Measuring Unemployment Costs on Socio – Economic Life of Urban Pakistan

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Abstract: Unemployment is a major incentive to economic action in a market economy. However, it brings about manifold negative social and economic consequences as well. The larger and longer the unemployment, the deeper and more complicated are the social and economic problems it causes in society. The objective of the study is to examine three different costs of unemployment i.e., economic, psychological and social costs of unemployment in the Khyberpakhtoonkhawa (KPK) province of Pakistan. The study is based on primary data collected from three hundred and eighteen peoples (out of four hundred) who are randomly selected from different regions of KPK province of Pakistan. A self designed questionnaire was used for data collection. The data was analyzed using the techniques of Descriptive statistics, correlation coefficient, multiple regression analysis and one way ANOVA. All the findings were tested at 0.01 and 0.05 level of significance. The result concludes that there is a strong and significant relationship between lengthy episodes on unemployed and different costs of unemployment; however, economic costs of unemployment are more prone to unemployment spell, followed by psychological costs and social costs of unemployment in Pakistan.
[Gul, A, Zaman, K, Khan, M, M, Ahmad, M. **Measuring Unemployment Costs on Socio – Economic Life of Urban Pakistan.** J Am Sci 2012;8(5):703-714]. (ISSN: 1545-1003). http://www.americanscience.org. 77

Keywords: Unemployment, Social Costs, Economic Costs, Psychological Costs; Pakistan.

1. Introduction

Individual happiness depends on many things, which may include income, health, job characteristics or status, leisure, social status, security, moral values, market status, working hours and liberty. But among all working age population the most striking and effective experiences are unemployment (Ahn et al, 2004). Unemployment includes people who are not employed but are actively looking for work or waiting to return to work .Unemployment is the severe problems existing virtually in all countries of the world. It has so serious effect not only on the socio-economic status but also on the living standards of the people and also effect the magnitude of corruption, crime, suicide rated and poverty in a society (Nazir et al, 2009). Unemployment has negative effect on the physical well being of the suffering people. It experiences such feelings as depression, hopeless, bitterness, anger, rude behavior and humiliation (Goldney, 1997; Hammarstrom and Janlertk 1997). Moreover, it has more negative impact on economy than positive impact.

According to Beleva (1997, p. 29),

"Unemployment is a major incentive to economic action in a market economy. However, it brings about manifold negative social and economic consequences as well. They are most visible in developing or inefficiently operating labour markets. The larger and longer the unemployment, the deeper and more complicated are the social and economic problems it causes in society".

There are different types of unemployment which include a) Frictional unemployment, b) Structural unemployment and c) cyclical unemployment. Frictional unemployment includes those people who are unable to work plus stock of people moving between jobs. Structural unemployment occurs as a result of long term changes in the pattern of demand and production within the economy. While, cyclical unemployment occurs where the real wage rate is held above the equilibrium level. Pakistan labour force includes all persons who are of sixteen years and above, and during the period are without work, currently available for work and seeking for work. According to GoP (2011), Pakistan's population in mid-2011 is estimated at 177.1 million which is 2.1percent higher than last year. It was only 32.5 million at the time of independence but we added 144.6 million more people during the last 64 years. Pakistan's population has been growing at a decelerating pace but still Pakistan has one of the highest population growth rates in the world. Population growth has decelerated from 3.06 percent in 1981 to 2.07 percent in 2011.

Many economic studies worldwide have emphasized the role of higher economic growth to tackle the problem of poverty (Agrawal, 2008). However, in case of Pakistan, the Asian Development Bank indicated that past economic growth in Pakistan

has not always translated into poverty reduction (ADB, 2006). The data of the first five decades complied from various resources provide a confused picture of economic growth, poverty and unemployment as shown in the following Table 1.

The rapid growth of cities is a common and persisting demographic phenomenon in most of the developing countries including Pakistan. This growth has led to an increase in the degree of urbanization. In Pakistan, for example, the proportion of total population living in urban areas has increased from only 17.8 percent in 1951 to about 32.5 percent in 1998 and 37 percent in 2010-11 (GoP, 2011). Table 2 depicts that the share of urban population will continue to increase and almost fifty percent population would be living in urban areas by the year 2030.

The objective of the study examines the different costs of unemployment which bears the economy as a whole. The more specific objectives are:

I. To examine economic, psychological and social costs of unemployment in the Khyberpakhtoonkhawa (KPK) province of Pakistan.

II. To examine the demographic characteristics of unemployed peoples in the KPK province of Pakistan.

III. To examine the length of an unemployment spell and its impact on costs of unemployment in the KPK province of Pakistan.

Based on the above objectives, the present study seeks the following hypothesis.

H1: There is a significant relationship between demographic variables and costs of unemployment.

H1a: There is a significant relationship between gender & unemployment.

H1b: There is a significant relationship between education & unemployment.

H1c: There is a significant relationship between family size & unemployment.

H1d: There is a significant relationship between family income & unemployment.

H1e: There is a significant relationship between length of an unemployment cell and costs of unemployment.

H2: There is a significant relationship between unemployment and depression; suicides and crime rates in the economy.

H3: There is a significant relationship between unemployment and loss of output/productivity.

H4: There is a significant relationship between unemployment and family relationships.

The importance of the study assesses the level of economic activity in a country. Besides real GDP, one statistic that receives a great deal of attention, both from economists and from the general public, is the rate of unemployment. The global economic turmoil has created unemployment around the world and in Pakistan 2.93 million of the work force is unemployed. Mismatch in job and skills as well as the temporary nature of most jobs is problematic. Certain segments of the labour market do not give secure employment. There has been a positive increase of employed labour force in both urban and rural settings; however it should be borne in mind that the population increase has been tremendous too. On the basis of present scenario, the present study evaluates different costs of unemployment in the context of urban Pakistan.

The study divides in to the following sections: after introduction which is presented in Section 1 above, Section 2 shows the related literature review. Data source and methodological framework are explained in Section 3. Results are discussed in Section 4. Final section concludes the study.

2. Literature Review

The majority of commentators agree that sustained unemployment imposes significant economic, personal and social costs (see, Sen, 1997 and Junankur and Kapuscinski, 1992). The private and social costs of unemployment include rigorous financial suffering, poverty, debt, homelessness and housing stress, family tensions and breakdown, boredom, alienation, shame and stigma, increased social isolation, crime, erosion of confidence and self-esteem, the atrophying of work skills and ill-health. Most of these increase with the duration of unemployment (Dixon, 1992; EPAC, 1992; Cass, 1988; White, 1991; VSJCC, 1992). Unemployed people report that being unemployed is one of the worst things that can happen to them (White, 1991).

The literature on the macroeconomics of well-being can be traced back to the seminal paper Easterlin (1974) showing that the rise of income in the US since 1946 was not accompanied by a increase in its population's happiness. A more recent body of literature started with Di Tella et al. (2001). That paper's objective was to use subjective well-being data to evaluate the tradeoffs between unemployment and inflation. Its main data are derived from Euro-Barometer surveys in twelve European countries between 1975 and 1991. The survey asks "On the whole, are you very satisfied, fairly satisfied, not very satisfied, or not at all satisfied with the life you lead?"

Table 1: Trends in Economic Growth, Poverty and Unemployment during First Five Decades

Decades/ Year	Economic Growth (%)	Poverty Ratio (%)	Unemployment Rate (%)
1960s	6.8	40.2	1.35
1970s	4.8	46.5	2.43
1980s	6.5	30.7	3.51
1990s	4.6	22.1	5.23
2000s	4.8	33.1	6.81

Sources: GoP (2011).

Table 2: Urban Population and Urban Growth Rate of Pakistan

Year	Urban Population	Urban Annual Growth Rate
2010	66.318	2.97
2015	77.420	3.10
2020	90.199	3.06
2025	104.735	2.99
2030	121.218	2.92

Source: GoP (2011)

Di Tella et al. (2001) aggregate individuals' responses, after adjusting for personal characteristics, into a country-year panel. Using the aggregated measure as the dependent variable in panel regressions, they find that both unemployment and inflation reduce satisfaction but the coefficient on the unemployment rate is almost twice as large as the coefficient on the rate of inflation. Hence the "misery index," which assigns equal weights to inflation and unemployment, "underweight the unhappiness caused by joblessness" (p.340).

Wolfers (2003) also use the Euro-Barometer as the main source of data. The paper first replicates the key findings in Di Tella et al. (2001), with an expanded sample, that both inflation and aggregate unemployment lower life satisfaction, and that a 1% increase in unemployment rate has greater impact than a 1% increase in the rate of inflation. The paper then extends the literature to include measures of economic volatility. It finds that greater unemployment volatility lowers well-being. Burgess and Mitchell (1998) note that social and economic exclusion encourages anti-social behavior and fosters the growth in illegal activity as a means of generating income (Darity, 1999). The psychological effects of unemployment are fewer if future job prospects are better or if one has greater moral support from family and society. Those who have a working spouse are likely to feel less pressure and therefore enjoy greater satisfaction with his or her main work activity, income and leisure. Family and social relationships also alleviate the stress and anxiety of job loss. Therefore, the satisfaction and health consequences of unemployment also depend on the family and social circumstances surrounding unemployed individuals.

Berkman and Glass (2000) opine that family and social support promotes satisfaction and physical health, while social isolation is detrimental. Gillani et al (2009) investigate the relationship between crime and various economic indicators such as unemployment, poverty and inflation in Pakistan over a period of 1975-2007. The findings of the tests provide evidence of the existence of long-run relationship among crime, unemployment, poverty and inflation. Qayyum (2007) finds the causes of youth unemployment in Pakistan. The result reveals that urban people are more unemployed than rural, which is attributable to the recent transitions in the manufacturing sectors and industries, the introduction of new technologies has brought a new consignment of machines and plants, which has reduced the demand for the manual work. This testifies the existence of structural unemployment in Pakistan. Sadaquat and Sheikh (2011) analyze the low female work participation rate in Pakistan. The result reveals that women are suffering from market discrimination and hence are pushed to separate low-paid and low-status jobs. Costs of unemployment have been increasing in Pakistan, hence there is a pressing need to evaluate and analyze the different costs of unemployment i.e., economic costs, psychological costs and social costs of unemployment in the context of Pakistan.

3. Research Framework and Methodology

The objective of the study measures the social, economic and psychological costs of

unemployed peoples in different regions of Khyberpakhtoonkhawa (KPK) province of Pakistan. A self designed questionnaire was used for data collection. The framework of the study is given in Figure 1. Figure 1 depicts the strong nexus between each three costs of unemployment i.e., social costs, economic costs and psychological costs which tend not only to face severe financial difficulties to unemployed peoples as well suffer nation too.

3.1. Data Collection

Questionnaire is used for data collection. Prior to the distribution of the actual survey, a pilot study involving a sample of twenty unemployed peoples were conducted to validate the content of the questionnaire in terms of relevance, accuracy, and wording. Appropriate changes were made in the final questionnaire. Five point Likert Scale ranging from 1 (strongly disagree) to 5 (strongly agree) was used to measure responses. The respondents' scores for each construct were obtained by summing across all the item scores of the individual variables. The hypothesised relationships among the study variables depicted in the model were tested using multiple regressions. The dependent and independent variables used in this study are listed in Table 3.

3.2. Sampling

Four hundred questionnaires were randomly distributed among the peoples of Khyber Pakhtoonkhawa (KPK) province of Pakistan, namely, Abbottabad, Mansehra, Haripur, Havelian, Peshawar, Mardan, Nowshera, Swabi, Banu, Kohat and Swat. Three hundred and eighteen questionnaires were returned. Thus, the response rate was 79.5%. The Cronbach's Alpha reliability coefficients for the sample are given in Table 4 below.

4. Results and Discussion

The current section deals with the results of the study which include the descriptive statistics, correlation matrix, ANOVA and econometric results for the model.

4.1. Descriptive Statistics and Frequency Distribution

The present study calculated descriptive analysis on given statements which depict the economic, social and psychological costs of unemployment. The results are presented in Table 5. Result reveals that grand mean and grand standard deviation are 3.706 and 0.322 respectively, which indicates that respondents cumulative agreed with the statements and their responses are very close to the grand means. Further, the study estimates frequency distribution for demographic samples in Table 6. The respondents were divided on the basis of gender, age, marital status, number of children, family size, family income, family expenditure, education and job status.

The result shows that there are 318 respondents are answers the questions, out of which 92 are females and 226 are male. Ages was divided in to five categories i.e., '1' indicates the age bracket of 11-20 years; '2' indicates between 21 to 30 years; '3' indicates the ages between 31-40; '4' indicates between 41-50 and '5' is in between 51-60 years. The respondents are in 36; 48; 100; 104 and 30 in different age brackets respectively. The largest frequency of the respondents ages are stretch out in between 31-50, which is approximately 64.1 percent of the total. Around 139 respondents are single, however, the rest are married. 54 respondents have 0-2 children, 184 respondents have 3 to 5 children and 80 have 6 to 8 children in that sample. Around 220 respondents are the family size in between 7 to 12, which is almost accounted of 69.2 percent in the sample. The lowest family income i.e., Rs. 0 to Rs. 10,000 have a major share of 133 respondents which is accounted for 41.8 percent in the sample. As per the expectation, family expenditure are always more than family income, same results has been appeared in the family expenditure where 145 respondents have family expenditure exceeds to 10,000 to 20,000. Around 105 respondents have done their graduation which account of 33 percent of the sample. Finally, 143 respondents have found unemployed during the survey period which account for 45 percent of the total.

4.2. Correlation Matrix

There are various methods for measuring the relationship existing between economic variables. The simplest are correlation and regression analysis (Koutsoyiannis, 1977). Table 7 shows the results of correlation coefficients for analyzing the magnitude and direction of socio-economic factors of unemployment in Pakistan.

The result reveals that there is a positive and significant impact of economic factors of unemployment on unemployment spell, as the length of unemployment increases, economic factors tend to increase on the same direction. Similarly, social factors and psychological factors of unemployment also have a significant and positive impact on the length of unemployment, but the intensity of this impact is diverse, as social factors have more intensity as compared to psychological factors. This intensity is observed on the basis of correlation coefficient values, where psychological factors have 0.375 value and social factors have 0.490 impacts on unemployment spell. Total unemployment, which is the cumulative response of economic, social and psychological factors have a direct but some what moderate impact on unemployment spell, as their correlation coefficient indicates the value of 0.298.

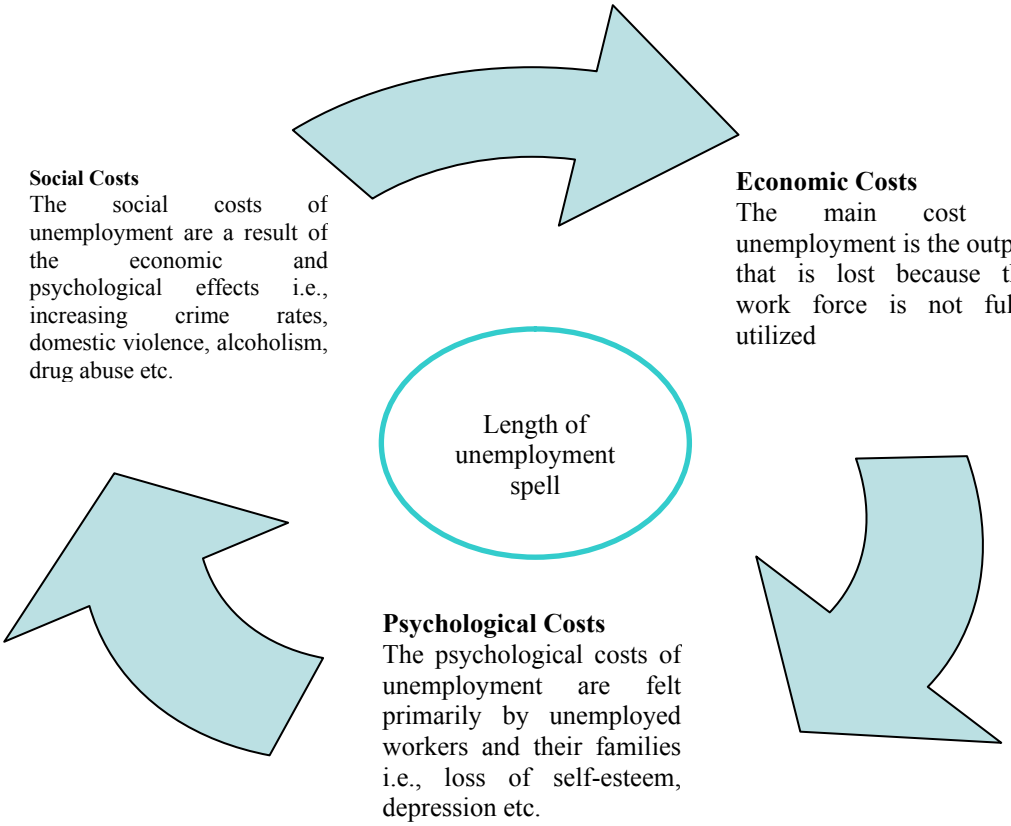

Figure 1: Research Framework

Source: Self Extract

Table 3: Variables used for the labour market

Variable	Define	Expected sign	Sign symbol
Dependent variable			
Unemployment spell	A period during which an individual is continuously unemployed; it begins when the worker becomes unemployed and ends when the worker either finds a job or leaves the labour force. The length of unemployment spell is called its duration.		USPELL
Independent variables			
Economic Factors	From an economic perspective, the main cost of unemployment is the output that is lost.	Positive	EF
Psychological Factors	It felts primarily by unemployed workers and their families.	Positive	PF
Social Factors	The social costs of unemployment are a result if the economic and psychological effects.	Positive	SF

Source: Self construct

Table 4: Cronbach's Alpha Reliability Coefficients

Items	Cronbach's Alfa (r)
Economic Factors (EF)	0.78
Psychological Factors (PF)	0.81
Social Factors (SF)	0.77
Total Unemployment (TU)[1]	0.66

Source: Author's calculation

[1] Total unemployment = (EF+PF+SF)/3

Table 5: Descriptive Statistics

Statements	N	Minimum	Maximum	Mean	Std. Deviation
During unemployment spell, I feel that my skill is deteriorating over time.	318	3.00	5.00	4.1667	.51528
My income is falling over time	318	3.00	5.00	4.3648	.59886
I always conscious about my increasing expenditures e.g., Electricity bills, Gas bills etc.	318	3.00	5.00	4.2610	.55979
I ever blame government policies especially related with employment generation.	318	1.00	5.00	3.1289	1.12010
I feel that government should have to provide unemployment allowance.	318	2.00	5.00	4.2358	.68630
Lengthy episodes of unemployment lead to loss of self esteem	318	3.00	5.00	4.3270	.63043
Lengthy episodes of unemployment lead to loss of control over one's life	318	2.00	5.00	3.2704	1.01835
Lengthy episodes of unemployment lead to depression	318	3.00	5.00	4.3145	.69372
Lengthy episodes of unemployment lead to suicidal thoughts	318	1.00	5.00	3.1761	1.26359
Lengthy episodes of unemployment lead to corruption	318	1.00	5.00	2.7358	1.25566
Unemployment affects socio-economic status of the family.	318	3.00	5.00	4.1509	.63234
Unemployment affects family relationship negatively	318	1.00	5.00	3.1321	1.42582
Unemployment affects one's people life.	318	1.00	5.00	3.1164	1.32281
Unemployment lead to poor mental health	318	3.00	5.00	4.1132	.59420
Unemployed persons are usually drug users.	318	1.00	5.00	3.0314	1.20943
Total				3.701667	0.32299

Source: Authors calculated

Table 6: Frequency Distribution of Demographic Variables

Variables	Frequency	Percentage
Gender		
Male	226	28.9
Female	92	71.1
Age		
11-20	36	11.3
21-30	48	15.1
31-40	100	31.4
41-50	104	32.7
51-60	30	9.4
Marital Status		
Single	139	43.7
Married	179	56.3
Number of Children		
0-2	54	17.0
3-5	184	57.9
6-8	80	25.2
Family Size		
1-3	16	5.0
4-6	37	11.6
7-9	103	32.4
10-12	117	36.8
13-15	45	14.2
Family Income		
0-10,000	133	41.8
10,001-20,000	130	40.9
20,001-30,000	30	9.4
30,001-40,000	13	4.1
40,001-50,000	12	3.8
Family Expenditure		
0-10,000	74	23.3
10,001-20,000	145	45.6
20,001-30,000	59	18.6
30,001-40,000	27	8.5
40,001-50,000	13	4.1
Education		
Primary	15	4.7
Secondary	53	16.7
Higher Secondary	104	32.7
Graduate	105	33.0
Masters	41	12.9
Job Status		
Student	9	2.8
Job Holder	35	11.0
Own Business	82	25.8
Unemployed	143	45.0
Voluntarily Unemployed	49	15.4

Source: Authors estimation

Table 7: Correlation Matrix

Variables	Mean	Standard Deviation	Correlation Matrix				
			USPELL	EF	PF	SF	TU
USPELL	3.664	1.300	1.00				
EF	4.031	0.317	0.521**	1.00			
PF	3.828	0.434	0.375**	0.064	1.00		
SF	3.612	0.529	0.490**	-0.190*	0.033	1.00	
TU	3.701	0.244	0.298**	0.333*	0.643*	0.659*	1.00

* and ** represents correlation at 0.01 and 0.05 percent significance level.

4.3. Multiple Regression Analysis

There are various econometric methods that can be used to derive estimates of the parameters of economic relationships from statistical observations. The simplest method is ordinary least square (OLS) which refers to the relationship between more than two variables i.e., one dependent and others are explanatory variables. The model of labor market is estimated by multiple regression method. The results are presented in Table 8.

The empirical results, given in Table 8, appear to be very good in terms of the usual diagnostic statistics. The value of R adjusted indicates that 61.2% and 52.9% variations in dependent variable have been explained by variations in independent variables. F value is higher than its critical value suggesting a good overall significance of the estimated model. Therefore, fitness of the model is acceptable empirically. The result suggests that all variables have a correlation proving the hypothesis. Coefficients of economic (EF), psychological (PF) and social factors (SF) indicates that there has been a positive and significant impact on unemployment spell, as if length of unemployment spell increases, unemployment costs tends to increase in the same direction. This result also confirms in the second column of Table 6, which reflects with the variable of total unemployment cost (TU) that is here to explain the cumulative responses of all three costs of unemployment which bear the individuals, society and overall economy as well. The result indicates that if the length of unemployment spells increases, total unemployment costs increases and it affects the socio-economic life of urban people in Pakistan. The results are consistent with the previous studies of Stewart (1999); Bonnie and Harrison (2003) and Katz (2010). All these studies confirms that labor market conditions have deteriorated dramatically since the start of the Great Recession in late 2007 making this the severest labor market downturn since the Great Depression of the 1930s.. While in the specific context of Pakistan, Arif et al (2001) concludes that labour absorptive capacity of the economy has declined over time. The most formidable challenge confronting the policy makers is to create conditions conducive for generating employment opportunities in the country. Finally, the test to detect multicollinearity (variance inflation factor) is also performed to support the validity of the regression results. The values of variance inflation factors for the variables in the model for labour market range from 1.176 to 1.998 for social factors to economic factors of unemployment suggesting the absence of multicollinearity among the variables of the model.

4.4. One Way Analysis of Variance (ANOVA)

To analyze hypothesis involving degree of unemployment costs and demographic characteristics of the samples; the study applied one-way ANOVA, which is given away in Table 9.1-9.3. The study divides ANOVA results in to three components i.e., i) economic factors vs. demographic variables; ii) psychological factors vs. demographic variables and iii) social factors vs. demographic variables.

The result of Table 9.1 reveals that there is a significant relationship between demographic variables and economic factors of unemployment, as there is a significant relationship between age; marital status; number of children; family size; family income; education and job status with economic factors of unemployment. Subsequently, Table 9.2 shows the relationship between psychological factors and demographic variables.

The results of Table 9.2 indicate that demographic factors have no such significant relationship with the psychological factors of unemployment. One explanation is that stress (psychological factor) are influenced by low socioeconomic status or the cumulative exposure to social and economic circumstances, beginning from the early childhood and continuing through to the later stages of life (Gilman et al., 2003). However, in this study we have adjusted for the potential confounding effects of socioeconomic background factors including age, marital status, number of children, family size, family income, family expenditure, education and job status. A second explanation, called the selection hypothesis, is that stress itself increases unemployment. In this study, we could not adjust for residential density (where respondents reside) which may be possible impact to evaluating psychological impact via demographic survey. Table 9.3 shows the social costs of unemployment and role of demographic variables.

The results reveal that social costs of unemployment have a moderate impact on demographic factors in Pakistan. As, age of respondents, number of children, family expenditures and education play a significant role to increase social costs of unemployment in urban Pakistan. Next three hypotheses are related with lengthy episodes of unemployment and different costs of unemployment in Pakistan which is shown in Table 10.

The results disclose that lengthy episodes of unemployment leads to corruption, affects socio-economic status of the family and it's badly affected the family relationship. The results are significant in terms of F-statistics. The aforementioned hypotheses were tested and results are provided in Table 11.

Table 8: Multiple Regression Estimates
Dependent variable: Unemployment Spell [USPELL]

Variables	OLS (1)	OLS (2)	Tolerance [a]	VIF [b]
Economic Factors [EF]	0.584*	-------	0.561	1.998
Psychological Factors [PF]	0.172**	-------	0.501	1.783
Social Factors [SF]	0.328*	-------	0.850	1.176
Total Unemployment [TU]	---------	0.112**	0.712	1.245
Adjusted R-Square	0.612	0.529		
F-statistics	11.281*	7.285*		

Note: [a] and [b] represents the tests of collinearity statistics. * and ** represent significant at 0.01 and 0.05 percent significance level.

Table 9.1: Economic Factors Vs Demographic Variables

		Sum of Squares	df	Mean Square	F	Sig.
gender	Between Groups	1.195	8	.149	.719	.675
	Within Groups	64.189	309	.208		
	Total	65.384	317			
age	Between Groups	49.293	8	6.162	5.280	.000
	Within Groups	360.619	309	1.167		
	Total	409.912	317			
Marital status	Between Groups	5.287	8	.661	2.799	.005
	Within Groups	72.955	309	.236		
	Total	78.242	317			
Number of children	Between Groups	8.366	8	1.046	2.616	.009
	Within Groups	123.508	309	.400		
	Total	131.874	317			
family size	Between Groups	28.116	8	3.515	3.503	.001
	Within Groups	309.997	309	1.003		
	Total	338.113	317			
family income	Between Groups	44.885	8	5.611	6.407	.000
	Within Groups	270.574	309	.876		
	Total	315.459	317			
family expenditure	Between Groups	11.515	8	1.439	1.359	.214
	Within Groups	327.353	309	1.059		
	Total	338.868	317			
education	Between Groups	32.226	8	4.028	3.942	.000
	Within Groups	315.761	309	1.022		
	Total	347.987	317			
Job status	Between Groups	40.425	8	5.053	6.042	.000
	Within Groups	258.430	309	.836		
	Total	298.855	317			

Table 9.2: Psychological Factors of Unemployment and Demographic Variables

		Sum of Squares	df	Mean Square	F	Sig.
gender	Between Groups	1.995	12	.166	.800	.651
	Within Groups	63.389	305	.208		
	Total	65.384	317			
age	Between Groups	23.726	12	1.977	1.562	.102
	Within Groups	386.186	305	1.266		
	Total	409.912	317			
Marital status	Between Groups	1.393	12	.116	.461	.936
	Within Groups	76.849	305	.252		
	Total	78.242	317			
Number of children	Between Groups	5.931	12	.494	1.197	.284
	Within Groups	125.944	305	.413		
	Total	131.874	317			
family size	Between Groups	18.244	12	1.520	1.450	.142
	Within Groups	319.869	305	1.049		
	Total	338.113	317			
family income	Between Groups	12.313	12	1.026	1.032	.419
	Within Groups	303.146	305	.994		
	Total	315.459	317			
family expenditure	Between Groups	10.260	12	.855	.794	.657
	Within Groups	328.608	305	1.077		
	Total	338.868	317			
education	Between Groups	10.638	12	.887	.802	.649
	Within Groups	337.349	305	1.106		
	Total	347.987	317			
Job status	Between Groups	9.340	12	.778	.820	.630
	Within Groups	289.516	305	.949		
	Total	298.855	317			

Table 10: Unemployment Spell and Costs of Unemployment

		Sum of Squares	df	Mean Square	F	Sig.
Lengthy episodes of unemployment lead to corruption	Between Groups	116.845	34	3.437	2.540	.000
	Within Groups	382.967	283	1.353		
	Total	499.811	317			
Unemployment affects socio-economic status of the family.	Between Groups	19.878	34	.585	1.548	.031
	Within Groups	106.877	283	.378		
	Total	126.755	317			
Unemployment affects family relationship negatively	Between Groups	149.007	34	4.383	2.503	.000
	Within Groups	495.446	283	1.751		
	Total	644.453	317			

Table 9.3: Social Costs of Unemployment and Demographic Variables

		Sum of Squares	df	Mean Square	F	Sig.
gender	Between Groups	2.682	12	.224	1.087	.370
	Within Groups	62.701	305	.206		
	Total	65.384	317			
age	Between Groups	51.697	12	4.308	3.668	.000
	Within Groups	358.215	305	1.174		
	Total	409.912	317			
Maital status	Between Groups	3.374	12	.281	1.146	.323
	Within Groups	74.868	305	.245		
	Total	78.242	317			
Number of children	Between Groups	10.719	12	.893	2.249	.010
	Within Groups	121.155	305	.397		
	Total	131.874	317			
family size	Between Groups	10.778	12	.898	.837	.612
	Within Groups	327.335	305	1.073		
	Total	338.113	317			
family income	Between Groups	15.097	12	1.258	1.277	.231
	Within Groups	300.362	305	.985		
	Total	315.459	317			
family expenditure	Between Groups	23.141	12	1.928	1.863	.038
	Within Groups	315.727	305	1.035		
	Total	338.868	317			
education	Between Groups	26.941	12	2.245	2.133	.015
	Within Groups	321.047	305	1.053		
	Total	347.987	317			
Job status	Between Groups	14.381	12	1.198	1.285	.226
	Within Groups	284.475	305	.933		
	Total	298.855	317			

Table 11: Summary of Hypothesis Results

Hypothesis		Results
H_1	There is a significant relationship between demographic variables and costs of unemployment.	Supported
H_{1a}	*There is a significant relationship between gender & unemployment.*	Supported
H_{1b}	*There is a significant relationship between education & unemployment.*	Supported
H_{1c}	*There is a significant relationship between family size & unemployment.*	Supported
H_{1d}	*There is a significant relationship between family income & unemployment.*	Supported
H_{1e}	*There is a significant relationship between length of an unemployment cell and costs of unemployment.*	Supported
H_2	There is a significant relationship between unemployment and depression; suicides and crime rates in the economy.	Supported
H_3	There is a significant relationship between unemployment and loss of output/productivity.	Supported
H_4	There is a significant relationship between unemployment and family relationships.	Supported

The overall result shows that costs of unemployment have been a rising concern of Pakistan. Government should have to form policies which become labor intensive and more pro-poor.

5. Conclusion

The objective of the study is to examine three different costs of unemployment i.e., economic costs, psychological costs and social costs on socio-economic life of urban people of Pakistan. In order to achieve the desired objective, the current study collected data from three hundred and eighteen peoples (out of four hundred) randomly from the different cities of Khyber Pakhtoonkhawa (KPK) province of Pakistan. The study tests different statistical techniques to evaluating labor market phenomenon for the sake of reliability of the results. The results confirm that there is a positive and significant impact of lengthy episodes of unemployment and different costs of unemployment in Pakistan. However, the intensity of these costs varies with the unemployment spell. The economic costs of unemployment have a dominating factor to majorly influence with the lengthy episodes of unemployment. Government policies could be made more meaningful by improving the information flow about the job opportunities. Education and training play key role in finding employment. Quality of education needs to be improved and training opportunities may also be provided. Chronic unemployed may particularly be targeted for adjustment them in domestic labour market (Arif et al, 2001).

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4/23/2012