

Socio-economic Impacts of Unemployment in Urban Faisalabad, Pakistan

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ABSTRACT The current study was conducted to investigate the socio-economic impacts of unemployment in urban Faisalabad with regard to the characteristics, magnitude and direction of changes in social relationships, and the attitude of unemployed people towards the society. For this purposes, one hundred respondents were randomly selected from Faisalabad city. A majority of the respondents strongly indicated their belief that persons having some job are more confident than those having none. A major proportion of the respondents believed that unemployment affects the socio-economic status of the family, leads to poor mental health and increases the magnitude of corruption, drug addiction, crimes and suicide in a society. A large percentage of the respondents of age limit 24-30+ believed that the lower rate of education is responsible for the present situation of joblessness.

1. INTRODUCTION

Unemployment and under employment are the severe problems prevailing in virtually all countries of the world. These problems have a serious effect not only on the living standards of people and the socio-economic status of a nation, but also elevate the magnitude of corruption, poverty, crime and suicidal rates in a society (Neeleman and Lewis 1999; Asghar 2002; Blakely et al. 2003).

Unemployment has negative effects on the physical well-being of the suffering peoples. The unemployed are likely to experience such feelings as depression, hopelessness, disgrace, annoy-

ance, bitterness and humiliation (Goldney 1997; Hammarstrom and Janlert 1997). Different crimes like dishonesty, fraud, theft and violence generally prevail in a society where population is unemployed on a large scale. A variety of other mental and health disorders, drug abuse and psychosomatic ailments are strongly linked with unemployment (Britt, 1994; Weich and Lewis, 1998; Reynolds, 2000).

There are number of causal factors which play a key role in growing circumstances of unemployment in a society. The current condition of joblessness, especially, among educators has its roots mainly in the disparity of the establishment of educational institutions and market value of different professions. The expansion of arts colleges and universities without taking into account the future emerging needs of the economy may also lead to disproportion in the labor market and ultimately results in the form of unemployment. Unemployment may also result from transformation in the methods of production or from the growth of new methods and the turn down of old ones. Technological unemployment arises when new equipment and inventions are acquired to substitute manual labor. The fractional unemployment may result due to the lack of appropriate communication between those who want to work and those who want workers and to the mobility of laborers between different professions. High remuneration demands by trade unions during a depression may also some time results in unemployment. Regional unemployment may be the result of discrepancies in unit labor costs, the industry blend and job density

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(Taylor and Bradley 1997; Hussain 2000; Kingdon and Knight 2000).

1.1. Theoretical Framework

In order to know the background knowledge of the problem to be addressed and to eliminate the possibility of any duplication of efforts, the present study was designed with proper theoretical framework. In addition, valuable informations on necessary techniques were gained from the reports of previous research and theoretical views that provided right direction to the study under subject. Following are some approaches and theories discussed related to our present work.

Cantor and Land (1985) studied the effects of unemployment on social life using annual time-series data for the United States, 1946-1982, and tested two hypotheses: (i). The level of unemployment rate in any given year will have a negative partial contemporaneous effect on de trended fluctuations (increases or decreases) in seven Index Crime rates (homicide, rape, aggravated assault, robbery, burglary, larceny-theft, and motor vehicle theft) in that year. (ii). Unemployment-rate fluctuations from one year to the next will have a positive partial effect on de trended crime-rate fluctuations in the next year. These assumptions are developed from a theoretical model that identifies the former with a criminal opportunity effect, and the latter with a criminal motivation outcome, of aggregate unemployment on crime. For burglary, robbery and larceny-theft, pragmatic support is established for the expected pattern of limited effects. Nevertheless, the comparative dimension of the effects is such that the total impacts of unemployment-through both partial effects-are negative. Further on, merely the negative-levels effect is displayed for homicide and motor vehicle theft.

Farnsworth et al. (1994) focussed on the issue that unemployment has strong relation with criminal behaviours. According to them, un-employment correlates with crime rate as an index for societal strains. Generally, growing joblessness is perceived as an apparent expression of anti-social violence influenced by social stress. This study also shows that incapability to acquire employment is one of the major factors for increases in crime and corruption. Joblessness and poverty are also predictors of hard drug and alcohol use.

Goldsmith et al. (1996) using facts on 14-21 year olds, drawn from the US national Longitudinal Survey of Youth, analyze that unemployment

decreases an individual's awareness of personality, self-worth, and confidence and increases the incidence of depression and hopelessness.

Pritchard (1995) analyzed the effects of unemployment in relation to age, gender and regional suicide in England and Wales during 1974-90. He reports that there are a number of socioeconomic changes which may lead to increased suicide; for example British male suicide rose in the 1980s, whereas female suicide fell substantially over the period, mainly associated with unemployment. While across the regions suicide rates for both men and women were worse amongst the 'work age' groups, 16-44 years, than the older groups. The relatively poorer suicide rates amongst younger women may be attributed to unemployment and their unfulfilled job expectations.

Durkheim (1897) in his sociological viewpoint perceives society as a kind of 'social integration' (people have a certain level of attachment to their groups, the way an individual is sociologically related to social structure). He categorized suicide into three types: egoistic, altruistic, anomic. Anomic is the suicide committed by an individual as result "anomic", generated through social collapse, and economic despair and disaster.

Symbolic interactionist theory (Sheeran and Abrams 1995) establishes relationship between unemployment and self-conception using some representations such as a cross questionnaire model. It is stated that unemployment has significant negative association with perceived evaluation from friends, family, employers, unemployed and people in general.

Socio-psychological perspectives of unemployment, being an important issue are frequently analyzed by social scientists. The psychological stresses caused due to unemployment determine the attitudes of an individual towards his own personality and society as well. Unemployed often suffer hopefulness, acquiescence, desperation, and indifferences. A number of schemes and theoretical models have been proposed for assessment of effects of psychological stress of unemployment on the sufferers. A common characteristic of all such models is that the longer one spends in unemployment, the greater the psychological suffering it causes. Such a situation also influences the dynamism of the victims with which the further employment is sought. Therefore, it is reasonable to conclude that unemployment affects the individualization of modern life that leads to social problems and also

have severe effect on the family life. Psychological problems caused by unemployment generate other related problems such as health concerns which misfit sufferers to adjust in the societal life (Johada et al. 1933; Pal 2006).

There is much debate among economists as to the causes of unemployment. We used the theoretical background of the individual and societal causes of unemployment in the perspectives of Max Weber, Karl Marx and Social interactionist theories (House 1977). There are many factors which determine the causes of unemployment in a modern market economy. It can originate due to lack of education, rapid technical developments and changes in business cycle. Seasonal factors in some industrial groups such as changes in tastes and climatic circumstances which influence demands for certain products and services may also cause an environment of unemployment. Discrimination and favoritism in the workplace on the bases of race, color, religion, ethnicity, age and class are also some important causes leading to unemployment. Furthermore, the individual's observations and enthusiasm to work and explore jobs are also important factors, accountable for joblessness. Societal values and personal attitudes towards few jobs and about employers are also some important issues in this regard.

Overall, it can be said that unemployment in a particular era can be a combination of societal, economic and subjective individual factors. In a sociological sense in perspectives of functionalist and conflict theories, the unemployment is mainly caused by the social factors rather than by the individual factors. However, in the views of Max Weber and symbolic interaction theories, individuals build their own societal perceptions, behaviors and therefore can become unemployed even though practically, they can get some jobs in the market. In short, unemployment is individual as well as a social problem in a market economy. As illustrated in the above discussion, it is caused by the society as well as by individuals. In all these factors, the most important thing is an individual's perception and behavior which may cause a situation of unemployment even in absence of any economical or societal constraints.

1.2. Critical View of Literacy and Unemployment Issues in Pakistan

According to the recent surveys, half of the world's illiterate and about 22 percent of the world's population is living in South Asia. On regional

basis, the literacy rate in Pakistan is not satisfactory. Sri Lanka and Maldives have almost achieved full literacy. The adult literacy rate for India is 61 % as compared to 53 % in Pakistan. India according to a recent study done by the World's Bank has attained 100 percent Gross Enrollment Ratio (GER) and 90 percent Net Enrollment Ratio (NER) at the primary level. The national education system of Pakistan needs to be improved in order to meet the essential learning needs of our society emphasizing basic literacy and life skills.

Unemployment is also an ever-increasing phenomenon in Pakistan. There were 3.32 million people estimated to be unemployed during the first half of the fiscal year 2005-06 as compared to 3.52 million in 2003-04 (Khan 2007). Although the rate of unemployment slightly decreased during the last two years however, still it is at alarming state. The unemployed labor force of urban/rural areas of Pakistan during 1995 to 2006 is given in Table 1.

There exists need to investigate the factors contributing to the existing situation of unemployment in Pakistan and to provoke firm efforts to cater the needs of unemployed. The present study was planned to investigate the socio-economic impacts of unemployment in urban Faisalabad with regards to the characteristics, magnitude and direction of changes in social relationships, and the attitude of unemployed people towards the society.

Hypotheses

We formed four hypotheses for this study:

1. The higher the age of the respondents, the higher will be their opinion that lower rate of education is responsible for present unemployment.
2. The higher the age of the respondents, the higher will be their opinion that unemployment leads to poor mental health.
3. The higher the age of the respondents, the higher will be their opinion that unemployment leads to crime and corruption.
4. The higher the education of the respondents, the higher will be their opinion that unemployment leads to poor mental health.

2. METHODOLOGY

2.1 Sample and Data Collection

The universe of the study was urban Faisalabad. One hundred respondents, both male

and female, were selected randomly from different areas of Faisalabad city. In this research the data was collected by using an interview schedule. The interview schedule was improved after pre-testing of 5 respondents. The researchers made their best effort to get the correct information by explaining the purposes and the background of the problem under investigation to the respondents. It took about 25 minutes on an average to complete one questionnaire. During the investigations and interviews of respondents, important aspects like age, education, income, type/nature of family, attitude, education and employment status, religion and caste etc., were considered.

3. RESULTS AND DISCUSSION

Table 2 presents the data for distribution of the respondents according to their age, sex, religion, caste, family type and income, education, and contribution in family income. About 27.0, 35.0, 29.0, and 9.0% of the respondents were in the age groups of 21-23, 24-26, 27-29, and 30+ years, respectively. Results of the present study revealed that major proportion of the respondents (35.0%) was in the age category of 24-26 years.

A predominant proportion (70.0%) of the respondents was male, while remaining 30.0% were female. All the respondents were Muslims. Data of the table 2 also depicts that maximum percentage of the respondents belong to Jatt and Arain families (i.e. 30.0% for each), followed by Rajput (24.0%), Malik (8.0 %), and Khan = Awan

Table 2: Distribution of the respondents according to their age, sex, religion, caste, family type, education, family income and contribution in family income

<i>Particulars</i>	<i>Frequency</i>	<i>Percentage</i>
<i>Age (in years)</i>		
21-23	27	27.0
24-26	35	35.0
27-29	29	29.0
30+	9	9.0
<i>Sex</i>		
Male	70	70.0
Female	30	30.0
<i>Religion</i>		
Islam	100	100.0
Any other	0	0.0
<i>Caste</i>		
Jatt	30	30.0
Arain	30	30.0
Rajput	24	24.0
Khan	1	1.0
Awan	4	4.0
Malik	8	8.0
<i>Family Type</i>		
Nuclear	3	3.0
Joint	97	97.0
<i>Education</i>		
Illiterate	8	8.0
Primary	6	6.0
Middle	10	10.0
Metric	15	15.0
Intermediate	16	16.0
Graduate	21	21.0
Postgraduate	24	24.0
<i>Income per month (Rs.)</i>		
5000-10000	27	27.0
10001-15000	28	28.0
15001-20000	10	10.0
20000+	35	35.0

Table 1: The unemployed labor force of urban/rural areas of Pakistan during 1995 to 2006

<i>Mid year</i>	<i>Unemp- loyment rate % (Total)</i>	<i>Unemp- loyment rate % (Rural)</i>	<i>Unemp- loyment rate % (Urban)</i>
1995	5.37	4.80	6.90
1996	5.37	4.80	6.90
1997	6.12	5.65	7.17
1998	5.89	4.98	7.95
1999	5.89	4.98	7.95
2000	7.82	6.94	9.92
2001	7.82	6.94	9.92
2002	8.27	7.55	9.80
2003	8.27	7.55	9.80
2004	7.69	6.74	9.70
2005	7.69	6.74	9.70
2006	6.50	5.70	8.40

Source: Labor Force Survey (July-Dec) 2005-06 (Khan 2007).

(4.0 %). Majority (97.0%) of the respondents were found to be living in joint family systems, whereas, only 3.0% were living in single family system. Twenty four percent of the respondents were postgraduates, 21.0% graduates, 16.0% intermediates, 15.0% metric, and 10.0% middle. While about 6.0% had only earned education up to primary level and 8.0% were found to be illiterate. Results demonstrated the percentage of the respondents having monthly income between 5000-10000, 10001-15000, 15001-20000, and above 20000 to be 27, 28, 10, and 35 %, respectively.

Results of the table 3 indicated that response of most of the peoples towards the queries of the interview was encouraging. As expected, forty four and fifty one percent respondents agreed and strongly agreed, respectively that persons having some job feel more secure and confident than those having none. Whereas, only a small

Table 3: Distribution of the respondents according to their opinion (in percent)

	<i>Strongly agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly disagree</i>
a1) They feel confident if they have some job.	51	44	4	1
a2) Unemployment affects socio-economics status of the family.	48	51	1	0
a3) Unemployment affects family relationship negatively.	37	45	13	5
a4) Employed persons have higher status than unemployed person.	37	48	10	5
a5) Unemployment affects common people's life.	31	61	4	4
a6) Unemployment leads to poor mental health.	19	51	25	5
a7) Unemployment persons are usually drug user.	12	48	32	8
a8) Unemployment leads to corruption, dishonesty, crime, and sins.	25	46	21	8
a9) Unemployment increases suicide rates.	10	43	42	5

Total sample size (N) = 100

proportion i.e. 4 and 1% disagreed and strongly disagreed to this point, respectively. Our observations are in consistent with some earlier sociological studies who documented that unemployed are likely to experience such feelings as depression, hopelessness insecurity and disgrace (Goldney 1997; Hammarstrom and Janlert 1997). Goldsmith et al. (1996) also examine that unemployment decreases an individual's self-worth and confidence and may lead to increase the incidence of depression and hopelessness.

Fifty one and forty eight percent respondents believed and strongly believed, respectively that unemployment can affect socio-economic status of the family. Regarding our question that unemployment exerts negative impacts on family relationships, 37 and 45% respondents strongly agreed and agreed, whereas 13 and 5% disagreed and strongly disagreed to this view point, respectively.

Thirty seven percent respondents strongly agreed whereas 48% just agreed that employed persons enjoy higher status in the society than unemployed. However, 10% respondents disagreed and 5% strongly disagreed that employed persons have higher status than the unemployed ones. A major proportion of the respondents i.e. 61, 51, 48, 46, and 43 % agreed that unemployment affects common people's life, leads to poor mental health; increase the strength of the drug users, leads to corruption, dishonesty, crime, and sins, and increases suicide rates in the

society, respectively. These observations which are in agreement to the investigations of Farnsworth et al. (1994) could also be supported by socio-psychological perception of unemployment as explored by Jahoda et al. (1933). However, a considerable number of respondents i.e. 25, 32, 21, 42% disagreed with the point that unemployment can lead to poor mental health, increase the strength of the drug users, lead to corruption, dishonesty, crime, and sins, and increase suicide rates, respectively.

Chi-square values showing the association between age of the respondents and their opinion revealed that lower rates of education, responsible for the present unemployment are significant ($P < 0.05$) (Table 4). These findings support our first hypothesis. So, the hypothesis 1 has been accepted. However, the age of the respondents is non-significantly ($P > 0.05$) correlated with their opinions that unemployment leads to poor mental health and crime, and corruption in a society. Hence, hypotheses 2 and 3 have been rejected indicating that it is not necessary that unemployment is the root cause of poor mental health, crime, and corruption. Chi-square values (Table 4) showed a significant ($P < 0.05$) association between education of the respondent and their opinion that unemployment leads to poor mental health. The gamma value also demonstrated a significant positive relationship between these variables and supported our last hypothesis. As a result, the hypothesis 4 has been accepted.

Table 4: Association between age of the respondents and their opinion regarding the causes of unemployment and its socio-economic impact towards society

<i>Variables</i>	<i>Chi-square</i>	<i>d.f.</i>	<i>Significance</i>	<i>Gamma</i>
Lower rate of education is responsible for present unemployment.	24.676	3	0.000	0.686
Unemployment leads to poor mental health.	1.071	3	0.784	0.087
Unemployment leads to crime, and corruption.	1.991	3	0.574	-

4. CONCLUSION AND RECOMMENDATIONS

4.1. Conclusion

In the present work, we evaluated four hypotheses with regard to the socio-economic impacts of unemployment in a selected group of people native to urban parts of Faisalabad (an industrial city of Punjab), Pakistan. Although, chi-square values showing appreciable association between age of the respondents and their opinions reveal that lower rates of education are strongly linked with the present situation of unemployment. However, it is important to note the constraints of the present study as it has been carried out on limited scale. There intends to be other societal, institutional and individual factors which may contribute to the present situation of unemployment in the subject area. Furthermore, it could be understandable that the age of the respondents do not always determine their opinions that unemployment leads to poor mental health, crime, and corruption in a society. However, generally it could be concluded that lower rate of education is one of the key factors responsible for joblessness. Unemployment is a serious socio-economic problem which affects the family relationship negatively and may also lead to poor mental health of the sufferers resulting in a number of other societal disorders such as corruption, dishonesty, crime, and increased suicide rates.

4.2. Recommendations

It is suggested that more comprehensive study should be conducted covering large scale population survey, extending to different urban areas of Pakistan so as to draw generalization on a broad basis. The government should take initiatives to boost economic growth, announce some packages for the development of agriculture sector and increase exports through launching of manufacturers-friendly export policies and lowering tariff. A number of fiscal and monetary measures should be adopted to attract investors in the region. There is an extensive need to launch technological and professional-based educational policies in Pakistan generating skilled manpower which may fit in the local job market.

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