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## CONSIDERING THE STRANDS OF DIVERSITY IN CALCULATION OF UNEMPLOYMENT RATE: AN EMERGING RESEARCH AGENDA

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### Abstract

This research aims at demonstrating the role of diversity for increasing unemployment rate for the countries. Also, it brings a multidisciplinary perspective for the fields of management and economics. The main reason for adopting such a perspective is to create a research agenda for decreasing unemployment rate. In order to achieve the aforementioned aim, we focus on subtle factors as externalities that come from the strands of diversity. In the present study, we focus on gender, religion and age as the subtle factors that can create negative externalities and increase the calculation of the unemployment rate. Based on examining the scholarly literature, we provide evidence for the subtle factors, and we conclude our study to open a research agenda for future research.

**Keywords:** *Diversity, Externalities, Gender, Religion, Age, Unemployment*

## **1. INTRODUCTION**

Unemployment is a critical macroeconomic indicator to create an economic plan for the countries (Claveria, 2019). Also, the effects of unemployment can be seen in daily life in terms of new job applications because as Arulampalam (2001) states unemployment experience of an individual can be considered as a penalty because of the various reasons. First, employers may use the length of unemployment process as tool for separating good workers from bad workers (Lockwood, 1991). For this reason, the employers tend to pay less wages for the individuals who are not employed for a long time. Second, the business owners may consider that individuals who do not work for a long time have loss of skills (Pissarides, 1992). All these reasons result in discouraging individuals who seek for new job opportunities since they may not accept the offers that include a low-wage rate and they continue to look for a new job. Thus, these individuals remain unemployed. These assumptions demonstrate that the length of unemployed process tend to increase the unemployment rate for a country because of the micro-behaviour. In the present study, micro-behaviour refers to the approach of an individual who has power and belong to the majority of society to another individual who are amongst the disadvantages groups.

Many research (e.g. Chodorow-Reich et al., 2019; Calvo et al., 2018) focuses on the macroeconomic effects of unemployment in government policies and economic recession. However, there is a dearth of research on the subtle factors that can have an effect on the unemployment rate in micro-behavioural level by considering the strands of diversity such as gender, religion and age. For this reason, the present study aims at providing a conceptual knowledge of the subtle factors that are considered in the strands of diversity and may have an invisible effect on the unemployment rate for a country. Thus, this study will create research agendas for future research that focus on unemployment rates, its effects and results in an economy.

This study has three sections. In the first section, we demonstrate how diversity and the strands of diversity are conceptualised as subtle factors that can be linked to unemployment. In the second section, we provide evidence for the effect of subtle factors on unemployment. Then, we conclude this study.

## **2. CONCEPTUALISING THE STRANDS OF DIVERSITY**

Since there is no common definition of diversity, there are various approaches to defining it. However, in the context of the present research, we adopt the definition of Harrison and

Klein (2007:1201) that state “*Diversity is distributions of differences among the members of a unit with respect to common attribute, X, such as tenure, ethnicity, conscientiousness, task attitude.*”. Also, based on the conceptual taxonomy of Jackson et al. (2003), the concept can be divided into relations-oriented diversity and task-oriented diversity. Demographic factors such as age, gender, ethnicity shape interpersonal relationships in relations-oriented diversity. On the other hand, task-oriented diversity includes the differences in knowledge, skills and abilities.

Relations-oriented diversity creates subtle factors for considering the issue of unemployment in the society. The reason for adopting this type of diversity as a subtle factor stems from the concept of economic externalities. This externality refers to the effect of processes related to consuming, producing specific goods and services or creating industries on a third party that is not directly related to this process (Abi Younes et al., 2020). There are positive and negative externalities. For instance, positive externalities such as noise reduction and pleasant view dominate the prices of properties in the green areas (Głuszak, 2018). On the other hand, as Peksen (2019) states being women can be negative externalities that cause unemployment amongst women rather than men because the economic instability and contraction result in sanctions that tend to create more unemployment rate for women since they have less job security in comparison to men.

In order to examine the subtle factors in an evidence-based approach, in the next section, we provide the critical strands of relations oriented diversity as gender, religion and age.

### **3. SUBTLE FACTORS AS EXTERNALITIES FOR THE STRANDS OF DIVERSITY**

In this section, we aim at providing evidence for gender, religion and age as subtle factors in order to demonstrate how they can create negative externalities for increasing unemployment rate for countries. For this reason, we focus on the groups that face discrimination within these strands of diversity, and we provide evidence from discussing the existing literature. Thus, we will be able to open a research agenda for multidisciplinary studies such as the fields of economics and management within the context of the present study.

Women face many challenges when they look for a job related to their expertise. The challenges mostly come from the patriarchal social structure that refers to the domination of men in the private and public sphere (Altay, 2019). For instance, in the conceptual study of Bakıcı and Aydın (2020), they demonstrate social field assigns specific roles to the women such as child care and housework. For this reason, men dominated industries have an exclusionary

approach to women employees even though they have enough skills to work. Thus, this kind of social perspective prevents women from including the workforce, and it has a potential impact on increasing unemployment rate. In addition to the exclusion of women in the workforce, they can face similar challenges when they create a business. For instance, Xheneti et al. (2019) show that many women entrepreneurs do not support their family to operate a business, which causes the prevention of potential employment opportunities. The consequence of this situation can increase the unemployment rate of countries.

Religion is amongst subtle critical factors that influence the unemployment rate because it brings approaches to social orders and economies. For instance, Uygur and Aydin (2015) raise the religious differences as an indicator for job preferences because some workers may avoid working in a job that can be considered as a sin in the religion. For instance, Catholic nurses may not be involved in abortion or Hutterites may not have any willing to drive cars. Also, Muslims may refuse to work in a company that produces or sells drinks (Haddad, 2002). For this reason, religious individuals may not involve in certain sectors, and it can have an effect on increasing the unemployment rate for countries.

Many individuals are retired in some certain ages around the world. Every county has its own rule about the retirement age. However, many studies (e.g. Soto-Simeone and Kautonen, 2020; Saiz-Álvarez and Coduras-Martínez, 2020) demonstrate that even if individuals are retired, they still can work. Also, the retired individuals have social, cultural and economic capitals to run a business and to create employment opportunities for younger generations (Aydin et al., 2019). In the literature, the individuals who are entrepreneurs after a certain age are called senior entrepreneurs (Mouraviev and Avramenko, 2020). However, many countries do not support this type of entrepreneurship, and this has an effect on increasing the unemployment rate in the countries.

#### **4. CONCLUSION**

This study sheds light on the conceptual and theoretical relationship between the strands of diversity as a subtle factor and its potential effect on the unemployment rate. In order to discuss the aforementioned factors, we specifically focus on gender, religion and age because these factors are relation-based diversity that creates personal approaches to any specific groups. Thus, we create emerging research agendas for the scholars in the field of management and economics because this study shows that there is a dearth of research that focuses on the economic externalities that are created by the strands of diversity. For future studies, scholars need to pay attention to the subtle factors in a broad way, and the practitioners must be aware

of the subtle factors that can have an adverse effect on unemployment. Also, they need to create inclusionary policies for the disadvantaged groups within the mentioned strands of diversity.

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