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Ahmad, Zaheer Ahmad and Khan, Jangraiz

Elementary and Secondary Education Department, Khyber
Pakhtunkhwa, Elementary and Secondary Education Department,
Khyber Pakhtunkhwa

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An Analysis of the Causes and Consequences of Unemployment in District Peshawar

Zaheer Ahmad¹ and Jangraiz Khan²

Elementary and Secondary Education Department, Khyber Pakhtunkhwa

Abstract

This paper concentrates on exploring the causes and consequences of unemployment in district Peshawar. Primary data was collected for this purpose. The results show that out of 120 respondents, 32.5% were unemployed due to low education, 15.8% due to having no skills & 55 were unemployed due to no approach to the concerned authorities. Out of the total respondents 65% were unskilled. 73.3% of the respondents had never joined a job and 18.3% left the job due to low salary. 7.5% were unemployed due to completion of business / projects. 100% of the respondents agreed that overpopulation is cause of unemployment. All of 120 respondents agreed with this the fact that unemployment causes suicides and crimes in the society. The causes of high rate of unemployment are lack of education, lack of capital, lack of proper skill, Poverty, and High rate of population growth in Pakistan. It is therefore, recommended on the basis of the study to prepare a proper plan for the provision of proper skills, provision of job opportunities, easy access to credit to motivate people for investment in employment generating activities and eradication of unemployment in the study area.

Key Words: *Unemployment, Consequences of unemployment, Population, Skills, Poverty*

Introduction

Pakistan is a developing country with a population of 184.35 million (Economic Survey of Pakistan, 2012-13). It is facing numerous problems like unemployment, illiteracy, inflation, law and order situation, and internal & external debt. Unemployment is considered as a major emerging socio-economic problem of Pakistan. Non availability

of job opportunity and unwillingness to work at the prevailing wage rate is the major reason for huge unemployment in the country. It has a crucial effect on socio economic status of a nation, and resulted in socio presences like of poverty, corruption, criminality and depressing rates (Neeleman and Lewis, 1999; Asghar, 2002; Blakely *et al.* 2003). It has negatively affected the physical welfare of the people. Furthermore, it also generates feelings like depression, disgrace, hopelessness and bitterness. (Goldney, 1997; Hammarstrom and Janlert 1997).

Unemployment is caused by a large number of causal factors. The present situation of unemployment, particularly the educated peoples of a country has the gap of the founding of valuable jobs and educational organization. In Pakistan, education structure is defective and that is the reason for rising population ratio between the youngest. In our country the youth approach in the direction of his select of a profession are impractical and uncreative. The system lacks educational planning, and, lack of technical and vocational institutions. Similarly, Joblessness also increases as a result of renovation in the techniques and methods of manufacture. Generally, it may be concluded that joblessness in a specific period which is the mixture of economic, community and specific different elements. A person is said to be unemployed if a person has skillfulness, ability and willing to do work but he cannot find the job. In other words, unemployment is defined as a situation in which citizens of a country have ability and willingly to work but they cannot get occupations. Unemployment is a situation which a person is skillfully, actively looking for job; however he cannot find some job. The unemployment problem in Pakistan can be broadly classified into rural unemployment and urban unemployment. In rural areas about 68% of the people are living. In Pakistan unemployment is more visible the areas of rural then urban areas.

It is generally observed in rural regions there are less chances of employment as compare to urban the rate of unemployment is more than urban regions. While in urban regions a lot of opportunities of jobs because in results of industrial state. In Pakistan the rural

people search for industrialized zone for work because there is no suitable source of incomes. As results the rate of unemployment is rising. Pakistan is agro based country and 70 % population are engage with agriculture sector which is not fascinating in the result of new instrument and not good circumstances. Rural peoples not finding proper source of earning. According labor force survey our country is the 9th biggest nation

in the world. The total labor was 57.25 million while labor forces 53.84 million are employed and 3.40 are unemployed (Economic survey of Pakistan,2010-11).All people who are of twelve years and above included in labor force in Pakistan. An institutional and socio economic system of Pakistan has unsuccessful to make available employment in rising labor force. Unemployment is the most important problem of Pakistan. In Pakistan, the existing condition approximately 35 lack persons remain jobless.

Peshawar is the capital of Khyber Pakhtunkhwa. According to District Census Report (1998), the unemployment rate in Peshawar district is 17.82%, which is high rate of unemployment.

For male this rate is very high that is 19.25% as compared to female at nominal rate in of 4.80% the unemployment rate in rural parts is 25.09% is compare to urban which is 9.10%.

According to International Labor Organization, in Pakistan the annual average rate of labor force growth is estimated to persisting at 3.36%among 2000 and 2014 increase 2.3 million new people to labor farce each year. In Pakistan the existing condition further than 35 lack persons are jobless then proportion of unemployment remains greater than 12%.Major resources of the state remain scarce, and the population more than the peak point. The present study is an attempt to analysis the impacts of unemployment on socio economic variables in distract Peshawar.

Review of Literature

Literature review is considered as an integral part of any research study. It provides basis for nature and sources of data to be used, theoretical framework and techniques used for analysis. A brief review of the relevant literature is given below.

Blaug (1973) discussed in developing country qualified educated persons have to wait for long time to get a job. There are various factors but corruption is one of the factors which responsible for the mismatch between the demands & supply of educated youth. In his view the stigma of unemployment Raffiet *al* (1977) carried out a study regarding the number of unemployed persons and their job priorities. The study report found that 95% of the unemployed people wished professional, managerial or administrative positions in their career. According to the results of labour force survey, only 53 percent of postgraduates are accommodated in the professions of their choice. The sectorial preferences seem unrealistic to these professional. Similarly three fourths of unemployed persons indicate their preference for having government sector jobs. The study shows that out of 25-years age-group category only 13% worked in the government sector while others in private sectors.

Khan and Ali (1986) carried out a study regarding lack of career-orientation among the educated unemployed youth as one of the major reasons of being unemployed. Furthermore, the study found that among the males and females, 15 and 35 % categorized as poor performers.

Pritchard (1995) studied the unemployment situation in England during 1974-90. The study analyzed the situation from age, gender and regional suicide perspective. The study found increased suicides as a result of socioeconomic changes. British male suicide increased during 1990's as compared to female whose number decreased during the same period, and major cause was unemployment. The study found that poor teenage female

suicide proportion due to unemployment and also their unsatisfied job opportunities. Rashid (1995) developed another type of model which is presented through open joblessness and surplus labor. The study found when agriculture employees are individually efficacy maximize receiving usual products such as incomes, a industrialized income support may decrease excess (rural) worker however rising exposed (urban) joblessness. The study found that no aid can top the economy in the direction of completely full employment.

Data and Research methodology:

Data:

The present study is based on primary data. Some necessary secondary data was taken from different Publications, Economic Journals, articles, and different databases. The population of the present study is district Peshawar. Sample was drawn from unemployed respondents of Peshawar district.

Sample size

District Peshawar has been divided into four towns. These towns have 92 union councils. The Data was collected from Town II. A sample of 120 respondents was drawn from 6 union councils of Town II.

Data collection Techniques:

The data was collected through a well-designed questioner. The questioner consisted of all relevant questions which were discussed with experts and pretested.

Data Analysis

The collected data was analyzed by using averages like Mean, graphs, Tables, percentages and appropriate quantitative techniques.

Results and Discussion

This chapter consists of results and detailed discussion. The data has been analyzed with the help of statistical software SPSS 16.

Characteristics of Respondents

Distribution of sample Respondents

The present study was conducted in district Peshawar and the sample was distributed among six (6) union councils of the district. A sample of 20 respondents drawn from each of these union councils. The union councils were Kankola, Khazana, Larama, Nahaqi, PakhaGhulam and Takhtabad. The details are given in table 1.

Table 1 Distribution of sample in Union Councils

S.No	Union Council	No of Respondents
1	Kankola	20
2	Khazana	20
3	Larama	20
4	Nahaqi	20
5	Pakhagh	20
6	Takt aba	20
	Total	120

Age of Respondents

Out of the total 120 respondents 12 being were less than 20 years, 96 were in the age group of 20-40 years .Out of 120 respondents 12 being were in the age group of above 40 years.Most of the respondent's i.e.96 Out of 120 being was in the age group of 20-40 years.Out of 120 respondents, 92 being were educated while the remaining

28 respondents being were illiterate.

Level of education

Figure 1 Level of education

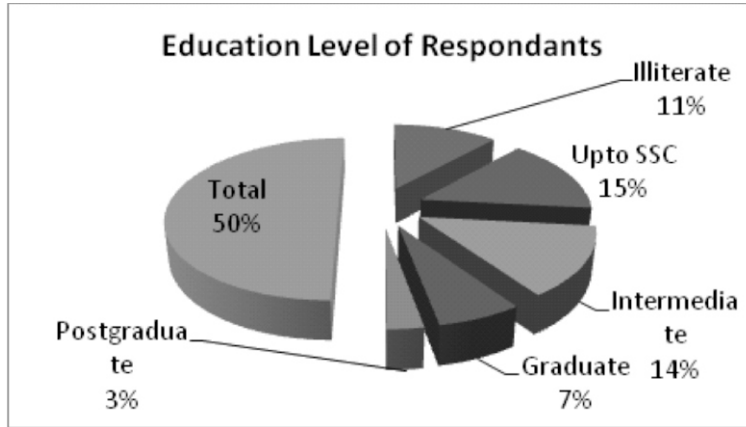


Figure 1 shows the level of education among respondents. Out of 120 respondents, 28 being were illiterate. 36 being were primary to secondary, 33 being were Intermediate, 16 being were graduate and 7 being were postgraduate.

Figure 2 Average monthly family Income

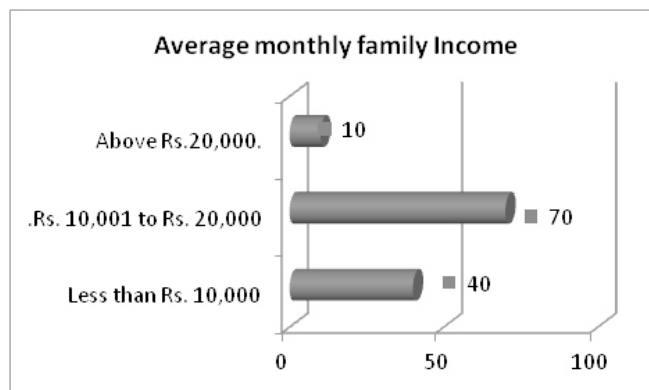


Figure 2 shows the average monthly family income of the unemployed persons. Out of 120 respondents, 40 being have less than Rs. 10000 monthly family incomes. And 70 out of 120 being have their family income between 10,001- 20,000 while 10 being has more than Rs. 20,000.

Skill possessed by the Respondents

Out of total 120 respondents, 42 means 35% were skilled & 65% were unskilled. In other words, most of the respondents i.e. 78 were unskilled. It means that unemployment rate is more in unskilled persons than skilled. Moreover out of the skilled persons, 7.5% were merchants, 24.2% was driver, 0.8% were cobblers and 2.5% were others.

Marital Status

Out of 120, 59 were married and the remaining respondents 60 being 50% were unmarried.

When they were asked about number of children, according to them, 27 had children in range of 1-2, 19 15.8% had children in range of 3-4, while 14 respondents had more than 4 kids.

Were you employed before?

When the respondents were asked were they employed before, their responses were as given below.

Out of 120, 32 being 26.7% had employment before, and 88 being 73.3% never got a job.

Reason for leaving previous Job

The previously employed respondents were asked to give reasons for leaving the previous job. The responses show different reasons. Most of the respondents were never

employed before. But out of 120 respondents 32 were employed before. 22 respondents said that they left the job due to low salary. 9 left the job due to completion of project, and 1 due to workers no self-interest.

Type of Unemployment

The table 2 shows the status of unemployment of the respondents. Out of 120, 7 were voluntarily unemployed while the remaining 112 were involuntarily unemployed. Out of 120 respondents, 32.5% were unemployed due to low education, 15.8% due to having no skills and 45.8% were unemployed due to no access to a job

Table 2 Type of Unemployment

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0	1	.8	.8	.8
Voluntarily	7	5.8	5.8	6.7
Involuntarily	112	93.3	93.3	100.0
Total	120	100.0	100.0	

Unemployment affects social life and causes tensions/frustration.

The respondents were asked to record their statement regarding the effects of unemployment on social life of individuals. Their responses showed that 100 % agreed with this fact that unemployment affects their social life. Similarly, 100 % respondents agreed that unemployment if persists for longer period of time, it will lead to frustration and tension.

Unemployment affects health.

When the respondents were asked about the effects of unemployment on health, almost all respondents favoured the statement that unemployment leaves worse effects on health.

Unemployment causes dishonor in society

Due to changing pattern of the society, money is becoming an important factor in social set up. Unemployed have rare sources of income and are mostly poor. This affects their status in the society. 0.8 % of the respondents disagreed the fact that unemployment causes dishonor in society while 1.7 % remained neutral. A great majority of the respondents, 117 supported the statement that unemployment causes dishonor in the society.

Unemployment affects marital life

Table 3: Unemployment affects marital life

Response	Frequency	Percent
Neutral	1	.8
Agree	119	99.2
Total	120	100.0

The table 3 shows number of persons who are agree and disagree with the fact that unemployment affects marital life. Out of 120 respondents 119 agreed while 1 remained neutral.

Unemployment cause increase in Crimes, suicides and drug addiction

The responses of the respondents show that 100% of the respondents agree with the fact that unemployment causes increases in crimes and suicides. The same

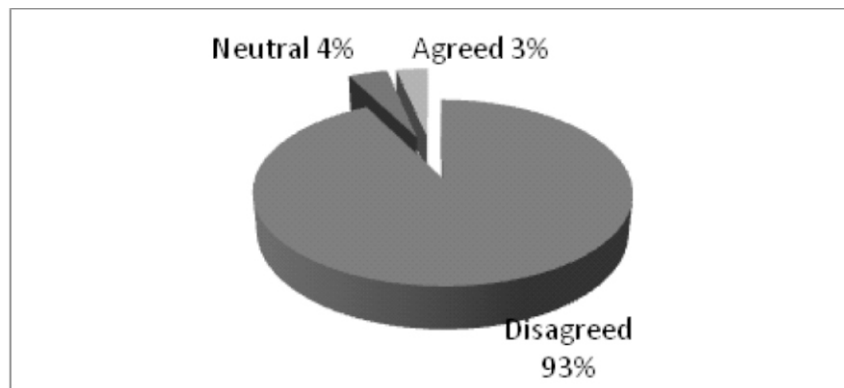
percentage agree with the fact that it causes drug addiction.

Some other effects and causes of unemployment

The respondents were questioned about their view regarding the effects of unemployment on some other socio-economic variables. All the respondents agree the fact that overpopulation is the result of unemployment because the unemployed have more time to spend with their families. The respondents supported the view that one of the major causes of unemployment is the low level of education. Moreover low skills lead to unemployment as most of the producers or businessmen are in search of highly skilled labour. Similarly, lack of capital is also a cause of unemployment as most of the respondents agree with the statement that low capital causes unemployment.

The study area has fewer industries and that is the reason, the respondents termed lack of industries as a cause of unemployment. Due to increasing favoritism in the selection process of different jobs in our society, 100% of the respondents agree with the fact that approachable persons are more likely to get a job.

When the respondents were asked to whether the Opportunities of employment are increasing, their responses were different as shown in the figure 3.



The figure shows that 93 percent of the respondents disagreed the statement that employment opportunities are increasing in the study area. On 3 % favored the statement and 4 % remained neutral.

Conclusion

This paper focused on finding out, the major causes of unemployment and to unveil socio-economic impacts of unemployment in district Peshawar. Result of the study shows that the most important reasons for high rate of unemployment in Peshawar are high rate of population growth, Low level education, poverty, lack of skills, lack of capital and favoritism in selection process. Most of the respondents, disagreed the statement that job opportunities are increasing in the area which means that there is dire need for planning of job opportunities and eradication of unemployment in the area.

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