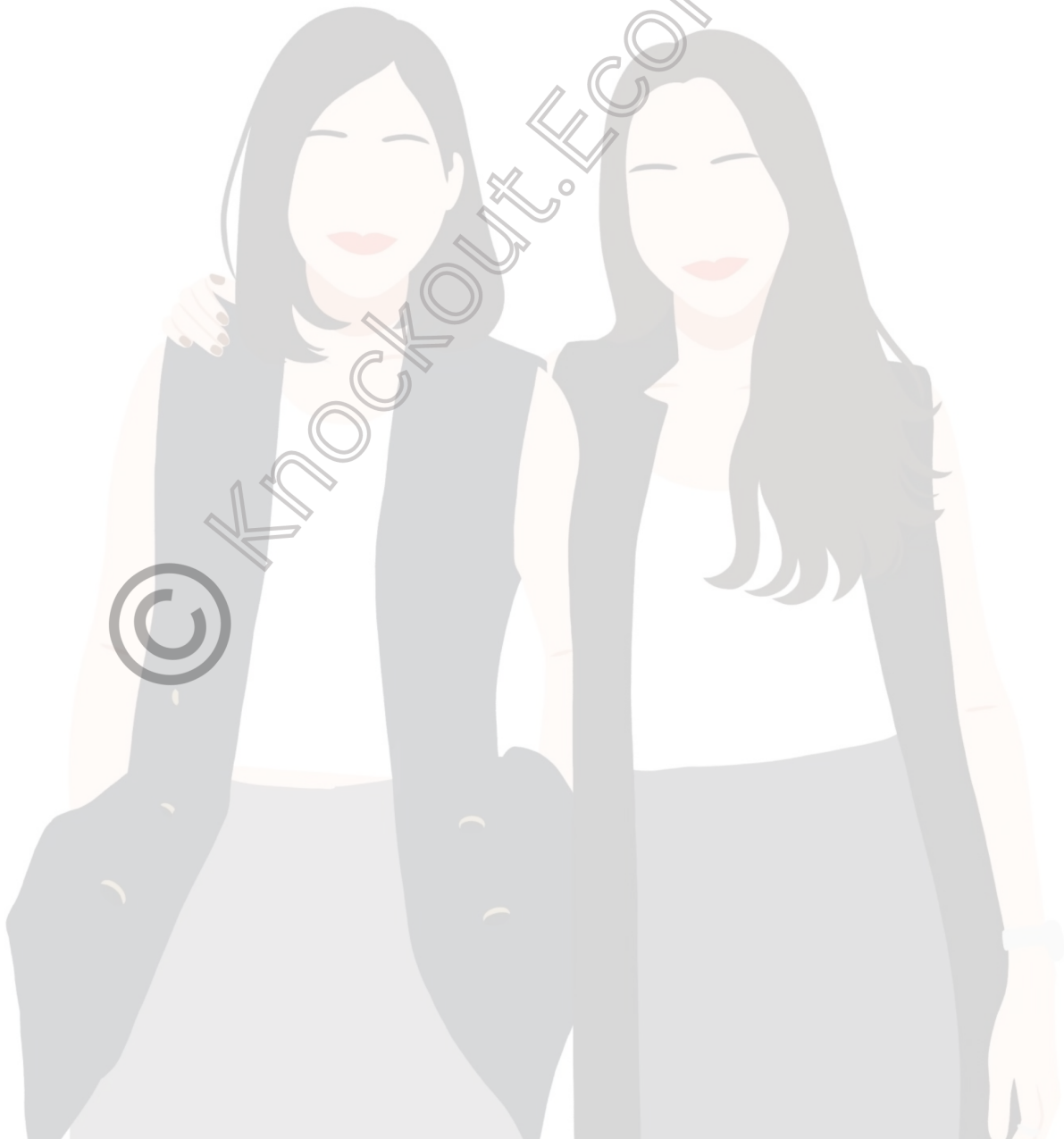


## CHAPTER 18 :Market failure in the labour market

### Key terms

1. Geographical immobility : when workers find it difficult to move from one area to another
2. Occupational immobility : when workers find it difficult to transfer from one occupation to another
3. Structural unemployment : when the pattern of demand and production changes, leaving workers unemployed in labour market has shrunk



## **1. Labour immobility**

: labour market immobility occurs when workers are not flexible enough to move from job to job

: Due to geographical immobility - workers cannot move from one area to others

Occupational immobility - workers cannot change occupation

## **2. Causes of geographical immobility**

- Higher housing cost or living cost, new wage might not cover extra living cost
- Family issue : workers would like to stay with family rather than far from each other
- Difference in cultures and languages
- Age : old people do not want to change location

## **3. Causes of occupational immobility**

- Lack of education and qualification
- It takes time for education and training
- Age as older ignore to learn new skills