Modern trends in unemployment

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Abstract – Unemployment is an integral part of a market economy. This means that the inevitable feature of a market economy is the existence of a certain level of unemployment, despite the fact that unemployment is one of the visible indicators of macroeconomic instability in the country. Unemployment causes macroeconomic instability precisely when the level of actual unemployment exceeds the set natural limit.

Keywords – market economy; visible indicators; macroeconomic instability; employment services.

I. INTRODUCTION

There are different types of unemployment. Its division into categories is based on the variety of its causes. Nowadays, the following main types of unemployment are distinguished: frictional, structural and cyclical unemployment.

Main part. Frictional unemployment is short-term unemployment. It arises when a person voluntarily resigns and starts looking for another job. He, of course, needs some time to find a new job. The period after resignation and before a person finds another job is called the period of frictional unemployment. Therefore, we can conclude that frictional unemployment is voluntary unemployment.

The emergence of frictional unemployment is related to the shortcomings of effective dissemination of information in the labor market. At this time the unemployed and employers who own vacancies can not immediately find each other. Therefore, frictional unemployment occurs even when the demand for labor and the supply of labor in the economy are equal.

Structural unemployment, in contrast to friction, is longer. Even in the case of such unemployment, there are vacancies in the labor market, although at this time there is a serious discrepancy between what the company needs and what the worker offers.

Unlike friction, structural unemployment is not voluntary but forced. In this case, people lose their jobs and it is difficult to find them again, due to the ongoing structural changes in the economy.

Frictional and structural unemployment are completely natural phenomena for a market economy. Frictional and structural unemployment can arise even when the labor market is in a state of complete equilibrium. Therefore, we can conclude that the natural level of unemployment is exactly equal to the sum of frictional and structural unemployment.

The formation of the natural level of unemployment can be affected by many factors, such as economic growth rates, demographic development trends, the emigration-immigration situation of the country, changes in the structure of the labor force, etc. Since the above figures are different in different countries, it is not surprising that every country has a different natural level of unemployment.

Cyclical unemployment is caused by a cycle of the economy characterized by a decline in aggregate demand for goods and services. At the same time, along with the decrease in demand, the level of production falls, the number of people fired from companies increases, and consequently the level of unemployment also increases sharply. Such unemployment is called cyclical unemployment. Cyclical unemployment lasts for quite a long period of time. Cyclical unemployment implies a sharp deviation from the natural level of unemployment, during which people are forced to be unemployed and the economy loses the optimal amount of income.

Like any other socio-economic event, unemployment analysis requires not only qualitative but also quantitative assessment of them. The main indicators of unemployment are: the number of unemployed; duration of unemployment; unemployment rate; the sex-age structure of unemployed; professional-qualified structure of unemployed; sectoral and territorial structure of unemployed.

There are two main methods for determining the number of unemployed:
1. The unemployment rate is determined on the basis of selective observations of a certain part of the population, which is conducted periodically;
2. The unemployment rate can be determined on the basis of applications submitted for the status of unemployed in the state employment services.

Duration of unemployment – The period of unemployment of an economically active person can be different. The most short-term is friction unemployment, which can usually last for weeks or months. Structural unemployment lasts longer than friction, which can last up to a year. Cyclical unemployment is a very undesirable phenomenon for the society. Unemployment at this time lasts 1-3 years or longer.
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Unemployment rate – unemployment is the most widespread of the quantitative indicators for assessing the state of unemployment. It is calculated as the ratio of the number of unemployed to the labor force or the economically active population.

Unemployment (%) = number of unemployed/ number of labor force 100%

\[ U_a = \frac{U}{S} \times 100 \]

The government should try to reduce unemployment in the country not by one specific method, but by complex steps. For example: introduction of an effective labor market information system, development of an active retraining and training program for the unemployed, promotion of competitive labor supply, strengthening of active labor market policies. In order not to increase the level of unemployment in the country, it is important to take a number of measures: improve governance, protect the rights granted to employees by law, improve the system of labor safety and protection of rights, regulate labor migration.

CONCLUSION

The improving of difficult situation in the employment field of course depends on the accelerated development of the region’s economy. To accelerate the development, it’s necessary to establish and consider the reasons, which interfere local entrepreneurs in business and in creating new workplaces. The majority of interviewee said that the preparation of the low-quality professional staff and bad management interfere employment. This requires preparation of professionals oriented to labor market and it is impossible to do it without scientific research.

In the modern global world, the pandemic has negatively affected the unemployment rate. The world economy stalled, causing great damage to the well-being of the population. The analysis of the economic side is important for us, because we believe that different integration or contractual relations between the countries of the world put the economy of this or that country and its individuals in different positions, which can increase their production capacities, as well as reduce them. This is reflected in different ways in the manifestation of the economic cycle and economic growth in a given country.

REFERENCES
