



**AN EMPIRICAL STUDY ON FACTORS THAT CAN CONTRIBUTE TO THE TOTAL
UNEMPLOYMENT**

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Abstract

This paper is a preliminary exploration of factors that determinant the total unemployment that contributes for both developed and developing countries. The objectives of this study are to find the factors that may lead to the unemployment rate, to indicate the relationship between total unemployment relating to number of new enterprises, total FDI, total population and total and lastly is to observe the most relevant factors that influencing the total unemployment among the countries. In accordance to this research paper, it shows that three out of four are significant and all of these variables contributing a lot to this research and the most elastic variable is total GDP. Researcher was use stata 10.1 as the primary method to analyze all variables and obtain the accurate result. As a whole, researcher can conclude that most of these variables influencing total unemployment. For further studies, an extension can be done, for instance add up some more variables in order to know another factor that can contribute to total unemployment.

Keyword: Total unemployment, number of new firms, total FDI, total population, total GDP.

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CHAPTER 1

1.0 INTRODUCTION

This research study will discuss about the factors that may contribute to the total unemployment as around the world. The details about the background of the study will be discussed which will provide the general idea on the scope of the study. On the other hand, the researcher is intended to propose the identified research problem followed by objectives of the study, significance of the study as well as limitation of this study that research are willing to take in order to accomplish this research paper precisely.

The aim of this study is to identify the factors that may contribute to the total unemployment. Total unemployment is one of the variables that is considerably important in the research observation since it can reveal the real factors that affecting to the total unemployment. Thus, an appropriate action and solution can be find in order to avoid this problem become worst.

Unemployment is one of the developmental problems that face every developing economy in the 21st century. International statistics portray that industrial and service workers living in developing regions account for about two-thirds of the unemployed. (Patterson et al, 2006).

International Labor Organization (ILO) defines "Unemployed" as all individuals above a specified age who satisfies simultaneously the following criteria; without work whether not in paid or self employment; currently available for paid employment or self-employment; and actively seeking work. The "unemployment rate" is defined as the share of people not working, available and actively seeking for work out of the working age population (ILO Geneva, 1990). The Keynesian view states that unemployment is an excess supply of labor resulting from a failure of coordination in the economy market at the same time as the classical view states