



A Study of Underemployment in Tamil Nadu- Causes and Prevention

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Abstract

Underemployment refers to "Overqualification", or "overeducation", or the employment of workers with high education, skill levels, or experience in jobs that do not require such abilities. 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. It is the hazardous trouble at present time to graduates. The objective of this study is to find out the causes of underemployment and its prevention for the youth in Tamilnadu.

Keyword: Underemployment, Unemployment, Tamil Nadu, Causes and Prevention

1)Introduction

Who Are the Underemployed?

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

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

Underemployment is different from unemployment in that the person is in fact, working, just not as much as they'd like or to the full extent of their abilities, skills, or education. A worker may be considered underemployed if they hold a part-time job instead of a full-time one. It can also occur when a worker is qualified for a more senior position in their field but hold a lower-level job. An example would be someone with a law degree working as a legal clerk or paralegal.

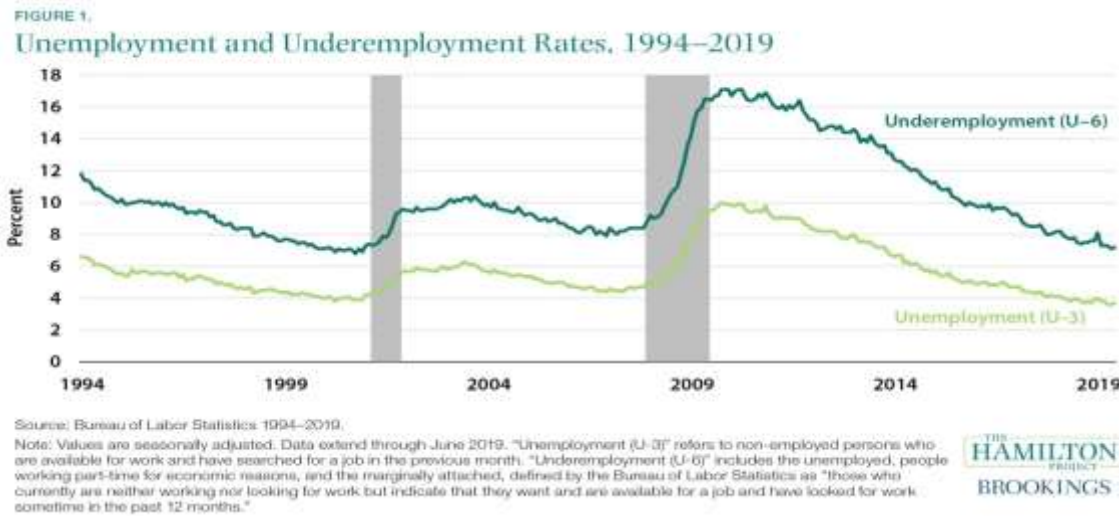
As a worker, underemployment can affect you even if you're not currently working less than you'd like. When you try to change jobs, you might find yourself competing with underemployed (as well as unemployed) individuals for the same opportunities. That also means that you have less bargaining power when it comes time to negotiate salary.

Underemployment can cause problems when the wages or hours are not enough to support a family or to repay college student loans. Often underemployment is a downward spiral that many young workers have difficulty escaping.

2) Underemployment problem in International Context:

In Africa people do have jobs: they are simply too poor not to work. Instead, the problem is underemployment; typically 90% (or more) of the labor force is in the informal sector such as subsistence agriculture and urban self-employment in petty services. African labor markets remain marked by large disparities in incomes between a small number of formal public and private employees, and the vast informal sector. For example, in the major cities of Douala and Yaoundé in Cameroon, about 96% of employment is informal. (Golub and Hayat 2014, Benjamin and Mbaye 2014, Mbaye et al 2015).

USA: At its peak in the wake of the Great Recession, the underemployment rate was 17.1 percent in October 2009, indicating that more than one in six people were experiencing some sort of labor market hardship (see figure 1). This was far above the 10.0 percent unemployment rate at the time and demonstrates the wide swath of individuals who were in labor market distress in the aftermath of the Great Recession. Since then the underemployment rate has steadily declined, and is now below its prerecession low, but it did not fall below its prerecession low for nearly a year after the unemployment rate did. In addition, at 7.2 percent in June 2019, the underemployment rate is nearly double the June 2019 unemployment rate of 3.7 percent. This makes clear that while a relatively small percentage of people are both out of work and currently searching for a job, there is still a considerable amount of underutilized labor and many people for whom the labor market is not providing adequate opportunities.



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3) Underemployment problem in Indian Context:

People are doing very low productivity jobs and that gives them relatively low wages, low living standards and therefore poverty. This is where we need jobs that pay good wages, meaning higher productivity jobs, says Arvind Panagariya, Former VC, NITI Aayog, in an interview with ETNOW.

One of the major reasons being outdated curriculum taught at India's leading engineering and technological institutes. Along with this, there is a consistent lack of focus on communication and soft skills. This is why more than 58% of the fresh engineering graduates fail to get a placement (and forced to settle for a low-paying job) as stated by Mr. Shashi Tharoor in the house of the Parliament. Also, the point that the leading companies in India like Infosys and TCS have set up their own training institutes, highlights the mismatch between the education imparted in colleges and the need of the industries.

4) Underemployment problem in Tamil Nadu:

Unemployment drives Tamil Nadu graduates to hard labour: The Tamil Nadu Public Service Commission (TNPSC) received more than 20lakh applications — when it called for applications for 9,351 vacancies in Group-IV category in the year 2018. This means that 213 applicants were competing for each vacancy, which sheds a light on the desperate status of unemployment in the state.

What's more, 84lakh people are registered in the employment exchanges. The number of registrations has been coming down in the recent years, due to a decreasing possibility of job appointments through the government agency. Youngsters are left with no option but to sell their skills for very low wages.

Early this year people with professional qualifications such as M.Tech, B.Tech and MBA, postgraduates, graduates as well as diploma holders were in the race to bag the work of sweepers and sanitary workers in the Tamil Nadu Assembly Secretariat. The only qualification was that the aspiring candidates should be able-bodied. The minimum age limit was 18 years completed. The maximum age differed. A total of 4,607 applications were received, including from the Employment Exchange.

The Coimbatore Corporation had called applications for 549 grade-I sanitary worker posts which had evoked response from about 7,000 applicants many of whom were qualified engineers, graduates and diploma holders.

5) Causes of Underemployment:

As mentioned earlier an underemployed person works beneath their abilities and qualifications. There can be several reasons a person may be underemployed.

1. Mismatch of Skills

Recent graduates or workers who have immigrated and are re-establishing their careers in a new country might suffer from this under-utilization of skills. Also, if an older worker reentered the workforce or wanted to change careers they may find that their skillset no longer matches what is required for a position they feel they are qualified to hold.

2. Lack of Experience

Recent graduates may find themselves struggling to secure their first job after college. Even entry-level jobs sometimes require more experience than students may have to offer right after graduation. Job seekers who find themselves in this position might have to take part-time work while doing additional internships, taking classes, or networking their way to a new position. The experience gained from internship is one of the greatest benefits that a graduate can gain from these programs.

3. Poor Economy

In addition, anyone can find themselves in trouble if the economy takes a turn for the worse. During a recession, many skilled workers who would ordinarily have little trouble landing a good job in their field may wind up unemployed or underemployed.

4. Market Changes

Underemployment can also be caused by larger market changes. For example, automation has affected workers in industries ranging from retail to manufacturing to transportation and warehousing. While we tend to talk about these changes in the context of increased unemployment, underemployment is also a problem, as employers cut hours and workers lose bargaining power in the market.

5. Technological changes

Sometimes technology takes the job of a worker who would have previously been employed in a position that has since become automated. For example, vending machines have taken the jobs of some cafeteria workers and cashiers, and ATMs have replaced some bank tellers.

6) Effects of Underemployment:

Underemployment is a social problem that affects job growth, business growth, poverty levels, and the emotional and psychological health of the underemployed.

1. Poverty levels

When a person is forced to take up jobs that do not match their skills, they typically receive an income that is below their pay grade. With inadequate income, families do not consume as many goods and services as before. The reduction in demand leads to slow business growth, pushing the economy toward a recession or depression due to low Gross Domestic Product (GDP) and little to no job growth. Many families who previously enjoyed a comfortable standard of living begin to struggle financially.

2. Structural unemployment

With underemployment, workers who no longer work in their chosen field lack the ability to update their skills with on-the-job training. Some people acquire skills in different industries while others drop out of the workforce altogether. This phenomenon is commonly known as structural unemployment.

3. Psychological problems

Underemployment can cause poor mental health. The stress and anxiety are a result of not being able to make ends meet, which creates a sense of inadequacy. Relationships with a partner can also suffer as a result of underemployment. Underemployment can seriously affect an individual's mental and emotional health.

7) Prevention from underemployment:

1. **Know the difference between underemployed and paying your dues:** To get the career you want, you may have to start at the bottom of the food chain. If, however, your current position has nothing to do at all with your ultimate career goals, you may be underemployed. For example, if you want to be a marine biologist but your current job finds you folding shirts at The Gap, you might want to look into internships.
2. **Network like crazy:** In today's competitive job market, finding the gig you want is often more about who you know than what you know. Take advantage of social media, attend networking events in your chosen field, and get your face out there.
3. **Volunteer in your chosen field:** If your dream is to be the social media manager for a large brand, start small. Offer to set up the social media for a local company or a small business just starting out. Build your skills on the side and keep your resume updated.

8) Conclusion:

Youthful workers in the labor force tend to experience more underemployment as a result of switching jobs and moving in to and out of the labor force. Many public policies can also discourage the creation of employment, such as a high minimum wages, 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 is the source of economic growth. It is considered a lagging economic indicator. High underemployment suggests a low GDP and low demand for labor.

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