

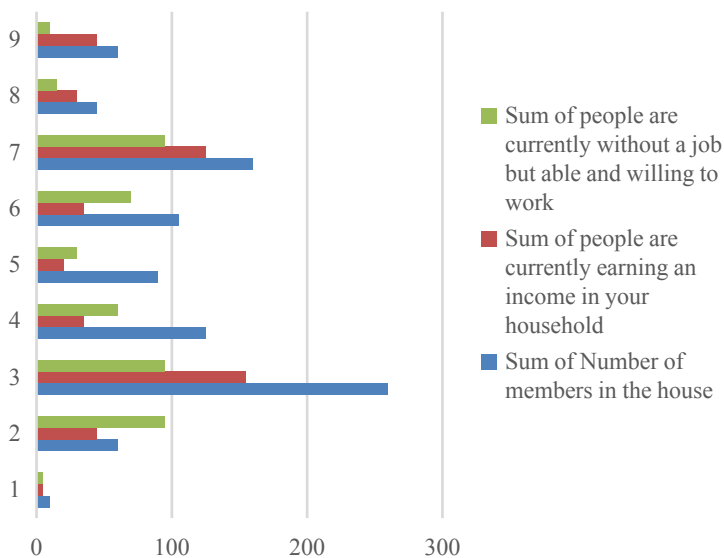
Unemployment is micro and macro dynamics of most economies and developing strategic plans to stabilizing the economies of most nations in order to enhance economic growth and development. Unemployment is considered as one the worst situation any human society can experience since it affects in different dimensions and directions.

Unemployment rate Vs Economic Growth-2021/2025

Economic growth is generally defined as a variation in a nation's Gross Domestic Product (GDP) which is analysed as various contributions made by the populace in consonance with national income or capital. According to (Jhingan, 2003), economic growth is the procedure by which the real income per person of a nation rises over an extensive period of duration, which is determined through the rising in productivity output (goods and services manufactured) in a nation. Economic growth is considered as one of the utmost imperative fiscal tools for plummeting poverty as well as improving the eminence of life. Hence, production of much goods and improved services within continues time period serves as the basis of increasing prosperity and reducing the disparity of revenue delivery among people in a broader perspective.

However, apprised that fiscal or monetary policy objective of the most economic policy of most nations is to increase economic progress and also improve the quality of life of its publics. Gross Domestic Product (GDP) is one of the important component in calculating economic progress is in consonance with other components such as unemployment rates, public spending, inflation, local and foreign investment and balance of trade which in one way or the other have their to economic developing.

The influence of unemployment on economic growth (Gross Domestic Product) has long been a pertinent question in most economies. Reducing unemployment



Average of Households is 101 which is equal to 48% total , while Average Number of Households Currently earning an income is 55 which equal to 26%, and Average Number of Households Currently without a job and willing to work is 25%.

and increasing economic growth of a country is one the

essential macro-economic issues confronting most developed, developing and underdeveloped nations in contemporary times. The robustness of every strong nation is measured by its economic growth with unemployment as one of the imperative macroeconomic variables which reveal the ability of a republic to make full use of its labour resources.

Economic growth alone does not necessarily translate into more and better jobs, especially for the poor, vulnerable and those at risk of being left behind. Economic growth is a prerequisite for increasing productive employment; it is the combined result of increases in employment and increases in labour productivity. Hence, the rate of economic growth sets the absolute ceiling within which growth in employment and growth in labour productivity can take place. However, the pattern or nature of growth matters, too. The impact of economic growth on productive employment creation depends not only on the rate of growth, but also on the efficiency by which growth translates into productive jobs. The latter depends on a range of factors, such as the sector composition of growth and the capital/labour intensity of growth within the individual sectors. There is usually a need to increase both the number of jobs and the productivity as well as incomes from employment. A review of economic development from an employment perspective should therefore assess to what extent economic growth has met the need for more jobs and for higher productivity/incomes. Such an assessment needs to be broken down by economic sectors to yield meaningful insights. The extent to which economic growth is associated with and driven by a productive transformation is of major importance to the sustainability of economic development in the medium and long term.

Indicators that measure the ability of an economy to generate sufficient employment opportunities for its population can provide valuable insights into the economy's overall development performance. These indicators include unemployment rates, employment-to-population ratios, labour force participation rates, and the employment intensity of growth or elasticity of employment with respect to output – this last indicator measures how much employment growth is associated with 1 percentage point of economic growth. The decline in the employment content of growth is a matter of policy concern. Explicitly integrating employment and decent work into economic growth and poverty reduction policies helps

to maximize the benefits for people and to ensure that growth is both sustainable and inclusive.

The situation of the “working poor” must be a matter of particular attention, especially in countries where the formal economy is small, and where many women and men work – often arduously and for long hours – but are simply unable to earn enough to lift themselves and their families out of poverty. When combining paid and unpaid work, women work longer days than men, and this time-poverty impacts on their ability to access decent work.

The economic and social costs of unemployment include

- A、 Personal costs to unemployed (lost income, loss of sense of value, lower on-the-job training)
- B、 Costs to government (lost tax revenue and higher benefit spending)
- C、 Costs to society in general (social problems, alienation, lost GDP).

Personal Costs of unemployment

- ① **Loss of earnings to the unemployed.** Unemployment is one of the biggest causes of poverty in the Africa. Prolonged periods of unemployment can push households into debt and increase rates of relative poverty.
- ② **Potential homelessness.** Loss of income can leave people without sufficient income to meet housing costs. Rises in unemployment often exacerbate the rates of homelessness.
- ③ **Harms future prospects.** Those who are unemployed will find it more difficult to get work in the future (this is known as the hysteresis effect)
- ④ **Lost human capital.** If people are out of work, they miss out on ‘on the job training’ This is a vital component of human capital and labour skills; high rates of unemployment can reduce labour productivity. If someone is out of work for two years, they miss out on the latest working practices and trends. Being unemployed can also affect the confidence of the unemployed and they become less employable in the future.
- ⑤ **Unemployment and depression/mental health**
 - a. **Stress and health problems of being unemployed.** Amongst studies of unemployed men, signs of depression, mental anxiety, and health problems are noticeably higher.
 - b. Another study found that common outcomes of unemployment include depression, substance abuse, admissions to psychiatric hospitals, death by suicide, and violence. (1)

Cost of unemployment to Government

① **Increased government borrowing.** Higher unemployment will cause a fall in tax revenue because there are fewer people paying income tax and also spending less (hence lower VAT). Also, the government will have to spend more on unemployment and related benefits. The government doesn't just pay unemployment benefit, but a family who has unemployment will be more likely to receive housing benefit and income support.

Costs of unemployment to society

① **Lower GDP for the economy.** High unemployment indicates the economy is operating below full capacity and is inefficient; this will lead to lower output and incomes. The unemployed are also unable to purchase as many goods, so will contribute to lower spending and lower output. A rise in unemployment can cause a negative multiplier effect.

② **Increase in social problems.** Areas of high unemployment (especially youth unemployment) tend to have more crime and vandalism. It can lead to alienation and difficulties in integrating young unemployed people into society.

③ **Political instability.** The period of mass unemployment in the 1930s led to social unrest. In Germany, an unemployment rate of 6 million was an important factor in the rise of Hitler and the Nazi party.

Recommendations

According to the results shown above, the unemployment rate and economic growth rate have a short-run and long-run negative relation. So in order to reduce unemployment, there should be an increase economic growth by making arousing the desires of youth to engage in economic activities which will boost the gross domestic product.

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