

The Concept of Unemployment, Its Causes and its Impacts on Society

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Abstract

This paper aims to shed light on the concepts of unemployment and employment, considering them as socio-economic phenomena that require continuous monitoring at various levels. The exacerbation of unemployment, due to neglecting the supply of adequate job opportunities or the absence of a proper plan to address this issue—particularly in developing countries, which are considered young nations—over time contributes to the spread of multiple social problems that may be difficult for planners and decision-makers to control. Among the most prominent of these are poverty, illiteracy, and the deterioration of the health and social conditions of families.

Keywords: *Unemployment, Employment, Labor Force, Labor Market.*

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Introduction

Unemployment is considered one of the most prominent economic and social phenomena reflecting the health of the economy and the level of development in any society. It is not merely a lack of job opportunities; rather, it represents a complex structural combination of economic, organizational, and political factors that affect the ability of the labor force to find suitable employment. It also influences individuals' living conditions and aspirations and has wide-ranging repercussions on the social fabric, such as declining income levels, increasing poverty, deterioration of individuals' psychological and physical health, and the spread of other social phenomena such as school dropout, crime, and social conflicts.

The concept of unemployment can be understood through two fundamental definitions. An unemployed person is someone who is actively seeking work but is unable to find suitable employment. The labor force, on the other hand, consists of all individuals who are able and willing to work, including both those who are employed and those who are actively searching for jobs.

The relationship between the number of unemployed individuals and the labor force is expressed through a rate that allows for a relative measurement of the magnitude of the phenomenon. However, this measurement requires an understanding of the economic and structural context that influences the law of supply and demand in the labor market. The unemployment rate is affected by the level of economic growth, productive efficiency, public policies, demographic changes, as well as education and vocational training.

The causes of unemployment are numerous and intertwined within a complex system of factors. These include economic factors (such as a decline in aggregate demand, reduced investment, and labor market fluctuations); structural factors (such as disparities among economic sectors, low technical efficiency, and changes in the structure of the economy); organizational factors (such as the mismatch between the skills provided by the educational system and those required by the labor market); political factors (such as public policies that do not adequately support economic stability); and demographic factors such as age disparities and changes in population composition due to migration.

These factors interact to determine the availability of job opportunities and the pace of employment, making unemployment a multidimensional issue that requires an integrated approach through economic, educational, and social policies.

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In this presentation, we sought to understand the relationship between unemployment and employment and to grasp their economic and social context as an essential step toward designing effective employment and development policies. This was done by clarifying the factors leading to the aggravation of unemployment, highlighting the relationship between education and vocational training and the need to develop them in line with labor market demands, stimulating investment and improving infrastructure, and adopting economic policies that promote inclusive growth and equitable distribution of job opportunities. Such measures would enable societies to mitigate the severity of unemployment, improve quality of life, and create a more sustainable and socially cohesive environment.

From this perspective, we raised the following central question:

What are the economic, structural, and political factors that generate unemployment and influence employment levels? Moreover, what is the reciprocal impact between unemployment and employment rates on economic and social development in the context of developing countries?

To simplify this main question, we broke it down into the following sub-questions:

1. What is unemployment, and what are its types?
2. What are the causes that lead to the spread of unemployment?
3. How does unemployment affect quality of life and social stability?
4. How has the Algerian government attempted to address unemployment, and what programs has it implemented in this context?

Definition, Types, and Measurement of Unemployment:

Unemployment has existed as a social and economic phenomenon throughout history in all human societies. It has attracted significant attention from thinkers and economists in terms of research and analysis and has thus represented one of the key challenges that development policies aim to mitigate. In this regard, we have sought to provide a clear picture of the meaning of unemployment, its various types, the factors that contribute to the escalation of unemployment rates, and its negative impacts on society.

Definition of Unemployment:

Linguistic Definition:

The term *unemployment* in Arabic is derived from the root "بطل", meaning, "To become invalid" or "to lose one's right." Accordingly, التبطال refers to a person who has lost their right or validity.

In French, the term *chômage* is derived from the verb *chômer*, which originally means, "to seek shade from the sun," implying that an unemployed person is someone resting in the shade before resuming work.

In English and Russian, the concept of unemployment refers to a "cessation from work," meaning that the unemployed individual experiences a period of inactivity that may later be followed by another period of intense activity.

(Dahmani Mohamed Edriouch, 2012-2013, p. 26)

Scientific Definition:

Unemployment is defined as the “involuntary—or sometimes voluntary—cessation or interruption of a portion of the labor force in a society, despite the labor force being capable of, and willing to, work and produce.”

(*Khaled Al-Wazni & Ahmed Al-Rifai, 2006, p. 162*)

Definition of an Unemployed Person:

Based on the previous definitions, and according to the Algerian National Office of Statistics (ONS, 1995, p. 8), the term “unemployed” or “without work” is applied to any person who meets the following condition:

- The individual is of working age, i.e., between 15 and 64 years old.
- The individual is without work during the statistical survey period. It should be noted that a person is considered unemployed if they have not performed any work, even for one hour, during the survey period.
- The individual is actively seeking employment, meaning they have taken the necessary steps to find a job.
- The individual is fully ready and qualified to work during the survey period

Types of Unemployment:

Unemployment can be classified into several types, including:

Open (Visible) Unemployment:

This refers to the obvious state of unemployment affecting a portion of the available labor force, meaning there are individuals who are capable of working, willing to work, and actively seeking employment at the prevailing wage, but without success. These individuals are in a state of complete inactivity, performing no work at all. Open unemployment can be **frictional, cyclical, or structural**. (*Ramzi Zaki, 1997, p. 17*)

Cyclical Unemployment:

This type of unemployment, also known as **transitional unemployment**, is commonly observed in European countries. It is linked to the economic cycles affecting various activities, with unemployment rising during periods of economic contraction, recession, or depression. Its causes are explained by a decline in aggregate demand, which leads to underutilization of the economy’s productive capacity and, consequently, lower employment levels. Conversely, unemployment decreases during periods of economic recovery and prosperity, as economic activities expand, production increases, and utilization rises. (*Faleeb Hassan Khalaf, 2007, p. 335*)

Structural Unemployment:

This refers to the situation in which a portion of the labor force becomes unemployed due to developments that lead to a mismatch between the structure and composition of the national economy and the nature and type of available labor. (*Khaled Wasfi Al-Wazni & Ahmed Hussein Al-Rifai, 2002, p. 268*)

Frictional Unemployment:

Frictional unemployment is considered temporary, as it is associated with short-term factors resulting from changes in the labor force or the labor market. This type of unemployment refers to individuals who are capable of working and are seeking a suitable job for the first time, or are looking for a better job than their previous one, while jobs matching their experience, work, and skills exist. However, they have not yet accessed these jobs due to lack of awareness of their availability (Ali Abdelwahab Naja, 2005, p. 17).

Establishing information centers on employment opportunities allows job seekers to quickly and efficiently choose from the available options. It also contributes to retraining the unemployed for the skills required by the vacant positions.

Voluntary and Involuntary Unemployment:

Voluntary unemployment is defined as “the situation in which a person withdraws from work of their own free will for specific reasons. It refers to individuals who are capable of working but do not wish to do so at prevailing wage levels, despite the availability of suitable jobs. Examples include wealthy unemployed individuals, some poor beggars, and those who have left high-paying jobs and are unwilling to accept similar positions with lower wages to which they are unaccustomed.” (Mohamed Fawzi Abu Al-Saud, 2004, p. 221)

This type of unemployment falls under both **frictional and structural unemployment**. Frictional unemployment can be considered voluntary, as it depends on the individual's desire to search for better job opportunities in the market. Technological advancements also contribute to the growth of this type of unemployment.

In developed countries, it can be easily addressed due to the availability of financial and technical resources to retrain displaced workers and reintegrate them into the labor market. However, developing countries face significant challenges in this regard due to limited material and technical resources, which makes the phenomenon almost permanent. From this perspective, in developing countries, this type of unemployment is classified as **involuntary rather than voluntary**.

Involuntary unemployment refers to the situation in which individuals are capable of working and willing to do so at prevailing wage levels, yet they are unable to find employment. (Mohamed Fawzi Abu Al-Saud, 2004, p. 222)

Disguised (Hidden) Unemployment:

This type of unemployment is widespread in developing countries and is defined as “the situation in which some individuals occupy certain jobs and receive wages, while their contribution to labor productivity is negligible; their removal would not affect overall production” *(Khaled Wasfi Al-Wazni & Ahmed Hussein Al-Rifai, 2002, p. 268).

These workers can be withdrawn from production positions without influencing the quantity of output. Hence, it is called **hidden unemployment**, as it is not readily observable.

Seasonal Unemployment:

Some economic sectors require large numbers of workers during specific seasons, such as agriculture, tourism, and others. At the end of the season, activities in these sectors cease, necessitating the temporary dismissal of workers. This gives rise to **seasonal unemployment**.

Engaging workers in other activities or training them for jobs that can be performed after the main production season ends can mitigate such unemployment.

(Khaled Wasfi Al-Wazni & Ahmed Hussein Al-Rifai, 2002, p. 270)

Indicators for Measuring Unemployment:

Unemployment is usually measured by the **unemployment rate**, which equals the ratio of the number of unemployed individuals (whether previously employed or new entrants into the labor market) to the size of the labor force or economically active population. The labor force includes all individuals of working age, whether employed or unemployed (Tahir Fadel Al-Bayani & Khaled Tawfiq Al-Shammari, 2009, p. 299). The unemployment rate is calculated using the following formula :

$$\text{Unemployment rate} = \frac{\text{The number of the unemployed}}{\text{Labor force size}} \times 100$$

The unemployment rate can be determined through the following steps:

- **Determine the actual labor force size**, which can be calculated using the following equation:
Labor force size = Total population – (Population above working age + Population below working age + Retirees + Homemakers + Students + Members of the armed forces and internal security forces + Prison inmates + Inmates of correctional institutions + Patients in chronic or long-term care hospitals)
- **Determine the number of unemployed individuals**, which can be calculated using the following equation:
Number of unemployed = Actual labor force in the economy – Actual employed individuals in the economy

Causes of Unemployment in Algeria

Unemployment has several causes, including the following:

- High population density.
- The mismatch between the educational and training system and the professional competence requirements of the national economy (Forum international sur l'emploi des jeunes, CNES, 15–16 January 1996).
- The growth of forced rural-to-urban migration, which puts pressure on the quantity and quality of available job opportunities (Iyad Abdel Fattah Al-Nasour, 2014, p. 219).
- The inability of the state to create sufficient job opportunities that match the increasing number of entrants into the labor market, due to low production and limited investments.
- The preference of some individuals not to work diligently and instead seek easy, even illegal, ways to earn money, such as begging, theft, and fraud (Osama Al-Sayed Abdel Samee', 2007, p. 25)
- **Technological development:** The more technological progress advances, the higher the unemployment rates, such as the use of robots in certain economic sectors, particularly in industry.
- **Nature of occupations:** Some professions may conflict with social conditions or inherited traditions.

- **Implementation of the structural adjustment program:** This program was carried out through negotiations with international monetary and financial institutions regarding the rescheduling of external debt, which resulted in a reduction of public spending allocated to essential social services (such as education, health, and housing) and a decline in living standards due to the layoff of large numbers of workers.

Algeria's commitment to liberalizing foreign trade and reducing customs duties in preparation for joining the World Trade Organization encouraged the import of products that were already produced domestically. This exposed the national industry to unfair competition from imported goods, leading to the closure and bankruptcy of many enterprises and the layoff of their workers.

Effects Resulting from the Spread of Unemployment

Unemployment represents a socio-economic phenomenon that threatens the structure of society on multiple levels—economic, social, and political—due to the risks it generates and the negative effects it imposes on individuals. These effects include:

- **Stagnation of the national economy** in goods and services, leading to a decrease in the investment rate, which is considered the main driver of economic activity.
- **Decline in individual income levels**, resulting in a reduction of citizens' purchasing power.
- **Increase in demographic dependency rates**, which describe the gap between the number of working individuals capable of supporting those unable to work, such as children under 15, the elderly aged 60 and above, the sick, and other non-working groups.

□ **Spread of social vices**, including theft, drug trafficking, prostitution, and other illicit activities □
Spread of illegal (irregular) migration.

□ **Decline in self-esteem** due to idleness and boredom, which may lead to behavioral deviance of individuals within their families and in society.

Through this section, we will attempt to shed light on the issue of employment, which is inseparable from unemployment, as they represent two facets of the same reality. In recent years, the Algerian national economy has faced a series of challenges that have prompted the government to adopt strategies and plans aimed at strengthening vulnerable sectors, particularly the employment sector—considered a key indicator of development. Accordingly, policies and mechanisms targeting unemployed youth have been formulated in order to reduce the severity of unemployment and contribute to the improvement of the country's social, economic, and political conditions.

Concept of Employment:

This section focuses on defining the concept of employment and outlining its main dimensions, as well as examining employment policy. It also seeks to review some of the employment programs adopted by the Algerian government with the aim of increasing employment levels and consequently reducing the spread of unemployment.

Definition of Employment:

The International Labour Organization (ILO) defines employment based on its definition of an employed person as:

“Any individual who is employable when he or she is able to obtain a job, maintain it, develop within it, adapt to change, and subsequently secure another position if he or she so desires or in the event of dismissal.”

(Flayos Alexandra, Rédigés du marché du travail et chômage: quelles relations? Une réflexion à partir du cas de la France, (2011) HAL une archive multidisciplinaire en accès libre pour le dépôt et la divulgation de documents de recherche scientifique).

Definition of Employment Policy:

The Bureau International du Travail (BIT) defines employment policy as:

“A vision and an agreed or coherent framework that links all interventions in the field of employment with all relevant stakeholders. It therefore refers to a set of multidimensional interventions intended to achieve the quantitative and qualitative employment objectives defined in a given country” (Bureau International du Travail, 2017, p. 01).

Based on this definition, employment policy can be understood as a set of measures adopted by public authorities following an analysis of the labor market and the causes of unemployment. It aims to create new job opportunities, whereby the government intervenes—after a quantitative or qualitative deterioration in the labor market—to regulate or mitigate rising unemployment rates and the associated imbalances.

Main Dimensions of Employment Policy:

Employment policy is based on a set of interrelated dimensions, which can be summarized as follows:

The Economic Dimension:

This dimension considers qualified and skilled human capacities as essential for generating economic wealth by integrating them into various sectors and fields of activity, thereby contributing to sustainable economic and social development in the country.

The Social Dimension:

This dimension aims at reducing unemployment, combating social problems and irregular migration, and improving individuals' living standards.

The Political Dimension:

This dimension is based on achieving political and security stability in the country (Bouneq Mokhtar, 2018, p. 47).

Objectives of Employment Policy:

Employment policies aim to achieve a set of objectives, the most important of which include:

- **Providing job opportunities** (Soumia Zaidi, 2017, p. 188), through planning aimed at determining the quantitative and qualitative labor force requirements.
- **Training and preparing the workforce**, developing its skills and capacities, and regulating the methods and timing of introducing technological improvements so that they do not adversely affect workers after their recruitment.
- **Creating more productive jobs**, thereby increasing the incomes of disadvantaged groups and improving their living standards.
- **Ensuring freedom of job choice** for every member of the labor force who is willing and seeking employment.

- **Stabilizing and organizing employment** within a legal and legislative framework defined by each country's labor laws and regulations (Behloul Abdelkader, 2020–2021, p. 19).

Employment Agencies Established by the Government to Combat Unemployment:

a. National Agency for Support of Youth Employment (ANSEJ):

The National Agency for Support of Youth Employment (ANSEJ) is a public body of a special nature placed under the authority of the Head of Government. The minister in charge of employment supervises its activities. It enjoys legal personality and financial autonomy. Its main mission is to support young people with investment projects and to assist them throughout the implementation of their entrepreneurial initiatives.

b. National Agency for the Management of Microcredit (ANGEM):

The National Agency for the Management of Microcredit (ANGEM) is a public body of a special nature operating under the supervision of the Minister of Employment and National Solidarity. It aims to implement the State's policy in combating unemployment and poverty by supporting individual initiatives and assisting beneficiaries in creating income-generating activities on their own account (Executive Decree No. 96–296, 1996, No. 52).

c. National Unemployment Insurance Fund (CNAC):

The Caisse Nationale d'Assurance Chômage (CNAC) was established in 1994 as a public social security institution under the supervision of the Ministry of Labour and Social Security. It aims to assist beneficiaries in job search, support self-employment initiatives, and promote training and professional retraining (Presidential Decree No. 04–14 of 22 January 2004, p. 08).

d. Pre-Employment Contracts Program (CPE):

The Pre-Employment Contracts Program (CPE) is a program managed by youth employment officers, overseeing the provision of job opportunities specifically for young people seeking employment for the first time and who lack any prior professional experience.

The Role of Employment Programs in Achieving Local Development:

Employment operations carried out by the National Employment Agency over the past decade recorded an employment rate relative to the total labor supply of approximately 77.8% in 2004. This rate declined by about five points to 72.5% in 2009, before rising again to 75.4% in 2010. This figure remains low compared to the employment coverage of demand, which was estimated at around 16.23% in the same year. This reflects the inability of employment institutions to meet labor market needs with flexibility and efficiency, as well as their limited capacity to support local communities in generating wealth and job opportunities

Conclusion:

Unemployment is considered one of the most significant crises affecting most countries worldwide, with varying degrees. Depending on the economic policies adopted in each country. It can be argued that addressing this phenomenon is not the sole responsibility of the government; rather, it requires the concerted efforts and cooperation of all segments of society, including the government, the private sector, civil society, and the media.

Moreover, addressing this issue seriously and effectively cannot be achieved through partial, quick, or temporary solutions. It requires the formulation of comprehensive and clear employment strategies that focus on supporting the youth segment, which represents the active portion of society, while tackling the

underlying causes and responsible factors contributing to the exacerbation of this phenomenon. Such strategies aim to reduce the spread of social vices and curb migration to developed countries.

For this purpose, relevant stakeholders must act swiftly by establishing databases and information banks on employment opportunities, enabling the coordination of labor policies and regulations. They should also focus on training programs and the promotion of national initiatives to employ youth, particularly in marginalized sectors such as tourism, services, and agriculture. This approach has positive effects: it absorbs a larger number of young workers while recognizing that the agricultural sector serves as a sustainable alternative to “black gold” (oil) within the framework of achieving sustainable development.

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