**Causes and Effects of Unemployment**

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Unemployment can be defined as an economic condition where the number of available jobs in an economy is less than the number of qualified personnel (Mondal, 2021). Unemployment is a worldwide problem with every country suffering from it. The condition is increasingly becoming a threat to the global economy as well as social life. There are various causes that lead to unemployment including inadequate educational skills, increase in population , technological change and rising hiring costs (Nunley et al., 2017). Unemployment has negative effects globally such as financial, social and psychological problems. The following paper discusses the various causes and effects of employment and various ways to solve the problem.

Unemployment is one of the most prevalent problems in the world which is categorised into five groups. There is cyclical unemployment, frictional unemployment,classical unemployment, seasonal unemployment and structural unemployment (Mondal, 2021). The following are the main causes of unemployment. Firstly, unemployment may result from technological change. The world is undergoing rapid technological changes with the fourth industrial revolution changing how things are done. Technology has led to replacement of jobs that were previously being done by hand (Mondal, 2021). Most jobs are now being done by machines using artificial intelligence. The shift in technology has led to the replacement of unskilled and low-skilled workers in factories rendering them jobless. One common example is the replacement of the typewriting machine by the computer which eventually rendered the typewriter jobless.

The second cause of unemployment is the lack of adequate skills or education required for employment. The situation arises when the qualifications of the job seeker does not meet the required standards (Nunley et al., 2017). The major common cause of this is poor education system that is not customized for the labour market. Employers require their employees to be well skilled in all aspects required in their job. Employers do not like unskilled recruits because it takes more effort and time to train the new employees. Job opportunities require applicants to have other skills like computing, communication and management skills on top of their academic qualifications (Nunley et al., 2017). Countries should develop a labour driven education system that prepares people for employment.

Another cause of unemployment is the rising cost of hiring. High costs make it difficult for companies to pay their employees. Rising costs of hiring and maintaining employees causes job cuts and reduction of salaries and minimum wage (Mondal, 2021). Economic crisis, bankruptcy, industrial decline and restructuring may also create the need for companies to cut their budget. Employers are left with no option but to leave the companies due to poor pay or even forced to leave because the companies cannot sustain them. This situation leaves many people unemployed. Countries should create policies that help to drive economic growth. Strategies to save companies during economic hard times should also be implemented.

The last cause of unemployment is the increase in population. High population in many countries is making it difficult for the economy to match employment opportunities with the available qualified personnel (Nunley et al., 2017). Many people who are unable to get employed are left jobless. This is very common in Asian countries with very high population like India and China. Countries should come up with ways to control population growth such as sensitization of the public on the dangers of unsustainable families.

The following are the major effects of unemployment. Unemployment has led to financial challenges in many countries (Nunley et al., 2017). People require income to buy goods which is difficult without employment. Unemployment has hugely contributed to high poverty levels and hunger in developing countries. Financial crisis in an economy as a result of unemployment leads to poverty. Unemployment is also one of the leading causes of social problems (Mondal, 2021). The unemployed turn to crime and other vices such as prostitution in order to sustain themselves. Unemployment has also contributed to psychological and mental health problems all over the world. Unemployment leads to low confidence levels which eventually sinks people into depression (Nunley et al., 2017). Very many suicide cases also result from unemployment.

In conclusion, there are various causes of unemployment throughout the world. The major causes include technological change, inadequate skills or education, rising costs of hiring and increased population. Unemployment has resulted to financial, psychological and social problems.Countries should create policies that help to drive economic growth and create a good educational system that adequately prepares people for employment. There should also be policies to save companies during hard times.

**References**

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