

Unemployment and its Negative Effects on Society

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Abstract

The study investigates the unemployment and its negative effects on society, by adopting survey method and questionnaire as a tool of data collection. The study targeted the fresh unemployed graduates of nine administrative towns of Lahore including both males and females. The main objective of the study was to explore the effects of unemployment on mental health of fresh graduates.

The data was analyzed through descriptive statistics and inferential statistics such as Chi-square, Pearson correlation and Independent sample t-test were used for data analysis. The results show the significant association and positive correlation between unemployment and mental health unemployment affects the mental health of fresh graduates they feel depression, anxiety and low self-esteem. It has also proved that mental health of male graduates affected more as compare to females.

Keywords: *Unemployment, Negative, Effects, Society*

Introduction

This study “Unemployment and its negative effects on society” explores how unemployment is affecting the mental health of fresh graduates and how it is affecting the society and human resources as well. Human resources or human capital play an important role in Economic development of any country. Human capital is the skill and knowledge embodied in the minds and hands of the individuals (David Begg). Economic development can be defined as constant, solid measures of decision makers which promote the life standard and financial wellbeing of a particular region. These measures may involve various aspects such as progress of human resources, roads and rail networks, physical condition of people, security and education etc. Harvard Professor Michael E.Porter defines economic development as the “long-term process of building a number of interdependent microeconomic capabilities and incentives to support more advanced forms of competition. Economic development is different from economic growth. Economic

development is related to decisions of policymakers about the social and financial welfare of people. Whereas economic growth includes the market efficiency and raise in Gross domestic product (GDP). Economic Growth is the rate of change of real income or real output (Stanley Fischer). Ranis et al (2000) describes that economic growth and human development is a two-way relationship. As the result of economic growth when Gross National Product (GNP) of any country increases income of people also increases. People will increase their expenditure on health, education and other basic needs. Consumption will increase and as a result investment and production will also rise. In short, economic growth and human development is correlated to each other. As economic growth raises the human development or human life standard similarly raises. Human capital plays a vital role in economic growth. Relationship between economic growth and human capital has been examined extensively. Lucas (1993) argues that "accumulation of human capital serves as an engine of growth". In 1990 Pakistani economist Mahbub ul Haq and Indian economist Amartya Sen introduced the concept of Human Development Index (HDI) which measures the economic growth and human development of any country. HDI calculates three dimensions of human development education, health, and living standard. If the education, living standard and health of the people of any country are in good conditions it means the level of development of that country is better. The health means here not only physical health of people but also mental health. A person's poor mental health also affects his physical health. Good mental health is very necessary to live a long life; good mental health can increase a person's life while poor mental health can decrease life.

According to Campania, & Muse-Burke (2010) there is growing evidence that is showing emotional abilities are associated with prosocial behaviors such as stress management and physical health. So if the mental health of people disturbed it can affect their physical health and lives. And we can say that the human development level of that country is low because people have poor mental health. Due to increasing rate of unemployment in Pakistan the mental health of unemployed fresh graduates is affecting and this factor also causes a hindrance in human development. The present study "Unemployment and its effects on mental health of fresh graduates in Lahore Pakistan" investigates what are the current status of unemployment and major reasons of joblessness in Pakistan. And how unemployment is affecting the society especially mental health of fresh graduates. Do they turn towards social crimes to fulfill their basic needs and get involved in drugs and suicide attempts?

Unemployment rate is increasing day by day in all over the world as well as in Pakistan. According to International Labor Organization (ILO) statement, more than 197 million people worldwide are out of work or 6% of the world's labor force was without a job in 2012. According to State Bank of Pakistan (SBP) annual report (2010) in South Asian Countries Pakistan has got the third highest unemployment rate after Nepal and Maldives. International Monetary Fund (IMF) stated in its report on 31 May (2013) that

unemployment has increased 80% in Pakistan during last five years from 2008 to 2012. Current rate of unemployment in Pakistan is 9.2% and it is estimated that it will increase from 10% during next year in (2014). According to ministry of education Pakistan produces 455,000 university graduates every year. Whereas job opportunities are not producing as much in Pakistan as Punjab bureau of statistics (PBS) stated in labor force survey (2011) unemployment rate of graduation degree holders is 8.7%. Hence in the light of these figures it can be said that unemployment rate is increasing day by day among graduates and overall in Pakistan.

According to the Online Dictionary “Unemployment is the state of an individual looking for a paying job but not having one” So Unemployment happens in an Economy when a person who is able to work but could not find work. Nicholas (2000) states a person is unemployed if he is eligible for work but do not have a job. There seem many reasons of increasing rate of unemployment in graduates of Pakistan like growing rate of population, poverty, and education inequality, lack of job opportunities and backwardness of agricultural sector.

Growing rate of unemployment is affecting graduates their families and society very much. Due to unemployment any society become weak and its productive power demolish. An unemployed person cannot provide his children even basic necessities of life and as a result the children of unemployed persons live in psychologically stress. Eventually they cannot play their role in social and economic development of country. As the Australian Institute of Family Studies found that adolescents with lower levels of well-being (such as health and sociability) have fathers or both parents with no paid work. The Victorian Social Justice Consultative Council (1992) has documented the rapidity with which unemployed people experience hardship and a decline in their standard of housing, diet, clothing and health care. An unemployed person live mentally disturb he feels depression, anxiety, low self-esteem and decline in his well-being. Paul and Moser (2009) found that “unemployment was associated with depression, anxiety, psychosomatic symptoms, low subjective well-being, and poor self-esteem”. Usen (1978) also noted that the unemployed eventually becomes psychologically wreck. Unemployment affects the socialization of a person they lost their social respect and finally cut off from society. They become impatient, intolerant and aggressive. Young unemployed people get involved in drugs and other social crimes. Due to unemployment many people attempt to suicides. Unemployment also affects the economy due to no earning the spending power of individuals’ remains zero, it affects the demand and when demand will low investment and production will also be low.

The aim of this study “Unemployment and its effects on mental health of fresh graduates in Lahore” is to explore how fresh graduates remain mentally disturb feel depression, anxiety, low self-esteem and declines well-being due to unemployment. And

how they are engaging in various social evils such as theft, corruption, gambling etc that consequently mislead their lives.

Methodology

The researcher has used survey method to collect data for this particular research. Survey is a method which is used to gather required information from target group of population. There are different ways to collect information through survey for example structured interviews and questionnaire. A close ended questionnaire was constructed to collect data for present research.

Questionnaire was consisted on three parts. First part comprised questions related to demographic characteristics such as age, gender, education, income and occupation. Second part consisted of general information regarding unemployment and why graduates are unsuccessful to get a job. Third part comprised questions regarding reasons of unemployment, negative effects of unemployment on society and mental health of fresh graduates. Constructs in part one and two were measured by nominal and interval scale. While in last part all the constructs were measured by Five-point Likert scale. The universe of the study was Lahore city and population was nine administrative towns of Lahore.

Simple random sampling technique was used for data collection. 630 questionnaires were distributed randomly among unemployed fresh graduates of nine towns of Lahore. Out of which 450 were useful. The sample size was divided equally among nine administrative towns of Lahore. Thus 50 unemployed fresh graduates have randomly selected from each town. As researcher wants equal participation of each town. A pre-test was conducted to check the reliability and validity of questionnaire. "Cronbach's alpha" test was used for testing the reliability of questionnaire. Results of Cronbach's alpha are presented below.

Table Reliability Statistics

Cronbach's Alpha	N of Items
.761	41

Cronbach's alpha test measures the internal consistency of the variables. It is rule of thumb that the items of a variable having the value of 0.7 highly correlate with each other (Pervaiz et al 2011). Hence table shows the value of Cronbach's alpha 0.761 which indicates the high consistency among items of variables. So researcher has proceeded for further statistical tests.

After checking reliability and finalizing the questionnaire the researcher went to field for data collection. Seventy (70) questionnaires have been distributed randomly in each nine towns among unemployed fresh graduates total 630 questionnaires were distributed. Out of which only 450 questionnaires were useful, and finally 50 unemployed fresh graduates both male and females have selected from each town. Data collection has completed in almost 5 months. Statistical package for social sciences (SPSS version 16.0) has been used for data analysis.

Statistical tests such as descriptive statistics, chi square, Pearson correlation and independent sample t-test was used for data analysis. Descriptive statistics were used for frequencies and graphs; chi-square test was used to check the association between dependent and independent variables and Pearson correlation also used to test the strength and direction of relationship that exists between independent and dependent variables. Independent sample T-test was used to check whether the mean score of gender males and females with respect to effect of unemployment on mental health is significantly different or not.

Findings

Hypothesis Testing: Effect Association

For hypothesis testing sample data has been analyzed separately. To check the association and correlation between dependent and independent variables chi- square and Pearson correlation tests have been applied. Results of chi-square and Pearson correlation are presented below for each hypothesis independently.

Hypothesis I

H₀ Unemployment does not affect mental health of fresh graduates.

H₁ Unemployment affects mental health of fresh graduates.

Table 1 Chi-Square Test for Association between Unemployment and Mental Health

Pearson Chi-Square	Df	P-Value	Conclusion
649.222	4	.000	Significant
Total	450		

Chi-square values in table 1 shows that null hypothesis is rejected on 5% level of significant ($P < 0.05$). Hence an alternative hypothesis of significant association that unemployment affects the mental health of fresh graduates is approved. It revealed that there is a association between unemployment and mental health. Due to unemployment

mental health of fresh graduates is affected. Questions 12, 14, 15 from section three of questionnaire have been used for this chi-square analysis.

Hypothesis II

H₀ Unemployment is not creating depression, anxiety and low self-esteem in graduates.

H₁ Unemployment is creating depression, anxiety and low self- esteem in graduates.

Table 2 Chi-Square Test for Association between Unemployment Depression, Anxiety and Low Self-Esteem

Pearson Chi-Square	Df	P-Value	Conclusion
593.333	4	.000	Significant
Total	450		

Chi-square values in table 2 indicate that null hypothesis rejected at 5 % level of significance ($P < 0.05$). Therefore an alternative hypothesis is accepted and it concluded that there is a significant association between unemployment, depression, anxiety and low self-esteem. Unemployment is creating depression, anxiety and low self- esteem in fresh graduates. Question 13 from section three of questionnaire has been used for this chi-square analysis.

Pearson Correlation

Hypothesis I

H₀ Unemployment does not affect mental health of fresh graduates.

H₁ Unemployment affects mental health of fresh graduates.

Table 3: Correlation of dependent variables related to poor mental health with independent variable (Unemployment)

Variables	Unemployment
<i>Poor Mental Health</i>	.923**
<i>Mental Disturbance</i>	.282**
<i>Disturbance During Sleep</i>	.318**
<i>Impatience</i>	.150**
<i>Intolerant</i>	.150**
<i>Aggressiveness</i>	.214**
<i>Total</i>	450

** Correlation is significant at the 0.01 level (2-tailed).

Table 3 shows a significant positive correlation ($r = .293^{**}$, $P < 0.01$) between poor mental health and unemployment. Furthermore there is significant positive correlation between unemployment and mental disturbance, disturbance during sleep, impatience, intolerant and aggressiveness ($r = .282^{**}$, $.318^{**}$, $.150^{**}$, $.150^{**}$, $.241^{**}$ respectively). Thus it revealed that unemployment affects the mental health of graduates. This result also proved above alternative hypothesis thus alternative hypothesis is accepted and null hypothesis is rejected.

Hypothesis II

H₀ Unemployment is not creating depression, anxiety and low self-esteem in graduates.

H₁ Unemployment is creating depression, anxiety and low self- esteem in graduates.

Table 4: Correlation of dependent variables depression, anxiety and low self-esteem with independent variable (Unemployment)

Variables	Unemployment
<i>Depression, anxiety</i>	.311**
<i>Low self-esteem</i>	.191**
<i>N</i> =	450

** Correlation is significant at the 0.01 level (2-tailed).

Table 4 shows a significant positive correlation ($r = .311^{**}$, $.191^{**}$ respectively) between unemployment, depression, anxiety and low self-esteem. This indicates that unemployment generates depression, anxiety and low self-esteem in fresh graduates. This finding supports the alternative hypothesis and rejected the null hypothesis.

Independent sample T-test

Independent sample T-test is used at 95% confidence interval to investigate whether the mean score of males and females is significantly different with respect to effects of unemployment on mental health. Results of T-test presented below

Table 5 (A)**Group Statistics**

Gender		N	Mean	Std. Deviation	Std. Error Mean
Total	Male	35	5.6791	.82840	.05650
	Female	215	5.5191	1.10682	.07220

Table 5 (A) shows the descriptive Statistics of gender both male and female. Table shows the sample size, mean, standard deviation and standard error of mean. Higher mean value for males shows that mental health of male graduates affected more by unemployment than females.

Table 5 (B) Independent Sample T-test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	sig.	T	Df	Sig.(2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
Gender	Equal variances assumed	13.145	.000	1.723	48	.000	.15992	.09284	.34237	.02253
	Equal variances not assumed			1.744	31.421	.000	-.15992	.09168	-.34011	.02027

Table 5 (B) shows the results of independent sample T-test. T-test for equality of means shows t-statistics, mean difference, Std error difference, degree of freedom and level of significance. The significance (2-tailed) value for equal and unequal variances is less than 0.05 which revealed that unemployment affects more mental health of male graduates than females.

Discussion

Increasing rate of unemployment among graduates and overall Pakistan is affecting individuals, society and economy. The present research has attempted to inspect the effects of unemployment on mental health of fresh graduates of Lahore Pakistan. The

basis of this study was verification by previous researchers all over the world that unemployment affects the mental health i.e. Kelly Holland (2012), Andreas Weber (2007), Margaret W. Linn (1985) etc.

Overall results of chi-square and Pearson correlation are significant which shows the association and correlation between dependent and independent variables. Results proved that unemployment is creating negative effects on mental health. Fresh graduates feel depression, anxiety, low self-esteem and decline in well-being while being unemployed. People are involving in drugs and suicide attempts. Unemployment is affecting socialization of jobless individuals their families are also suffering because of their unemployment. The individuals have become intolerant and aggressive. Many previous studies also confirmed these finding as stated by Britt et al. (1994) wherever large population is jobless social crimes such as corruption, deception and aggression etc usually exist. There is a range of other mental and health diseases, drug addiction, psychological illnesses etc are associated with unemployment. Similarly Jensen and Smith (1990) found that joblessness heighten the adverse psychosomatic effects that direct towards high suicide and death rates and increases the crimes ratio in society. Hence it concluded that unemployment is negatively affecting the society. Margaret W. Linn et al. (1985) found that unemployment had severe negative effects on mental health people who were jobless they visits more psychiatrists than employed individuals. Moreover, Brenner (1971) stated joblessness is a factor which creates huge stress that causes not only mental problems but also psychosomatic diseases. Unemployment can also cause high blood pressure. These discussed studies of literature review justify and support the findings of present research. The study also found from results of independent sample T-test that unemployment affects mental health of males more as compare to females. Generally it has observed that males are guardian of family they have to support their families and play a role in development of country. So when they failed to get a job they take more stress than females. A study by Waters and Moore (2002) found same results that men affected more than females by financial deprivation related with joblessness. Lahelmo (1992) also found men react more negatively as compare to females during unemployment. Hence it revealed that men affected more due to unemployment than females.

The findings of the study also strengthen the concept of Darity and Goldsmith Social- Psychological Theory of Hysteresis, which describes the negative societal and psychosomatic effects of unemployment. Unemployment generates negative health effects as well as depression, feeling of helplessness and loss of self-esteem. Such type of feelings diminishes unemployed people's inspiration to seek for a job, or passion and continuity to search a job. Because they think that their personal attempts to find a job will not change their circumstance or will not be effective. Consequently a persistent unemployment occurs. Moreover, the results of chi-square and Pearson correlation have also proved that unemployment generates negative effects on society and individuals. They feel depression, anxiety, low self-esteem and decline in well-being.

The researcher also applied Jahoda's Functional Model which explains that jobless people face or pass through psychological stress as they deprived some particular benefits of employment which maintains well-being. Jahoda described that although employment provides some such benefits which can be seen clearly such as regular earnings. But there are five further benefits she called these consequences as the latent benefits, which are not intentionally designed, but fulfill some particular psychological and social needs that are essential to well-being. These benefits comprise status or identity of individuals their social relations, time structure and obligatory action. Jahoda argued employment gives chances to people to contact people out of their families. It increases their socialization. It also generates a management in their daily routine as on job they have work to start and finish on certain time due to this a discipline maintain in their life. The working people also achieve a status in society.

The findings of the present study also interlink Jahoda's concept that unemployed persons remain mentally disturbed because they deprived benefits of employment which maintain well-being. Researcher also found from percentage of responses and chi-square results that due to unemployment respondents remain mentally disturb and feel decline in well-being. Moreover Jahoda explained employment increases socialization of people and also their social contacts but jobless people remain deprived of these benefits. Likewise the present study also found from percentage of responses that unemployment affects the socialization of respondents they cut off to society while being unemployment. Further Jahoda point out that employment creates a discipline in routine life as people have to start a work on a particular time and finish on time daily. But an unemployed person has no routine in life as general finding of the present study also support this concept of Jahoda that joblessness is affecting the daily life of unemployed fresh graduates.

The stance of the researcher also supported by Fryer's (1986) agency theory which explains that economic loss or deprivation of the benefits of employment is the major negative consequences of unemployment. People make plans for their whole life. But unemployment makes that future planning difficult and thus generates psychological stress. Similarly present study also investigated that unemployment creates psychological stress.

The findings of the present study which show that fresh graduates feel low self-esteem during unemployment make stronger the skills atrophy model. The skills atrophy model is an economic theory of hysteresis that explained the work expertise of jobless people has become expired or old fashioned because they do not update their skills when they remain unemployed for a long time and also lose their confidence, feel low self-esteem while being unemployed. Consequently they cannot get a job even when the job opportunities are available in market because their skills will not be according to the requirements of the job as they do not refresh their skills. They do not perform on job interviews confidently and as a result remain unemployed for a long time.

Conclusion

The findings and results have proved the hypotheses of the study that unemployment is creating negative effects on mental health. It affects the mental health of fresh graduates they feel depression, anxiety and low self-esteem. It has also been found that unemployment affects mental health of males more than females. Because males have to support their families and in a country like Pakistan where source of income of a family mostly depends upon male rather than female. When they can't get a job they remain under more stress than female. The conclusion was supported by previous studies as well. Skills atrophy model, social- psychological theory of hysteresis, Jahoda's functional model and Fryer's agency restriction theory supports the researcher's stance. These theories described unemployment negatively affects society and psychological condition of individuals. The general findings of the study revealed that most of the respondents were male having the age between 20-25. Majority of the respondents who were unemployed consisted of simple graduates having the degree of Bachelor of Arts (B.A) while a lowest number of respondents were those who have M.B.B.S degree. So on the basis of the results it can be said that simple education has less worth or low job opportunities as compare to professional education. According to the general findings increasing rate of unemployment is a hindrance for economic development of Pakistan. The main reasons of unemployment in Pakistan are growing rate of population and lack of job opportunities. Population is increasing day by day and people are getting more and more degrees but on the other hand job opportunities are not sufficient.

The first hypothesis tested was unemployment affects mental health of fresh graduates. Findings revealed that there is significant association and relationship between unemployment and mental health. Unemployment affects the mental health of fresh graduates. The second hypothesis was unemployment is creating depression, anxiety and low self- esteem in graduates. Chi-square value and Pearson correlation show that null-hypothesis is rejected and there is a significant association and correlation between depression, anxiety and low self-esteem. Therefore taking in view above major findings it concluded that unemployment generates negative effects on society and mental health of fresh graduates.

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