

# Unemployment report method and reasons

[Business](#)



Part A Unemployment means the situation where people in the labour market who are available and willing to work but unable to find a job.

In the economy, it is important to measure the unemployment as an indicator of whether the economy is running efficiently or not. There are two major methods of measuring unemployment in the UK, the Claimant count and the ILO count. The Claimant count, which is related to benefits, is based on the administrative records of the number of people claiming their benefits at Employment Service offices (Dentini. gov. uk 2009).

That benefit has been the Jobseeker's Allowance (JSA) since 1996.

The percentage of unemployment is presented by the numbers of claimants as an added percentage of workforce jobs and claimant unemployment (Lipsey and Chrystal, 2011). 'Workforce jobs' means the measure of the number of full and part time jobs in the economy which are filled with workers at the moment. The advantage of the Claimant count is that it can measure all the people claiming benefits accurately both at local level and national level. Also it can produce a figure quickly. There are, however, some disadvantages of this measure.

Since the benefits systems are various over time and different between other countries, it is not proper to compare the unemployment rate (Dentini. gov. uk 2009). In other words, it is not internationally recognised. And it does not count people who are not claiming benefits even though they are unemployed.

Also, the unemployment rate can be underestimated as it can count twice those who have two jobs. In addition, there are criticisms that the Claimant count has been politically manipulated to reduce the figure of unemployment level so that the government can appear to be performing well.

The ILO count, which is the official estimates of unemployment in the UK, is an international standard designated by the International Labour Office in 1982. The ILO count considers people as unemployed if they are aged over 16 and are not working, want to work, have sought a job in the previous four weeks, and are able to start work in the next fortnight, or are not working, have found a job, and are waiting to start in the next fortnight. The ILO is counted every month by a survey, which is called the Labour Force Survey (LFS).

This is why the ILO count is often called LFS count.

Around 40,000 individuals are interviewed each month, and the figure of unemployment is the average of last three months' data (ONS.gov.uk 2013).

The advantage of the ILO count is that it is inclusive since it measures all those who define themselves as unemployed and not just claiming benefits (Lipsey and Chrystal, 2011). The disadvantages are, however, it takes time to see the result and costs a lot of money to compile the results in comparison to the Claimant count.

In addition, since it is only based on a sample survey, it could contain errors and may not be able to indicate precisely at a local level since the sampling has a difficulty to represent all the people and areas perfectly.

The reason why two measures have different result is because the Claimant count only measure those who claim benefits whilst the ILO count consider all those who say they are unemployed. Also, disadvantages of both measurements can cause an inaccuracy in the result.

Part B A Conservative minister of the Department for Work and Pensions, Maria Miller, has mentioned that there is no ‘ a shortage of Jobs’ in the I-JK (the Guardian 2012). According to the recent ONS unemployment figure, there are 2. 52 million people unemployed whilst there are 503, 000 Job vacancies.

Then, why there are still many available Jobs despite of high level of unemployment ? The reason can be varied and there will be a way to resolve this irony. Just one reason will not be able to fully explain why there are 503, 000 vacancies. There will be more than one reasons intricately connected each other.

First, a mismatch between Jobs available and demands for Jobs can be one reason. Nowadays, people who look for a Job, especially younger people, tend to have a higher level of education background than the past.

The graph next from the Office for National Statistics shows the changes of the number of graduate in the labour arket over the last 10 years. Although the increased university tuition fee in England and the recession has affected negatively on the number of university applicants recently (Adams 2013), it has an increasing tendency in general.

Those who have high qualification will not want to do some low paid and 3D (Difficult, Dirty and Dangerous) works since they want to be rewarded from their investment to the education, their money and time. These lead to increase in mini, mum wage and eyelevel of Job seekers that make employers hard to find workers and also employees difficult to get a Job. The vacancies composed of those inferior Jobs may remain empty since highly educated people do not want them.

Or, it could be the opposite that the vacancies are made up of Jobs requiring high level of skills or qualifications but people who are seeking Jobs may be not able to satisfy those requirements.

Second, some unemployed people may either not find a reason to work or not be able to work. Those people could be continuing education, raising children at home, suffering from illness or simply have enough money to live without working. The ILO count define these group of people as 'economically inactive'.

According to the most recent statistics of the Office for National Statistics, the number of economically inactive people is increased by 47, 000 and now 9 million. A growth in the number of economically inactive people leads to an increase in the number of unemployed people but no change in the number of Job vacancies. Third, it could be related to a regional factor.

Since people want better Jobs in terms of salary and choice of career and better working conditions, they tend to move to cities where have the more businesses running well and more pleasant working conditions than countryside.

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In the recent labour market research by ONS shows that workforce jobs are highly concentrated in London ( more than 5 million ) whilst North East, which is more countryside, has only a bit more than one million jobs. As a result, people move out and the jobs that had been available will become vacant. Although there are still people living there but they may be too old to do those jobs. This can be one of the reasons why there are a lot of job vacancies because workforces are focused on the cities. Those reasons are hard to be resolved by people voluntarily.

This is why the government needs to intervene in the labour market by using policies. There can be various sorts of government policies to make the labour market more efficient by filling up job vacancies. The first reason was because people have too high eye level on finding jobs and the labour market cannot provide enough jobs at that level. To resolve these aspects, people need to break the bias against other jobs but also, at the same time, the government needs to find another way. The government can improve a recognition on those relatively low level jobs to be more sophisticated by giving subsidies and benefits (e. .

social welfare benefits) or nationalisation (e. . include in the civil service). In addition, for the opposite cases, the government can provide education and training for people who want to be employed by establishing training schools state funded. It is really hard for people to change ' the image ' of something that has been accumulated over time. A change of the image may help vacancies to be reduced and the government can try to do that with varied supports and policies.

However it can be much difficult, take such long time and cost a lot.

For the second reason, because some of those economically inactive decided not to work themselves, it is really difficult for the government to force them to work. However, it is possible to support people who are inevitably unemployed. For instance, the government can provide better nursery school so that mums can go to work without worrying about their children. In addition, the government can oblige firms to install a facility or find appropriate works for those physically and mentally handicapped.

As a good example, a Swiss company, Victorinox, hires disabled people actively and provides tasks that those disabled people can do well.

In my opinion, encouraging conomically inactive people to Join the labour market will be one of the best way for the government to reduce Job vacancies. Of course, there is no guarantee that those people will fill up the all vacancies however an increase in the number of workforces will contribute to reduce Job vacancies at least partly. With the third reason, which is regional, it is clear what the government need to do. There are pull factors of cities that attract people and push factors of countryside that force people to leave (English-online.

at n. d. ). The government need to consider those factors.

People leave ountryside because life is harsh at there and, in terms of employment, Jobs are not that good compare to cities. The government can resolve those push factors in countryside by investing more money to establish infrastructures in countryside, subsidising local industries to make

local vacancies more attractive and providing benefits for people to settle in countryside.

This kind of policies can contribute to not only reduce the vacancies but also balance the economy across the country. However, as it requires a lot of improvement and investment, it will take a lot of time and money to see some notable changes.

Nonetheless, I reckon it is worth to try since it can help government to resolve an unemployment such as Job vacancies and also improve the economy at national level. There can be more diverse reasons can explain other remaining Job vacancies and ways can make those vacancies distributed efficiently. However, as unemployment and Job vacancies matter is very complicated, there need to be various approaches to solve the problem. Also, the government can play an significant role in this situation by using new policies and intervention.

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