

Unemployment Rate Formula

Unemployment rate is defined as that share of people who are without any job. This rate is expressed in percentage.

Unemployment rate falls and rises as per the prevailing economic conditions. If the economy is down which makes the availability of jobs scarce, then the employment rate will increase.

Similarly, the unemployment rate will be expected to decline when a country's economy is doing well and registering good growth, along with plenty of job opportunities available for the public.

The unemployment rate formula can be expressed as

$$\text{Unemployment Rate} = \text{Unemployed} / \text{Civilian Labor Force}$$

Or

$$\text{Unemployment Rate} = \text{No. of Unemployed Persons} / (\text{No. of Employed Persons} + \text{No. of Unemployed Persons})$$

Let us understand the terms and conditions for being considered unemployed

1. In order to be considered unemployed, a person must be of 16 years age and is available to work for full time in the last four weeks.
2. The person should be actively looking for a job during this period.
3. The exceptional cases would be those who are temporarily laid off and are looking for joining back.

The civilian labour force as mentioned in the formula consists of both employed and unemployed people.