

Economic growth and unemployment, is there a relationship?

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Abstract

Economy correlates, growth and job to a huge extend, mentioning it as two major primary factors. It is very evident that there is a direct relationship amongst the two. Having a relation between these variables has been very considerate. The high rate of unemployment signals a nation, a country is lacking or inefficiently using the labor resources. Unemployment has been a one of the greatest economic issues as it has a direct negative effect of the society and the individuals. This article highlights the direct relationship between the economic growth and unemployment along with associated determinant factors. The classic view of this interaction is via the lenses of creation, capitalization, savings pool, and creative destruction. A growing number of scholars are emphasizing the influence of institutional issues such as minimum and efficiency salaries, as well as labor market flexibility. The evolution of relevant viewpoints and the lack of consistency between the notions explaining the link between economic growth and unemployment in different parts of the world and in different groupings of nations are revealed in both theoretical and empirical study

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