

## The Impact of Unemployment on Self-Esteem among Educated Youth: A Literature Review

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### ABSTRACT

This literature review examines the profound psychological impact of unemployment on the self-esteem of educated youth, with a specific focus on the Indian context. By synthesizing findings from global and Indian studies, this paper explores the multifaceted nature of this issue, including the socio-economic and cultural factors that exacerbate the negative effects of joblessness. The review establishes a strong correlation between unemployment and diminished self-esteem, which often leads to other mental health concerns like depression, anxiety, and a sense of hopelessness. It highlights the unique challenges faced by educated youth in India, where a growing demographic dividend is juxtaposed with a scarcity of suitable employment opportunities. The paper concludes by emphasizing the urgent need for comprehensive interventions that address not only the economic but also the psychological well-being of unemployed youth.

**Keywords:** *Unemployment, Self-esteem, Educated youth, India, Mental health*

Unemployment is a persistent global challenge with far-reaching consequences that extend beyond economic hardship. While the financial strain of joblessness is well-documented, its psychological impact, particularly on the self-esteem and mental health of young people is equally significant. Educated youth, who have invested considerable time and resources in acquiring skills and degrees, often face a unique and particularly distressing form of unemployment. Their high aspirations, combined with societal and familial pressure, can make the experience of joblessness a profound blow to their self-worth. This is a critical issue in a country like India, which possesses one of the world's largest youth populations. The "demographic dividend" that is often cited as a key driver of India's future growth is at risk of becoming a demographic burden if the educated youth are not gainfully employed (Mehrotra, 2025). This literature review aims to explore the existing research on the impact of unemployment on self-esteem among educated youth, with a specific lens on the Indian context, while also drawing on relevant global studies to provide a comprehensive understanding of the issue.

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### ***The Psychological Impact of Unemployment: A Global Perspective***

Numerous studies from around the world have established a clear link between unemployment and a decline in self-esteem. The psychological studies often refer that unemployment leads to the loss of a key social role and identity that a job provides (Jahoda, 1982). Work is not merely a source of income. It is a fundamental aspect of an individual's identity, social status, and a source of purpose. When person become unemployed, they can experience a sense of worthlessness and a loss of personal control (McKee-Ryan et al., 2005).

A meta-analysis by McKee-Ryan et al. (2005) found that unemployment is consistently associated with lower levels of mental health, including reduced self-esteem, life satisfaction, and psychological well-being. This negative impact is often intensified by the duration of unemployment. Gediki et al. (2023) demonstrated a vicious cycle where unemployment worsens well-being over time, and poor well-being, in turn, increases the likelihood of remaining unemployed. The conservation of resources theory (Hobfoll, 1989) further explains this phenomenon, suggesting that unemployment leads to a loss of psychological resources, which in turn diminishes a person's ability to cope with stress, leading to a further decline in self-esteem and overall well-being.

Research on youth unemployment globally has shown similar patterns. A study on Dutch youth by Taris (2017) revealed a positive link between unemployment and mental health issues. Backhans and Hemmingsson (2017) found that unemployment has a more pronounced impact on men and individuals with high social support, highlighting the role of social context in mediating the effects of unemployment. These studies demonstrate that the psychological impact of unemployment is a universal phenomenon, though its manifestations may vary across different cultures and socio-economic conditions.

### ***The Indian Context: Unemployment and Self-Esteem among Educated Youth***

The issue of unemployment among educated youth in India is particularly acute. According to data from the Ministry of Statistics and Programme Implementation (MoSPI), the unemployment rate among individuals with a secondary education or higher is disproportionately high compared to those with lower educational qualifications (Times of India, 2024). This "great Indian employment paradox" creates a situation where higher education, traditionally seen as a pathway to success, can lead to frustration and disappointment.

Studies conducted in India have supported the findings of global research, underscoring the severe psychological consequences of unemployment. A study conducted in Varanasi, India, among 100 unemployed youth found a direct or indirect link between unemployment and psychosocial problems, including poor self-esteem, stress, depression, and a sense of hopelessness (Ahmed et al., 2022). The study used the Rosenberg Self-Esteem Scale and Depression Anxiety Stress Scale (DASS) to measure these variables and concluded that unemployment directly contributed to a decline in self-worth.

Another study on higher-educated migrant youth in Kolkata revealed alarming prevalence rates of depression, anxiety, and stress (Dey et al., 2024). The study highlighted that unemployed youth exhibited significantly more symptoms of depression and anxiety compared to their employed counterparts. This is further compounded by the socio-cultural pressures in India, where a person's value is often tied to their professional success and ability to provide for their family. Unemployed youth, especially those with degrees, face

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immense pressure from family and society, which can lead to feelings of shame, failure, and a dramatic drop in self-esteem (Mehrotra & Ghosh, 2020).

The problem is particularly severe for women in India. Periodic Labour Force Survey (PLFS) data indicates that unemployment rates for educated females are significantly higher than their male counterparts, especially in urban areas (Times of India, 2024). This gender disparity further exacerbates the psychological burden on young women, who may also face additional societal pressures to conform to traditional roles if they are unable to find work.

### *Intervening Variables and Future Research Directions*

While the link between unemployment and self-esteem is clear, several mediating and moderating variables influence this relationship. The duration of unemployment, for instance, has been shown to have a cumulative negative effect on self-esteem (Virick & McKee-Ryan, 2017). A prolonged period of joblessness can lead to a state of apathy and social isolation, further worsening mental health (Bourguignon et al., 1990). Social support from family and friends can act as a buffer against the negative effects of unemployment. However, in the Indian context, where family expectations are high, this support can also be a source of stress.

Future research in the Indian context should explore these nuances in greater detail. Specifically, studies could investigate the following:

- **Regional and Gender Differences:** Further research is needed to understand the varied impacts of unemployment on self-esteem across different regions and socio-economic strata in India. The experience of an unemployed youth in a rural area may differ significantly from one in a major urban center. The disproportionate impact on educated women also requires more in-depth analysis.
- **The Role of Social Media:** The rise of social media has introduced a new dimension to this problem. The constant comparison with peers who are successfully employed can intensify feelings of inadequacy and low self-esteem. The role of social media in exacerbating or mitigating the effects of unemployment warrants further study.
- **Intervention Strategies:** Research should focus on effective interventions. While the government is implementing various skill development programs, there is a need for mental health support systems. Community-based programs that offer career counseling, stress management, and psychological support could be crucial in helping youth cope with the psychological challenges of unemployment.

## CONCLUSION

The literature reviewed consistently demonstrates that unemployment has a profound and detrimental effect on the self-esteem of educated youth, a problem that is particularly pressing in the context of India's unique demographic and socio-economic landscape. The loss of a professional identity, combined with societal pressures and financial strain, creates a fertile ground for psychological distress, including reduced self-esteem, depression, and anxiety. While global studies provide a robust framework for understanding this phenomenon, research in India highlights the specific challenges faced by the nation's young, educated workforce. The findings from this review underscore the urgency for a multi-pronged approach that goes beyond mere job creation to include comprehensive mental health support. By addressing both the economic and psychological dimensions of this issue, India can better equip its youth to navigate the complexities of the modern job market and, in doing so, truly harness its demographic dividend.

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### **Conflict of Interest**

The author(s) declared no conflict of interest.

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