

## Unemployment At An Economic Glance

*Musaied Hassan Al-Hareesh*

**E-mail:** [musaied\\_a@yahoo.com](mailto:musaied_a@yahoo.com)

**Received:** 7 Mar. 2019, **Revised:** 15 Mar. 2019, **Accepted:** 23 Mar. 2019

**Published online:** 6 June 2019.

---

### Abstract

This era is witnessing a huge development and growth in economic development as well as many other fields. Development is concept of process that concerns all levels and fields of life. The embodiment of this process depends on several factors that vary in importance from one situation to another, and from one country to another. Despite this economic development, there is a phenomenon of unemployment witnessed by the individual and society. Unemployment is defined as people who do not have a job. Its statistics are probably one of the most closely monitored indicators of the work market. Unemployment occurs when a person who is actively searching for employment is unable to find work. Unemployment is one of the key indicators of the economy. Population is always associated with unemployment. When there are no worthy changes in economic and institutional settings, the demographic factors then play an important role in the issue of unemployment. The unemployment rate is a percentage, and calculated by dividing the number of unemployed individuals by the number of all currently employed individuals in the labor force or number of adult population. There are a lot of factors which caused the unemployment. The present situation of unemployment, especially the educated peoples of a country has the gap of the founding of valuable and available jobs and

educational organization. Unemployment problem face many countries. In the last two decades, Egypt continued to witness an increase in the size of its working population resulting from earlier high population growth rates. There are a number of commonly specific challenges facing male and female youth in entering the labor market and take part to increasing the unemployment rate. As a general phenomenon, private sectors are responsible for creating working jobs. But the quality of civil service is crucial for development. Investment in skills of people, quality education and learning programs shall facilitate people to equip necessary skills required.

**Keywords:** Unemployment, economy, definitions, youth unemployment, Population.

---

## **Introduction**

Unemployment is one of the most serious problems suffered by many social systems around the world, where it leads to negative consequences in the economic and social sphere. The International Labor Organization (ILO, 2013:56) defines unemployment as referring to persons of working age who are “not in employment”; actively “seek employment is “available” for work. Unemployment is defined as a situation where someone of working age is not able to get a job but would like to be in full-time employment. Employment has always been regarded as one of the important social issues. The fundamental reason that makes it so important is that it does not only affect the economic development of society, but also the stability of the society. Unemployment occurs when a person who is actively searching for a job is unable to find work. Unemployment is often used as a measure of the health of the economy. Youth unemployment is characterised by specific complications. This is not only because jobless, non-employed or unemployed young people constitute a less homogenous group than other groups of unemployed. The working- age

population is the population above the legal working age (adult populations), but for statistical purposes it comprises all persons above a specified minimum age threshold for which an inquiry on economic activity is made. Employment determines how a society is like, how it is going to develop. It also affects how individuals define themselves. Imagine if enormous numbers of people are jobless; the consequences must be drastically catastrophic. Unemployment is a key economic indicator because it signals the (in)ability of workers to readily obtain gainful work to contribute to the productive output of the economy. Also it's those people in the workforce who are available for work that does not have a 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 an economy's status. There are millions of youth are unable to find desirable employment despite their best efforts. More unemployed workers mean less total economic production will take place than might have otherwise. There is a main relationship between economy and unemployment. Economy is always intertwined with society developments. Social changes highly influence the economy environment as well as its structure. There are many factors that cause unemployment problem. Unemployment is highly sensitive to the changes in economic and social environment. As a matter of fact, most of the countries are suffering from the slower-than-projected economic recovery and rise in unemployment. Those countries regards that preventing mass unemployment has universally considered primary goal. The reasons for youth unemployment are fairly similar to other causes of unemployment. One of this countries which suffering from unemployment is Egypt. Youth unemployment in Egypt is a central policy issue. This is a conventional problem that has occupied policy makers, academia, the media, and most importantly, every household in Egypt. Alternative individual strategies for avoiding unemployment or reducing unemployment duration

include moving from disadvantaged areas to more prosperous areas within or between countries.

### **The study problem**

The study does not count everyone who is jobless as unemployed. It excludes those who have not looked for work within the past four weeks. While the unemployment rate is in theory straightforward, classifying working age persons as either employed, unemployed, or out of the work force is difficult in practice. While the unemployment rate is in theory straightforward, classifying working age persons as either employed, unemployed, or out of the work force is difficult in practice. The study clarify that among the unemployed, about 73 million young people were unemployed. The Egyptian Center for Economic Studies (ECES) has posed a challenge to revisit the problem of employment and unemployment in Egypt. During the period (1994-2007), the volume of labor force in Egypt increased from 16.8 to 23.9 million persons, up by 42%. Many state and civil society initiatives have taken place in Egypt to address youth unemployment. The Youth Employment Inventory includes more than 180 interventions implemented in Egypt for youth employment. To prevent the “groundless” fear becoming the reality, as delegates from global community, we must find a viable strategy to strengthen the global economy and alleviate the problem. In this research we will discuss these questions:-

- 1- What are the reasons that led to the inflation of unemployment?
- 2-what are types of unemployment?
- 3- Is there relation between economy and Unemployment?
- 4-what are reasons for the high youth unemployment in Egypt?
- 5- How can we reduce unemployment?

## **What distinguishes this study from previous studies?**

The previous studies showed that, the most important factors contributing to the rising volume of national unemployment include privatization and inflation, and that increases in agricultural investments and agricultural domestic product resulted in raising the volume of agricultural unemployment. Here, it will analyses the background of the phenomenon of youth unemployment in all its economic and social aspects. in a study of job search effort, finds a corresponding negative impact from age on search intensity. in this study of youth unemployment ,finds a significant positive effect from schooling on the probability of re-employment.

## **The study content**

### **1.0 Relationship between population and unemployment**

The working- age population is the population above the legal working age. Other types of surveys indicated that population censuses could also be used as sources of data to derive unemployment rates. Every economy is characterized by both active and inactive populations. The economically active one is referred to as the population willing and able to work(El-agrody, Othman, and Hassan 2010).

### **2.0 Effect of economy on unemployment**

To identify the nature of the relationship between economy and unemployment, the economy with high unemployment has lower output without a proportional decline in the need for basic consumption. High, persistent unemployment can signal serious distress in an economy and even lead to social and political upheaval(Radwan 2002).

### **3.0 Types of unemployment**

There are many organizations that classified unemployment into several types. There are main types of unemployment: structural, frictional, and cyclical and others(Galal 2002).

### **3.1 Frictional unemployment**

Frictional Unemployment is caused by industrial friction in which jobs may exist, yet the workers may be unable to fill them either because they do not possess the necessary skill, or because they are not aware of the existence of such jobs. Also it occurs when workers leave their old jobs but haven't yet found new ones. Most of the time workers leave voluntarily, either because they need to move, or they've saved up enough money to allow them to look for a better job (Concept of unemployment 2014).

### **3.2 Structural unemployment**

This reflects a mismatch between the skills and other attributes of the labor force and those demanded by employers. If 4 workers each take six months off to re-train before they start a new job, the aggregate unemployment statistics will record this as two unemployed workers. Technological change often increases structural unemployment (Francisco 2013).

### **3.3 Cyclical Unemployment**

Occurs when there is not enough aggregate demand in the economy to provide jobs for everyone who wants to work according to the economic status. Business cycles in the integrated economic activity; when there is a decline in the demand for transit of goods, forced factory owners to reduce the number of workers or reduce their working hours (AMADEO n.d.).

### **3.4 Residual Unemployment**

It is caused by personal factors such as old age, physical or mental disability, poor work attitude and inadequately training (What is Unemployment? n.d.).

### **3.5 Technological Unemployment**

It is caused by changes in the techniques of production. Technological changes are taking place constantly, leading to the increased mechanization of the production process (AMADEO n.d.).

#### **4.0 Reasons or causes of unemployment**

In the set-up of modern market economy, there are many factors, which contribute to unemployment, they are varied and it may be due to the following factors: Overpopulation, Lack of local funding (Investment and savings) ,Deflation polices, Rapid technological changes ,Governmental corruption, Privatization(CHAPPELOW n.d.).

#### **5.0 Unemployment in Egypt**

The main conclusion was that Egypt was “at a crossroads and sound choices must be made. The country must build upon the success of stabilization and resumption of growth. Egypt must take the 'high road to growth' with the objective of achieving full employment. While Egypt had set up the objective of attaining full employment, this objective remained far from fulfillment at the turn of the new century. Egypt has witnessed heightened political mobilization of young people in 2011, as part of what has been described in the media as the “Arab Spring”. Youth employment issues are key in this context.Unemployment has had severe effects on the Egyptian economy. It has also had negative mental and physical impacts on the Egyptian society(AMADEO n.d.).

#### **The results of the study**

Unemployment is caused by a large number of causal factors. The present situation of unemployment, particularly the educated peoples of a country has the gap of the founding of valuable jobs and educational organization. in the world. The total labor was 57.25 million while labor forces 53.84 million are employed and 3.40 are unemployed .All people who are of twelve years and above included in labor force. The youth unemployment rate in Egypt is 15.7 percent according to a recent ILO report. The unemployment-to-population rate for those aged 15-29 in Egypt stands at 8.5 percent.

#### **The suggestions**

It's clear that serious and effective handling of the unemployment problem will not be possible through partial or expedient solutions, but requires a review

of the prevailing development pattern as far as the level of investment and its distribution structure are concerned. To overcome these difficulties, reforming the economic system has to be seen as a national project. The country must build upon the success of stabilization and resumption of growth. It will take time and effort on the part of those concerned about Egypt's future.

## **Conclusion**

The unemployment rate is a useful measure of the underutilization of the labor supply. Unemployment is a serious social and economic issue that results in a tremendous impact on everything but is often overlooked. It reflects the inability of an economy to generate employment for those persons who want to work but are not doing so, even though they are available for employment and actively seeking work. The causes of high rate of unemployment are lack of education, lack of capital, lack of proper skill, Poverty, and High rate of population growth .All the respondents agree the fact that overpopulation is the result of unemployment because the unemployed have more time to spend with their families. Most of the respondents, disagreed the statement that job opportunities are increasing in the area which means that there is dire need for planning of job opportunities and eradication of unemployment in the area. Without delving into the current controversy regarding the size of unemployment in Egypt, it could be said that unemployment has become a living reality in Egypt today. There is general agreement that the seriousness of this problem is due to its economic, social, and political implications.

## **References**

- AMADEO, KIMBERLY. "Seven Causes of Unemployment The True Causes of Unemployment." <https://www.thebalance.com/causes-of-unemployment-7-main-reasons-3305596>.
- . "Types of Unemployment Three Main Types Plus Six More - Which Is the Worst?" <https://www.thebalance.com/types-of-unemployment-3305522>.



———. “Unemployment, Its Causes, and Its Consequences Not Everyone Who Is Jobless Is Unemployed.” *The balance*. <https://www.thebalance.com/what-is-unemployment-3306222>.

CHAPPELOW, JIM. “Unemployment.”  
<https://www.investopedia.com/terms/u/unemployment.asp>.

“Concept of Unemployment.” 2014.  
[http://www.roundtablecommunity.org.hk/qef/mconf/mg20\\_topic\\_sg.pdf](http://www.roundtablecommunity.org.hk/qef/mconf/mg20_topic_sg.pdf).

El-agrody, Nagwa Mosad, Afaf Zaki Othman, and Monia Bahaa El-din Hassan. 2010. “Economic Study of Unemployment in Egypt and Impacts on GDP.” *Nature & Science* 8(10): 102–11.

Francisco, Alecsandro Roberto Lemos. 2013. “Investment Policies and the Unemployment Problem in Egypt.” *Journal of Chemical Information and Modeling* 53(9): 1689–99.

Galal, Ahmed. 2002. Education *The Paradox of Education and Unemployment in Egypt*.

Radwan, Samir. 2002. *Employment and Unemployment in Egypt: Conventional Problems, Unconventional Remedies*.  
[http://www.eces.org.eg/MediaFiles/Uploaded\\_Files/%7BBBF7C7C56-BF0C-4794-8A4B-82FF135C8D93%7D\\_ECESWP70.pdf](http://www.eces.org.eg/MediaFiles/Uploaded_Files/%7BBBF7C7C56-BF0C-4794-8A4B-82FF135C8D93%7D_ECESWP70.pdf).

“What Is Unemployment?”  
<https://corporatefinanceinstitute.com/resources/knowledge/economics/unemployment/>.