to that job are included in the definition of unemployment. How is unemployment measured? To measure the unemployment rate, we must first define who is qualified and accessible to work. Firstly, we split the total Canadian population into three groups.

One group is comprised of people under 15 years of age and people who are institutionalized, for example in psychiatric hospitals or correctional institutions. Such people are not viewed potential members of the labor force. A second group, named "Not in labor force", is composed of grown-ups who are potential workers but are not employed and are not seeking work. For instance, they are homemakers, full-time students, or retirees. The third group is labor force, which constituted little more than 50 percent of the total population in 2013. The labor force consists of people who are able and willing to work, and includes both those who are employed and those who are unemployed but actively seeking work.

The labor force participation rate is defined as the percentage of the population 15 years and over (about 67 percent in 2013) that is currently

employed or unemployed, but looking for work. The unemployment rate is the percentage of the labor force that is unemployed:
$$\text{Unemployment rate} = \frac{\text{unemployed}}{\text{Labor force}} \times 100$$

In 2013 the unemployment rate was $1.4 \text{ million} / 18.7 \text{ million} = 7.4\%$. Each month, Statistics Canada conduct a nationwide random survey of some 54,000 household to determine who is employed and who is not employed. In series of questions, it asks which members of the household are working, unemployed and looking for work, not looking for work and so on.

From the answers, it determines an unemployment rate for the entire nation. Types of Unemployment: 1. Frictional Unemployment: Frictional unemployment is a temporary phenomenon. It might likewise come about when a few workers are temporarily out of work while changing jobs. It might likewise come about when the work is suspended because of strikes or lockouts. To some degree, also say that frictional unemployment is because of challenges in getting workers and vacancies together. Example: Regularly laborers must move for insignificant reasons previously they can search for new occupations.

They may get married or should administer to elderly relatives. Different circumstances, they may have spared enough cash, so they can stop unfulfilling occupations. They have the privilege to look until the point that they find only the correct open doors. 2. Seasonal Unemployment: Seasonal unemployment happens when individuals are jobless under specific circumstances of the year since they work in enterprises where they are not required throughout the entire year. There are few businesses and

occupations, for example, agribusiness, the catering trade in holiday resorts, some agro-based exercises like sugar factories and rice plants, in which production activities are seasonal in nature.

So, they offer employment for just a specific timeframe in a year. People occupied with such sort of work or activities may stay unemployed during the off-season. We call it seasonal unemployment. Example: Some businesses and occupations, such as farming, snow removal etc. are seasonal businesses or occupations in which worker are only able to work for a certain period of time and then after they have to go out and search for the new job.

3. Structural Unemployment: Structural unemployment is the most serious kind of unemployment because of structural changes in the economy. Structural unemployment is caused by a decrease in demand for certain products or creations in a specific industry, and ensuing disinvestment and lessening in its labor necessities. Example: Technological advances have made structural unemployment in the daily paper industry. Online publicizing has drawn sponsors far from daily paper promotions. Online news media has drawn clients far from physical daily papers. 4. Cyclical Unemployment: In industrially advanced capitalist countries this type of unemployment is found in recessionary and depressionary phases causes cyclical unemployment in these countries.

During the contraction phase of a trade cycle in an economy, aggregate demand falls, and this leads to disinvestment, a decline in production and unemployment. The solution for cyclical unemployment lies in measures for

increasing total expenditure in the economy, thereby pushing up the level of effective demand. Example: If there is a large drop-off of demand in a particular product than a company have to lay off workers to maintain profit margins. References: 9 Types of Unemployment found in Modern Societies. (2014, February 05). Retrieved January 04, 2018, from <http://www.yourarticlelibrary.com/employment/9-types-of-unemployment-found-in-modern-societies/24850>

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