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Under employment

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Abstract

Underemployment may be defined as a situation in which workers are employed below their education or skill level, or their availability.

Types: Skilled workers in low- paying jobs, skilled workers in low-skill jobs, Part-time workers preferring full-time hours. Underemployment is a social problem that affects job growth, poverty levels, business growth, career growth and the emotional health of underemployed workers.

Keywords: Employed below education, poverty, business growth

Introduction

Underemployment is a measure of employment and labor utilization in the economy that looks at how well the labor force is being utilized in terms of skills, experience and availability to work. Labor that falls under the underemployment classification includes those workers who are highly skilled but working in low paying or low skill jobs, and part-time workers who would prefer to be full-time. This is different from unemployment in that the individual is working but is not working at his full capability.

Underemployment is calculated by dividing the number of underemployed individuals with the total number of workers in a labor force.

There are two types of underemployment. Visible underemployment is underemployment in which an individual works fewer hours than is necessary for a full-time job in his or her chosen field. Due to the reduced hours, they work two or more part-time jobs in order to make ends meet. The second type of underemployment is invisible underemployment. It refers to the employment situation in which an individual is unable to find a job in his or her chosen field. Consequently, they work in a job that is not commensurate with their skill set and, in most cases, pays much below their industry standards.

A third type of underemployment refers to situations in which individuals, who are unable to find work in their chosen field, quit the workforce altogether, meaning they haven't looked for a job in the last four weeks per the BLS's definition of labor force participation. Their numbers skyrocketed during the 2008 recession as the economy reeled from the aftermath of a crash in the markets and a change in working conditions due to technological shifts. It is statistically difficult to measure the third type of underemployment.

Who are the Underemployed?

Underemployed workers can be divided into several categories. The most common type of underemployed workers are listed below:

- Skilled workers in low-paying jobs
- Skilled workers in low-skill jobs
- Part-time workers preferring full-time hours

While underemployed workers are not necessarily unemployed workers, there is a certain category of unemployed worker that falls under the heading of underemployed. Unemployed workers who are currently looking for jobs may also be considered to be underemployed.

It is often difficult to get an accurate measurement of underemployment since some underemployed workers are visible, which means their underemployment status is easily identifiable, and other workers are considered invisible because their underemployment status is not easily identifiable. For example, those in the part-time worker category may be considered visible, while those workers whose skills or education are under-utilized are considered to be invisible.

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Causes of Underemployment

Underemployment can be caused due to several factors. The period during and after a recession, when companies downsize and lay off qualified workers, is characterized by underemployment. Underemployment jumped to its highest levels in the recession following the financial crisis.

According to a BLS report, the number of underemployed individuals in the US economy rose from 7.2 million during the fourth quarter of 2008 to 9.2 million in the same period a year later. On an overall basis, the agency estimated that there were 28.9 million underutilized and unutilized (or discouraged workers who had stopped looking for work) in November 2009, the highest that figure had been since 1981- 1982.

Another cause of underemployment is changes in the job market due to shifts in technology. As job descriptions change or are automated, laid off workers can be retrained or retired from the workforce. Those who do not have the resources or means to retrain themselves are generally susceptible to underemployment.

Business cycles can also result in underemployment. Seasonal staffing trends, especially in the hospitality industry, can result in more workers opting for the easiest available job and staying on. According to some estimates, nearly half of restaurant workers consider themselves underemployed.

Example of underemployment

For example, an individual with an engineering degree working as a pizza delivery man as his main source of income is considered to be underemployed. Also, an individual who is working part-time at an office job but would prefer to instead work full-time is considered underemployed. In both cases, these individuals are underutilized by the economy as they, in theory, can provide a greater benefit to the overall economy.

How to reduce underemployment

Consider looking outside of your company

However, once you are in this cycle it can be difficult to break out of it since many jobs look at your previous salary to determine your new salary. It can be especially difficult to move up within the same business if you are in this situation. While you may be looking for opportunities within the same company you may be more successful looking for a job with a different company because you can apply for jobs that you are qualified for without being pigeonholed by your last title.

Make sure your certifications and skills are current

It is important to keep your skills and your certifications current even if you are not using them in your current position. The more skills you have available to you the more jobs you will be qualified to apply for. You should also keep an up to date resume available so that when you hear about the perfect job you can apply for it.

Look for work while at your current job

Continue to look for work while you are working at your current position. You may want to stay a year in order to show your new company that you will not just jump ship for a better offer. It is also a good way to network for a job with another company. A co-worker may know of an opening somewhere else and be willing to recommend you and

clients may be able to give you recommendations to another company or tell you about different job offers.

Consider using a career coach

If you have had a difficult time getting called back for interviews in the past, you should consult with a career coach to improve your resume and cover letter. Each cover letter needs to be unique to the job you apply for and should contain specifics to the company and position. If you are getting called in for interviews, but not making the next round, you may need to practice your interviewing skills. A career coach can help with this as well.

Stick to a bare-bones budget now

While you are looking for a better job, you do need to live on your current salary and stick to a bare bones budget. Some companies will pull a credit check to make sure you are a good candidate. Having too much debt can be a flag and may lose you the job next to a nearly identical candidate. If you currently have a large amount of debt, you may want to take on a second job to clean it up so you can qualify for a better position. Establish good financial habits now to help you get through this difficult time, so being underemployed does not take you too far off track.

Ask for a raise

Another frustration can occur when your company continues to add responsibilities to your position, without increasing your pay. They may be taking advantage of your skill set, but are still unwilling to pay. First, you should ask for a raise, and point out the additional duties you have taken on since you were first hired. If they do not give you the raise, be sure to add the added responsibilities to your resume and continue looking for a new job. It is important to keep a positive attitude at your current position since they can contact your supervisor to see how well you work.

Create a plan to help you find a dream job

Take the time to figure out your ideal job, and prepare yourself for it. If you settled on a job now, and you are making enough to get by, you can take the time to figure out exactly what you want to do. People often think they will enjoy a field of work, but once they begin that job, they realize it is not fulfilling. You can switch your career, but you need to prepare to do it. List the additional skills and experiences you need to complete in order to qualify for the position you want. Then work on that list while you look for the ideal position.

You need to be ready to decide if your new job offer is worth the risk of leaving your secure job behind.

Be patient and don't give up

It will take time to find a better position. The higher paying the position, the longer it may take you to find it. However, if you continue to look and stay an active part of any related professional organizations you should be able to find the right job eventually. Keep a positive attitude at your current job but be ready to apply as soon as you find the position you are looking for. You will need to prepare a plan to help you recover from being underemployed once you find your new job.

Conclusion

Youthful workers in the labor force tend to experience more

underemployment as a result of switching jobs and moving into and out of the labor force. Many public policies can also discourage the creation of employment such as a high minimum wage, high unemployment benefits, and a low opportunity cost associated with terminating workers.

Employment is the primary source of income for a person and hence, it the source of economic growth. It is considered a lagging indicator and can provide information about the state of the economy, especially in certain sectors. High underemployment suggests a low GDP and low demand for labor. High underemployment indicates an increase in the supply of goods and services and an expanding.

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