

# Illustrator

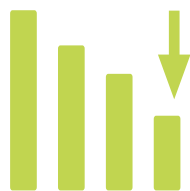
## Types of Unemployment

### Cyclical Unemployment (usually 1-12 months)

Cyclical unemployment results from changes in economic activity over the business cycle.

During an economic contraction, firms don't need to produce as many goods and services to meet demand. To lower costs, some will reduce the number of employees in their workforce. This increases the number of unemployed workers.

Output



Unemployment

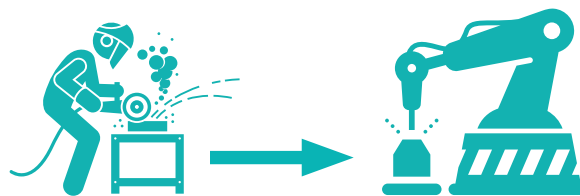


### Structural Unemployment (usually 12+ months)

Structural unemployment results from a mismatch between the jobs that are available and the people looking for work.

This mismatch could be because jobseekers don't have the skills required for the jobs, or because the jobs are located too far away from the jobseekers.

Workers may become unemployed if they work in industries that are declining in size or have skills that could be automated as a result of technological advances. It may be difficult for them to find work in another industry and they may need to develop new skills or move to a region that has better job opportunities.



### Frictional Unemployment (usually less than 1 month)

Frictional unemployment results from people moving between jobs in the labour market, as well as when people move into and out of the labour force.

People may need to invest time and effort to find a suitable job. Firms can also spend time searching for suitable candidates to fill job vacancies. As a result, people looking for jobs are not matched immediately with vacancies and may experience a period of temporary unemployment.



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## Types of Unemployment

### Underemployment

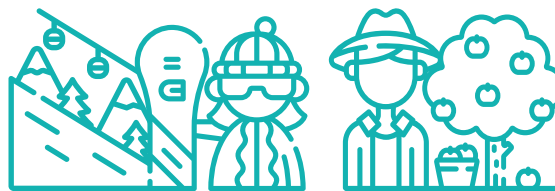
Underemployment occurs when people are employed, but would like to work more hours and are available to do so. These people are usually part-time workers who would prefer to work some additional hours, or who usually work full-time but are currently working part-time.

Sometimes, in an economic downturn, firms will reduce the number of hours their employees work instead of reducing the number of employees in their workforce. In this case, workers would become underemployed instead of cyclically unemployed.



### Seasonal Unemployment

Seasonal unemployment occurs during particular times of the year because of seasonal patterns that affect jobs. Many of these workers come from the tourism and agriculture industries (e.g. ski instructors, fruit pickers).



### Hidden Unemployment

Hidden unemployment occurs when people are not officially counted as unemployed, but would probably work if they had an opportunity. For example, someone might have looked for a job for a long time, given up hope and stopped looking, but still wish to work.

