

A Study on the Impact of Unemployment on Youth's

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ABSTRACT

Youth unemployment is one of the major socio-economic issues affecting the world today especially developing nations such as India where there is an increasing number of educated youths struggling with unemployment. This study explores the various effects of unemployment on the lives of these youth in terms of economics, psychology and sociology. This is done using a quantitative research method that involved a survey using a structured questionnaire on a sample size of 51 respondents from rural, semi-urban and urban areas. The results show that 80.39% of respondents were within the 18-25 years category showing good internal reliability with a Cronbach's Alpha of 0.784. According to the results, while 52.94% blame the market failure and unavailability of jobs in the market for their unemployment, 47.06% consisting of post-graduate students and those with diplomas admit that the "educational mismatch" is because formal education does not prepare them for practical professional skills necessary for the industrial sector. The effects of the problem have been seen to be devastating as indicated by 80.39% experiencing immediate economic problems and 52.94% suffering stress and anxiety in all locations surveyed.

Keywords: Youth Unemployment, Socio-economic Impact, Educational Mismatch, Psychological Distress, Financial Vulnerability, Skill Development

INTRODUCTION

Across the globe, joblessness among young people has become one of the defining socioeconomic problems of our time, and it is especially severe in developing countries where a rapidly expanding youth population continues to outpace the growth of available jobs. Because young people make up a large share of the workforce, their productive engagement is closely tied to a nation's innovation and growth potential. Yet many of them, even after acquiring degrees and marketable skills, still struggle to find stable work, and this has become a growing worry for governments, scholars, and communities alike.

Broadly speaking, youth unemployment describes a situation where working-age young people are ready and capable of working but cannot find appropriate jobs. The consequences of this go well beyond financial strain — it can chip away at a person's self-worth, trigger anxiety and low mood, and leave lasting developmental scars. Over time, joblessness can also push young people toward isolation, make them more reliant on their families, and reduce their involvement in productive economic life.

Several forces have combined in recent years to make the problem worse: fast-changing technology, shifting labor markets, economic instability, population growth, and a widening gap between the skills employers want and those graduates actually have. Even with heavier investment in education and training, many young graduates still find it hard to move smoothly from the classroom into paid work, largely because what they learn in school does not always match what employers are looking for.

The effects of youth joblessness are not confined to individuals — they ripple outward into the wider economy. Elevated unemployment among the young can slow productivity, shrink household earnings, deepen poverty, and even fuel social unrest. Given how large a share of many national populations young people represent, keeping them out of the workforce amounts to squandering a considerable pool of human capital and economic promise.

India illustrates this tension well: despite years of steady economic expansion and numerous government employment schemes, unemployment among educated young people remains stubbornly high. This growing pool of qualified but jobless youth makes it essential to dig deeper into what is driving the problem and how it affects both individuals and society more broadly. Understanding these dynamics is a necessary first step toward better policy, more relevant education, and stronger employment strategies that can raise workforce participation and improve young people's overall quality of life.

With this backdrop in mind, the present study sets out to explore how unemployment affects youth along three dimensions — economic, psychological, and social. It is hoped that the findings will add to existing knowledge on the subject and offer practical insights for policymakers, educational institutions, employers, and other stakeholders working to tackle youth unemployment and expand sustainable job opportunities.

REVIEW OF LITERATURE

International Labour Organization (ILO, 2024): The ILO's report flagged youth unemployment as an ongoing global concern, pointing to limited work experience, skill mismatches, and broader economic uncertainty as key barriers to young people's employability. It called for greater investment in vocational training and job-oriented education. **Kumar and Shobana (2024):** This study looked into what drives youth unemployment in India, concluding that a shortage of jobs, population pressure, and technological disruption are central causes. The authors recommended skill-building initiatives and stronger employment-generation policy.

Kaur and Milli (2025): Focusing on the sociological dimension, this research found that extended periods of unemployment can damage self-esteem, strain social relationships, and harm mental health, and it called for greater government support and career counselling services. **Biswas et al. (2024):** This study examined the psychological toll of unemployment on educated young people and found a clear link between joblessness and elevated stress, anxiety, and depression, underscoring the need for accessible mental health support. **Dhawale (2025):** This work explored the socio-economic fallout of youth unemployment in India, finding that it deepens financial dependence, worsens poverty, and contributes to social exclusion, and recommended encouraging entrepreneurship and self-employment as alternatives. **Paul and Moser (2009):** Through a meta-analysis, these researchers demonstrated that unemployed individuals report markedly lower psychological well-being than their employed peers, with effects that can persist well beyond the period of joblessness itself. **Bell and Blanchflower (2011):** This study connected youth unemployment to broader economic outcomes, showing that extended joblessness among young people tends to depress future earnings and slow career progression, and stressed the value of early intervention in the labor market. **O'Higgins (2017):** Looking at global patterns, this research identified a strong link between economic downturns and rising youth unemployment, calling for more inclusive labor-market policy and stronger workforce-development programs. **Dietrich (2013):** This paper studied how young people move from education into employment, finding that qualifications alone are not enough — practical skills and hands-on work experience matter just as much in securing a job. **Scarpetta et al. (2010):** This research looked at the difficulties young people face entering the labor market during economic downturns, finding that they are more prone to long-term career setbacks and lower lifetime earnings, and recommended targeted employment and training programs.

STATEMENT OF THE PROBLEM

Youth unemployment has grown into a pressing socioeconomic concern that touches both the development and the well-being of young people. Although youth are often seen as central to a country's growth story, a sizeable share of them remain without jobs even after gaining the necessary qualifications and skills. This persistence is driven by a widening mismatch between what education systems produce and what the labor market demands, along with limited job openings and intensifying competition for the positions that do exist.

The impact of joblessness on young people is not purely financial. It also weighs on their psychological and social well-being. Extended periods without work can bring financial strain, dented confidence, heightened stress and anxiety, and an overall decline in quality of life, while also restricting career growth and limiting the contribution young people can make to the wider economy.

Despite various policy efforts aimed at expanding job opportunities, youth unemployment remains a persistent and significant challenge. This makes it important to closely examine how unemployment affects young people economically, socially, and psychologically. The insights generated by this study are intended to help identify the specific difficulties unemployed youth face and to support the design of measures that can improve both their employment prospects and their overall well-being.

NEED FOR THE STUDY

Youth unemployment is not just an economic statistic — it has a direct bearing on the social and psychological stability of young people. Because youth represent the workforce of tomorrow and a key engine of economic progress, their difficulty in finding suitable work carries long-term consequences for both individuals and the wider society. The rising number of unemployed but educated young people raises pointed questions about employability, the adequacy of current skill sets, and the overall availability of jobs.

This study is needed to build a clearer picture of how unemployment shapes young people's financial situation, career ambitions, self-confidence, and general quality of life. It also aims to surface the specific obstacles unemployed youth encounter and the underlying factors driving their unemployment.

Ultimately, the results of this research are meant to offer useful guidance to policymakers, educational institutions, employers, and other relevant stakeholders as they work to expand employment opportunities and strengthen youth welfare. The broader goal is to support the creation of measures that reduce unemployment and encourage sustainable career pathways for young people.

OBJECTIVES OF THE STUDY

- To examine the social consequences that unemployment has on young people.
- To assess how unemployment affects the economic well-being of youth.
- To evaluate the psychological toll of unemployment on young individuals.

HYPOTHESIS

- Null Hypothesis (H0): Unemployment has no significant impact on the economic well-being of youth.
- Alternative Hypothesis (H1): Unemployment has a significant negative impact on the economic well-being of youth.

RESEARCH METHODOLOGY

This research follows a quantitative approach, chosen because the study's central aim is to measure, categorize, and statistically evaluate the economic, social, and psychological consequences of unemployment. Collecting structured numerical data makes it possible to test the stated hypotheses objectively and to extend the findings to the broader youth population being studied.

Research Design: The study follows a descriptive research design, which is appropriate when the goal is to accurately capture a situation or phenomenon as it naturally occurs, without altering any of the variables involved.

Research Approach: Data was gathered using a structured questionnaire supplemented by direct conversations with respondents.

Sources of Data

- **Primary data:** Collected first-hand from unemployed youth via questionnaires and face-to-face interactions.

- Secondary data: Drawn from books, journal articles, websites, and other published material relevant to youth unemployment.
- Sample Size: 51 respondents took part in the study.
- Sampling Technique: Respondents were selected using convenience sampling.

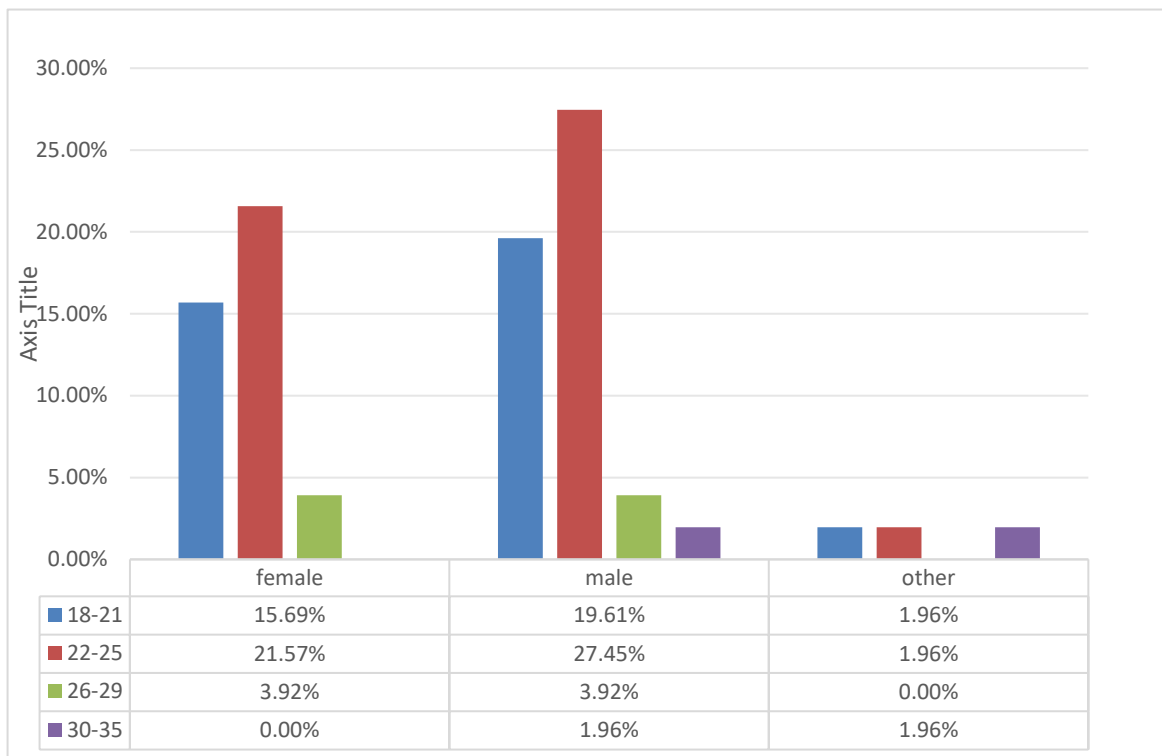
Limitations of the Study

- The study is based on a relatively small sample of 51 respondents.
- Findings rely on participants' personal opinions and lived experiences, which are inherently subjective.
- The scope is confined to youth in the specific rural, semi-urban, and urban areas surveyed.
- Constraints on time and resources may have influenced the depth of the findings.

➤ DATA ANALYSIS

1. Demographic Question

AGE	18-21	22-25	26-29	30-35	Grand Total
Gender					
female	15.69%	21.57%	3.92%	0.00%	41.18%
male	19.61%	27.45%	3.92%	1.96%	52.94%
other	1.96%	1.96%	0.00%	1.96%	5.88%
Grand Total	37.25%	50.98%	7.84%	3.92%	100.00%

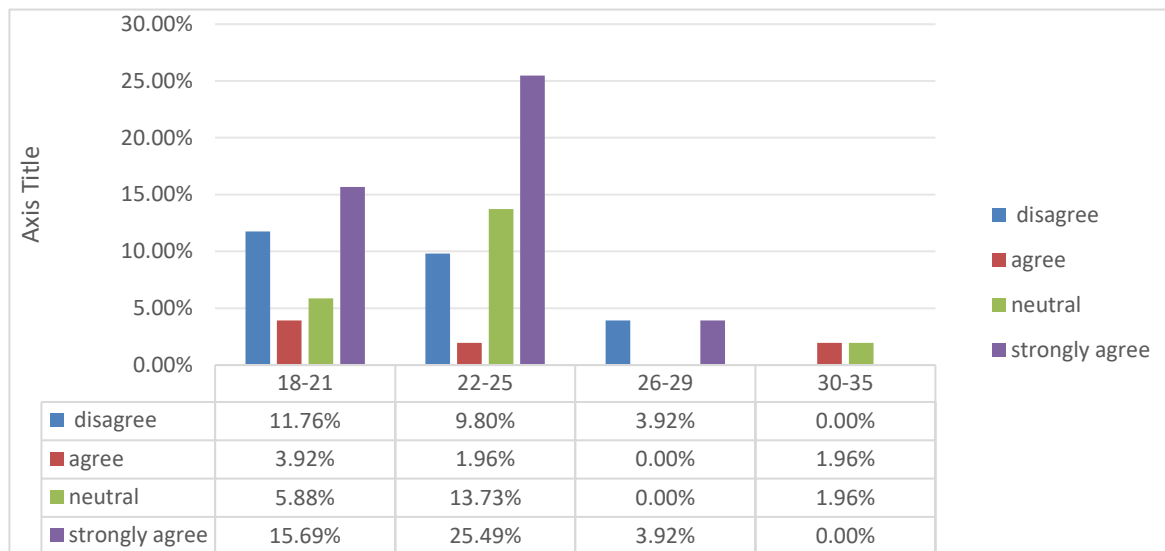


Analysis: Gender Distribution: The sample is predominantly male, comprising 52.94% of respondents. Females make up 41.18%, and those identifying as "other" account for 5.88%. Age Distribution: The vast majority of the respondents fall into the younger cohorts. The 22–25 age group is the largest at 50.98%, followed closely by the 18–21 age group at 37.25%. Together, youth aged 18–25 make up 88.23% of the total sample. Older youth (26–35) represent a small minority (11.76%).

Interpretation: The data indicate that the survey successfully targeted the core youth demographic, particularly individuals between the ages of 18 and 25 who are typically transitioning from education into the labor market.

➤ Independent Variable: 01

Lack of job opportunities is a major cause of youth unemployment.					
Age group	disagree	agree	neutral	strongly agree	Grand Total
18-21	11.76%	3.92%	5.88%	15.69%	37.25%
22-25	9.80%	1.96%	13.73%	25.49%	50.98%
26-29	3.92%	0.00%	0.00%	3.92%	7.84%
30-35	0.00%	1.96%	1.96%	0.00%	3.92%
Grand Total	25.49%	7.84%	21.57%	45.10%	100.00%

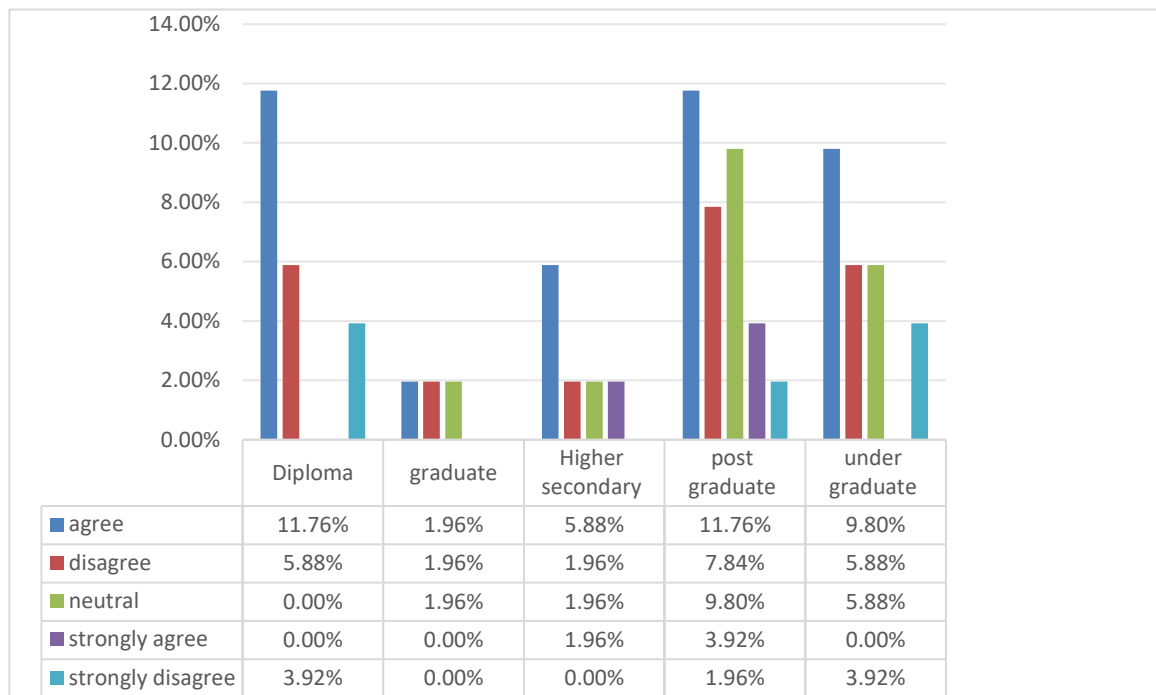


Analysis: A majority of the surveyed youth, totaling **52.94%**, express agreement with the statement that a lack of job opportunities is a major cause of youth unemployment, heavily driven by **45.10%** who "strongly agree". This belief is most densely concentrated within the 22–25 age bracket, where exactly half of that entire cohort (**25.49%** out of the total **50.98%**) strongly agrees with the statement. Conversely, **25.49%** of the total sample disagree with this notion, while **21.57%** remain neutral.

Interpretation: These findings suggest that more than half of the young job seekers view unemployment as a structural, market-driven failure rather than a personal one. The intense concentration of strong agreement among **22–25-year-olds** reflects the lived realities of recent college graduates who are actively entering the job market and facing a harsh shortage of entry-level positions. However, the quarter of respondents who disagree highlights that a notable portion of youth believe other factors, outside of sheer job availability, play a major role.

➤ Independent Variable: 02

Lack of professional skills contributes to unemployment among youths.						
Education qualifications	agree	disagree	neutral	strongly agree	strongly disagree	Grand Total
Diploma	11.76%	5.88%	0.00%	0.00%	3.92%	21.57%
graduate	1.96%	1.96%	1.96%	0.00%	0.00%	5.88%
Higher secondary	5.88%	1.96%	1.96%	1.96%	0.00%	11.76%
post graduate	11.76%	7.84%	9.80%	3.92%	1.96%	35.29%
under graduate	9.80%	5.88%	5.88%	0.00%	3.92%	25.49%
Grand Total	41.18%	23.53%	19.61%	5.88%	9.80%	100.00%

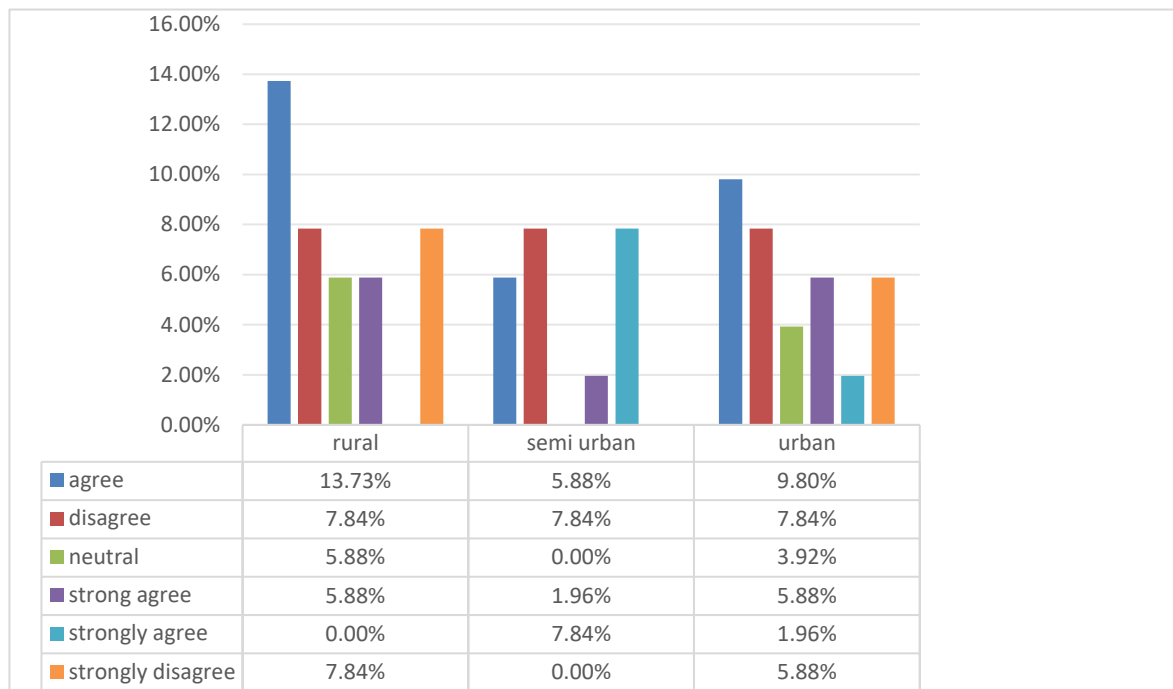


Analysis: The data shows that a cumulative **47.06%** of youth agree that a lack of professional skills contributes to youth unemployment, with **41.18%** choosing "agree" and **5.88%** choosing "strongly agree". On the other hand, **33.33%** of respondents disagree with this claim, and **19.61%** maintain a neutral stance. When breaking the data down by education, post-graduates (the largest educational cohort at **35.29%**) show the highest absolute agreement at **11.76%**, which is identical to the **11.76%** agreement rate found among diploma holders.

Interpretation: This indicates that while young people heavily blame a lack of open jobs (external factors), nearly half also openly acknowledge internal, supply-side gaps. The fact that highly educated individuals—specifically post-graduates and diploma holders—lead the agreement rate implies a growing awareness of an "educational mismatch." It shows that youth recognize that obtaining a formal academic degree does not automatically equip them with the practical, industry-specific professional skills that modern employers look for.

➤ Dependent Variable:01

Unemployment causes financial difficulties for youths							
Duration of unemployment	agree	disagree	neutral	strong agree	strongly agree	strongly disagree	Grand Total
1-2 years	11.76%	1.96%	0.00%	0.00%	0.00%	0.00%	13.73%
6-12 months	21.57%	3.92%	0.00%	0.00%	0.00%	3.92%	29.41%
less than 6 months	31.37%	0.00%	7.84%	7.84%	1.96%	1.96%	50.98%
more than 2 years	3.92%	0.00%	0.00%	0.00%	1.96%	0.00%	5.88%
Grand Total	68.63%	5.88%	7.84%	7.84%	3.92%	5.88%	100.00%



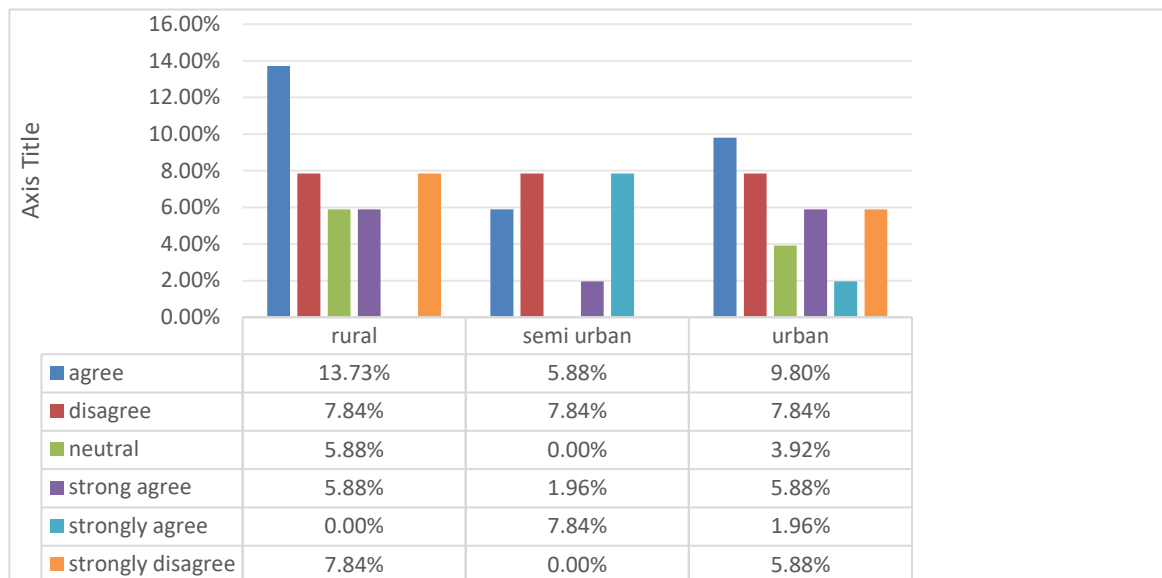
Analysis: An overwhelming **80.39%** of all respondents align with the statement that unemployment causes severe financial difficulties, combining those who "agree" (**68.63%**), "strongly agree" (**7.84%**), and "strongly agree" (**3.92%**). Only a minor **11.76%** of the sample disagrees to any extent. Furthermore, cross-tabulation with

Unemployment duration reveals that **50.98%** of the entire sample have been unemployed for less than six months, yet **31.37%** of them are already reporting immediate financial difficulties.

Interpretation: Financial distress is conclusively the most immediate, pervasive, and undeniable consequence of youth unemployment. The data interprets a reality where young people have virtually no financial buffer, safety net, or personal savings. Because financial hardship hits nearly a third of the respondents within the very first six months of losing or looking for a job, it underscores how rapidly unemployment translates into acute economic vulnerability for today's youth.

➤ Dependent Variable:02

Unemployment increases stress and anxiety levels.							
Row Labels	agree	disagree	neutral	strong agree	strongly agree	strongly disagree	Grand Total
rural	13.73%	7.84%	5.88%	5.88%	0.00%	7.84%	41.18%
semi urban	5.88%	7.84%	0.00%	1.96%	7.84%	0.00%	23.53%
urban	9.80%	7.84%	3.92%	5.88%	1.96%	5.88%	35.29%
Grand Total	29.41%	23.53%	9.80%	13.73%	9.80%	13.73%	100.00%



Analysis: More than half of the total respondents, **52.94%**, confirm that being unemployed increases their stress and anxiety levels, comprising **29.41%** who agree, **13.73%** who indicate "strong agree", and **9.80%** who strongly agree. This burden spans across all geographic settings. Rural youth, who make up the largest portion of the sample at **41.18%**, account for the highest absolute segment of agreement at **13.73%**. Meanwhile, a substantial minority of **37.26%** of the total sample disagrees or strongly disagrees that unemployment increases their stress.

Interpretation: The data proves that the damage of youth unemployment extends far beyond the wallet, taking a heavy toll on psychological well-being for the majority of young people across rural, urban, and semi-urban landscapes. However, the sizable minority (37.26%) who do not report increased stress suggests that certain segments of the youth population possess protective buffers. These buffers could include strong emotional coping mechanisms, robust family support systems, or community safety nets that temporarily shield them from the mental health fallout of being jobless.

SPSS TEST

Hypothesis test summary

Null Hypothesis	Test	Sig.	Decision
The categories of 1.Lack of job opportunities is a major cause of youth unemployment. occur with equal probabilities.	One-Sample Chi-Square Test	.003	Reject the null hypothesis.
The categories of 2.Insufficient work experience makes it difficult to get a job occur with equal probabilities	One-Sample Chi-Square Test	.024	Reject the null hypothesis.
The categories of 3.There is a mismatch between educational qualifications and job market requirement occur with equal probabilities.	One-Sample Chi-Square Test	.000	Reject the null hypothesis.
The categories of 4.Lack of professional skills contributes to unemployment among youths occur with equal probabilities.	One-Sample Chi-Square Test	.002	Reject the null hypothesis.

Reliability Test

Case Processing Summary			
		N	%
Cases	Valid	44	100.0
	Excluded	0	.0
	Total	44	100.0

Reliability Statistics	
Cronbach's Alpha	N of Items
.784	5

N PAR TESTES

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
1. Unemployment causes financial difficulties for youths	44	1	5	3.64	1.036
2. Unemployment negatively affects self-confidence.	44	1	5	3.18	1.317
3. Unemployment increases stress and anxiety levels.	44	1	5	3.05	1.380
4. Unemployment affects social relationships and interactions.	44	1	5	3.23	1.379
Valid N (listwise)	44				

Case processing summary

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
4.Lack of professional skills contributes to unemployment among youths *	44	100.0%	0	0.0%	44	100.0%
4.Unemployment affects social relationships and interactions.						

Chi-Square Test

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	25.944 ^a	16	.055
Likelihood Ratio	28.051	16	.031
Linear-by-Linear Association	3.318	1	.069
N of Valid Cases	44		

Findings

- Most respondents (50.98%) belonged to the 22–25 years age group.
- 52.94% agreed that lack of job opportunities is a major cause of youth unemployment.
- 47.06% believed lack of professional skills contributes to unemployment.
- 80.39% agreed unemployment causes financial difficulties.
- 52.94% reported unemployment increases stress and anxiety.
- Cronbach's Alpha of 0.784 indicates good reliability of the questionnaire.

CONCLUSION

Overall, the study shows that unemployment carries substantial economic, social, and psychological consequences for young people, with limited job openings and gaps in professional skills standing out as the leading causes. Efforts to build stronger skill-development programs, expand employment opportunities, and provide accessible mental health support are likely to improve both the employ ability and the overall well-being of youth.

SUGGESTIONS

- Expand employment opportunities through coordinated government and private-sector initiatives.
- Invest in industry-aligned skill training, internship programs, and career guidance services.
- Make mental health counselling and financial assistance more accessible to unemployed youth.

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