

# [Global employment scenario](https://assignbuster.com/global-employment-scenario/)

According to the Grant (2002), “ The International Labor Organization (ILO) defines unemployed workers as those who are not working at the moment but are willing and able to work for pay, are currently available for work and have recently searched for it” (P. 521). The ILO suggests the following four methods for unemployment rate calculation:

1. Labor Force Sample Surveys : Comprising Sample data from an appropriate sample of households spread over different geographic regions of the economy in a systematic way and hence showing economic realism.

2. Social Insurance Statistics: Estimates of the labor force participation rate used in conjunction with claims received for job seekers allowance and other unemployment benefits.

3. Employment Office Statistics: Statistical inferences drawn from the labor force survey.

4. Official Estimates: A mixture of the above three sources.

In the proceeding sections, unemployment measurement, reporting and the present unemployment situation is detailed for four different economic zones; the United States, Japan, Euro zone and the United Kingdom.

United States of America

In the United States of America, measurement of the employment situation is the responsibility of the Bureau of Labor Statistics (BLS) which utilizes two labor force sample surveys, the Current Population Survey (CPS), also called the household survey, and the Current Employment Statistics (CES) survey, also called the payroll survey, to come up with unemployment figures. The Household survey comprises a sample based on 60, 000 households, the data from which is extrapolated to give national figures. The payroll survey utilized data obtained from 160, 000 businesses and government agencies and around 400, 000 salaried individuals. According to Anderton (2002), “ Since the payroll survey only measures non supervisory and non agricultural unemployment, it is not reliable” (P. 625).  Hence, the household survey is a more reliable estimate of unemployment as it directly measures all its components.

The major indicators of the unemployment situation in America coming out of the job reports are the following:

1. Labor Force Participation Rate: Measures the amount of labor force that is willing and able to work for pay immediately. A higher number suggests economic growth.

2. The Employment Population Ratio: Measures the amount of people employed as a percentage of the total population. Higher number is associated with a growing economy.

3. The Amount of People Who Lost Jobs and Recently Completed Temporary Work: Measures the additions to the stock of recently redundant people that are out of work due to the inability to keep their jobs or the unavailability of continued temporary work and hence in need of support.

4. The Number of Long Term Unemployed: Measures people out of work for 27 weeks or more. Varies directly with the business cycle, with a high number suggesting a high natural rate of unemployment.

5. The Number of People Working Part Time Due To Economic Reasons: Measures the inability of the workforce to find proper jobs.

At present, the unemployment situation in the United States is very grim. According to the Bureau of Labor Statistics (2009), the unemployment rate stands at 9. 5% with 14. 7 million unemployed” (P. 3). The civilian labor force participation stood at 65. 5% but the employment to population continued to decline. The number of people forced to do part time work due to economic reasons has jumped to 9 million ever since the recession started, a leap of 4. 4 million while those persons unemployed long term are said to be standing at 4. 3 Million. Those who lost their jobs or completed temporary work stand at 9. 6 million. All these figures point to a bleak economic outlook with a fall in economic activity hurting jobs and adding to the stock of unemployed people. The sub prime mortgage crisis and the ensuing economic downturn have been blamed for this.

Euro Zone

In the Euro zone, the European Union’s statistical arm, Eurostat, carries out employment situation measurement and reporting. The agency uses sample data from the EU Labor force survey along with national surveys from member states. Unlike the American system, the European agency focuses on the actual count and rate of unemployment and hence focuses on a broad measure of unemployment, that is, according to Anderton (2002), “ the number of people aged 15-74 are without work, are able to start work within the next two weeks and have actively searched for a job in the past 4 weeks” (P. 626). This definition confirms to ILO standards.

At present, according to Eurostat (2009), “ the unemployment situation in the Euro Zone area is bleak with an unemployment rate of 9. 4% in June in the 16 member nations of the European single currency, representing economic slowdown and recessionary trends”. A total of 14. 896 million people are said to be out of work at this very moment. The unemployment rate a month earlier was 9. 3%. The Economic downturn as a result of the global economic crisis has been blamed for the poor growth being shown by the Euro Area whose largest economy, Germany, is largely export based and suffering from reduced exports to the world as business activity is low.

United Kingdom

According to Anderton (2002), the United Kingdom has a dual measurement and reporting system for unemployment rate based on “ the claimant count, which includes all those who are unemployed and actually claiming benefit in the form of Jobseekers Allowance; and the government’s preferred International Labour Organisation total, which includes people not eligible for benefit” (P. 627). The ILO measure is more reflective of the true situation as claimant counts omits people who are out of work but who are not claiming benefit.

Generally, the higher the unemploymaent rate based on either measure, the lower the economic activity in the country and hence slower or even negative GDP growth. Other indicators of the unemployment include the figure for vacancies available. Low vacancies implies a drop in economic activity or the unavailability of jobs as the economy operates nder full employment. Hence, this measure needs to be seen in conjunction with others.

At present, according to the Office of National Statistics (2009), “ the unemployment rate and the claimant count have both risen with dwindling vacancies pointing to low economic activity”. The unemployment rate stood at 7. 6% in May 2009, up 0. 9% points from February with the number of unemployed standing at 2. 38m, a rise of 211, 000 people when compared with the previous quarter ending in February 2009. This worsening of the sitiuation has been blamed on the turmoil in financial markets and the fall in economic activity activity around the world which has lowered demand for the UK’s service oriented economy.

Japan

According to Anderton (2002), “ Japan follows the same broad based measurement and reporting strategy for unemployment as the Euro Zone, that is, ILO compliant” (P. 628). The major indicators are the labor force participation rate, the employment rate and the unemployment rate. The Japanese Government collects data through a sample survey called the Retail & Price Survey.

At present, according to the latest job report (2009), “ the unemployment rate in Japan is 5. 4% with 3. 48 m people (an increase of 31% from an year earlier) unemployed”. This shows a rising trend as the same measure was 5. 2% in April 2009. The country’s jobless rate touched its highest peak in May 2003 when it touched 5. 5%. This worsening situation is blamed on the economic downturn that the world is witnessing as the Japanese economy is highly export dependent.