

# Psychosocial Impacts of Unemployment on Young Graduates in Mthatha: An Exploration of External Factors

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## Abstract

*The rising unemployment rates among youth and graduates in South Africa, as revealed in the 2022 Census report, have significant psychosocial and economic implications. With youth unemployment reaching 55% in 2019 and graduate unemployment increasing from 19.5% in 2018 to 31%, the vulnerability of this demographic is stark. This study explores the psychosocial impact of unemployment on young postgraduates in Mthatha, Eastern Cape. Utilizing a qualitative research design, the study examines themes of self-esteem, social relationships, mental health, and the overall well-being of these individuals. The findings highlight the detrimental effects of unemployment, including reduced self-worth, social isolation, and mental health challenges. The study shows the need for targeted interventions to support young graduates' well-being and employability, address the skills gap, provide mental health support, and enhance job placement services. Without such measures, the long-term consequences of graduate unemployment could exacerbate social exclusion, economic stagnation, and diminished human capital in South Africa.*

**Keywords:** *Unemployment; Support; Psychosocial; Census; Skills.*

## Introduction

A census report published in 2022 revealed a marked increase in unemployment statistics over the years. According to the report, youth in the South African labour market is the most vulnerable age group, with unemployment rates among this demographic reaching 55% in the first quarter of 2019. The report further indicated that the unemployment rate among graduates increased from 19.5% in Q4 2018 to 31%. This is a serious concern, as unemployment can lead to social exclusion, criminality, reduced productivity, erosion of human capital, and diminished economic welfare (Pohlan, 2019). The Unemployment Insurance Contributions Act No. 4 of 2002 aims to collect contributions for the Unemployment Insurance Fund (UIF) and provide benefits related to illness, maternity, adoption, and dependents for those unemployed due to retrenchment, resignation, or leave. However, this Act does not benefit those who are unemployed, as it fails to address their needs.

According to Mseleku's recent study (2022), the escalating unemployment rate among South Africa's youth is causing widespread discouragement in the employment search. Contributing factors to this trend include limited job market demand, a skills gap, and a lack of work experience. These challenges have driven job seekers to desperate measures, such as engaging in prostitution, scams, or theft from businesses to earn income quickly (Mseleku, 2022).

Unemployed individuals may have different experiences, attitudes, and behaviours for various reasons. Firstly, due to traditional gender roles that portray men as breadwinners, men may suffer more severely from unemployment. Secondly, gender discrimination may make it harder for women to find employment, which can impact their emotional experience (Gonalons-Pons, 2021).

The study by Mtengwane (2019) has brought to light the prevalence of unemployment in the Ngangelizwe Township area of Mthatha. People often spend days on the streets, hoping for temporary work from the municipality. Their survival is often dependent on support from churches and welfare organisations. These findings underscore the severity of unemployment in South Africa, particularly in regions like Mthatha, where economic opportunities are scarce, as noted in Graham et al.'s (2019) research. Therefore, this study

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is crucial in understanding the psychological and social impact of unemployment on postgraduates in Umtata and in exploring potential interventions to support their well-being.

Despite the increasing prevalence of unemployment among postgraduates, the full extent of its psychosocial impact on this group remains poorly understood. This lack of understanding may lead to ineffective interventions and support, which could have long-term negative consequences for postgraduates and their families. It is, therefore, crucial to grasp the profound impact of unemployment on postgraduates, as it can hinder their ability to re-enter the workforce and have significant economic implications for society. Without adequate support and understanding of these psychosocial effects, postgraduates may struggle to find new employment and become financially dependent on family or social services.

## Literature Review

Unemployment is a socioeconomic challenge with significant economic consequences and other related difficulties. It reduces economic well-being, productivity, and human capital (Skosana, 2021). Unemployed individuals are job seekers temporarily out of work but actively searching for employment (Graham, 2016). The world has been grappling with an unemployment crisis for over three decades, with young adults particularly vulnerable (Skosana, 2021). Rafi et al. (2019) noted that several complex and interconnected issues have contributed to this crisis, and resolving it will require a collaborative effort. Unemployment is also associated with slower development, reduced social trust, and an increased likelihood of social unrest (Skosana, 2021). Engaging with young adults, easing the transition to employment, and improving the quality of available jobs are critical policy priorities (UN, 2018).

In the first quarter of 2015, the official youth unemployment rate stood at 37% for individuals between the ages of 15 and 34, equating to approximately 3,646,000 young people (Rafi et al., 2019; Wadud, 2018). Statistics South Africa (StatSA) revealed that the official youth unemployment rate in the first quarter of 2015 was 37%, an increase from 33% in 2008. A significant contributing factor is the decline in the employment rate among young people during this period (from 36% to 33%). The data also show an increase in discouraged work-seekers (from 4% to 8%), meaning that more young people have given up looking for work over this period. The expanded youth unemployment rate rises to approximately 45% when these individuals are included. This implies that the situation for young people has worsened over the past seven years despite discussions on policy and initiatives (Graham & Mlatsheni, 2015).

While there has been a notable increase in the number of graduates in South Africa, Wadud (2018) argued that graduate unemployment has also risen. Other structural factors negatively affecting South African graduate unemployment include a lack of skills, industrial adaptation, and the length of unemployment (Nonyana & Njuho, 2018). A study conducted by the Department of Labour in 2012 found that although graduates have the qualifications required to enter the workplace, they lack the necessary skills and experience needed in the workplace (Magagula, 2017).

## The Effects of Unemployment on Young Graduates

The effects of unemployment are multifaceted, encompassing psychological, social, and economic dimensions. This section provides an in-depth discussion of these impacts.

### The Psychological Effects of Unemployment

Unemployment's negative psychological impacts can increase the risk of suicide and criminal activity. Research has shown that unemployed individuals experience significant levels of sadness, anger, anxiety, and a diminished sense of control (Pervaiz et al., 2018). Unemployment is also linked to a marked decline in self-esteem.

Young unemployed individuals are an "at-risk" population for a wide range of psychological problems (Gebreab et al., 2018). A study by Makaringe and Khobai (2018) found evidence that transitioning from school to employment improves mental health, whereas unemployment after graduation significantly

worsens it. According to Alvaro (2019), unemployment leads to a wounded ego, diminished self-worth, decreased confidence, and feelings of inferiority. Reduced self-esteem, considered a vital trait of a stable personality, is also a consequence of unemployment (Pervaiz et al., 2018).

Willemse (2015) noted that unemployment has a significant negative impact on psychological functioning; compared to employed individuals, unemployed people exhibit higher levels of anxiety and concern for physical symptoms. Frustration, which can lead to violence, regression, and a sense of defeat, has also been associated with unemployment (Taylor et al., 2023). Long-term unemployment and negative labour market experiences lead to decreased self-esteem, depression, and discouragement, which, in turn, negatively affect an employer's likelihood of hiring young people (Gebreab et al., 2018).

### **The Social Effects of Unemployment**

Due to their forced inactivity, unemployed individuals often engage in high-risk behaviours, which can lead to detrimental outcomes such as involvement in crime, substance abuse, and early pregnancies among women (Mmesi, 2015). Unemployment may increase risky behaviour, with some young people engaging in unprotected sex to survive (Graham, 2015). This includes transactional sex and staying with partners who engage in unprotected sex with others but provide limited financial stability (Graham, 2016).

The social consequences of youth unemployment include increased dependency on family, rising crime rates, poor social adaptation, and, to some extent, domestic violence (Rözer et al., 2020). Pohlen (2019) found that employment crises affect young people more than older people. Long-term unemployment leads to discouragement, low-income family support, and social exclusion from the labour market. Unemployed individuals suffer more significant physical illness and health complaints and are often involved in high-risk health behaviours such as alcohol abuse (Mmesi, 2015).

### **The Economic Effects of Unemployment**

While individual well-being depends on various factors, including health, leisure, family, social relationships, security, and income, income plays a crucial role (Latsou & Geitona, 2018). From an economic perspective, unemployment results in a loss of output (Dagume & Gyekye, 2016). The South African Social Security Agency [SASSA] (2016) reported that social grant recipients increased from 4 million in 1994 to 16.3 million in 2014. Even though social grants have generally improved the lives of South Africans, there are concerns about whether the country can sustain them in the long run (Magagula, 2017). This situation indicates that many people rely on government social grants for survival. According to Chakona and Shackleton (2019), a social grant is a form of financial assistance the South African government provides to eligible citizens, permanent residents, and refugees. Social grants, distributed monthly, can promote social reform, reduce poverty, and serve as a safety net.

These negative consequences of long-term unemployment are well documented globally. Among Swedish youth, unemployment is associated with nervous complaints and depressive symptoms, even after controlling for initial psychological health and background factors (Thern et al., 2017). In Australia, youth unemployment is strongly associated with suicide, depression, and loss of confidence (Carvalho, 2015). In South Africa, the cycle of mental ill-health, unemployment, and poverty has been explored. However, it requires further research, as this link with depression may hinder young people's access to interventions aimed at connecting them to the labour market (Graham & Mlatsheni, 2015).

The absence of employment can lead to a loss of structure and routine in the lives of young graduates (Magagula, 2017). This can be particularly challenging for individuals who thrive on organised schedules and need a sense of purpose to maintain their mental well-being. Moerane (2016) supported this by stating that the lack of a clear path forward can make it difficult for them to develop a positive outlook and maintain motivation. However, it is essential to recognise that unemployed young graduates also exhibit remarkable resilience in adversity. Many young graduates actively seek additional opportunities for personal growth, such as internships, volunteering, or further education, to enhance their employability and maintain a sense of self-worth (Magagula, 2017).

## Methodology

The study utilised a qualitative research design with an exploratory approach to investigate the psychosocial well-being and resilience of unemployed young graduates in Ngangelizwe Township, Mthatha. Qualitative methods were chosen for their ability to provide deep insights into participants' feelings, opinions, and experiences, allowing for flexible and detailed exploration of the research topic. The study employed in-depth interviews with open-ended questions to gather rich, detailed data, which were analysed using thematic analysis to identify patterns and themes.

The research focused on young graduates aged 21-35, chosen for their relevance to the unemployment challenges. A non-probability sampling method, specifically purposive sampling, was used to select participants based on specific criteria, such as age, educational background, and duration of unemployment. The study involved 10 participants, including observations and a focus group, to gather comprehensive information on their experiences and resilience.

Data were analysed using thematic analysis, which allowed the researchers to derive themes from the data, capturing the complexity of participants' experiences and identifying underlying issues related to unemployment. The research was conducted in Ngangelizwe Township, Eastern Cape Province, chosen for its proximity to the target population and the unique challenges young unemployed individuals face in that area. The findings aim to inform the development of effective interventions and support services to address the psychosocial impact of unemployment on young graduates.

## Findings and Discussions

Theme	Sub-theme	Probes/categories
Describing the external to which unemployment psychosocially impacts the young graduates in Mthatha	Please tell us how has been unemployed Impacted you, both psychologically and in being Socially?	<ul style="list-style-type: none"> <li>• Self-esteem</li> <li>• Social relationships</li> <li>• Depression, stress and anxiety</li> <li>• Mental health</li> <li>• Hope for the future</li> </ul>

### Self-esteem

All participants stated that unemployment negatively influenced their self-esteem because they felt they were useless; hence, they usually did nothing other than sit at home, wake up, bathe, eat and go back to sleep. Sometimes, they might compare themselves to others who are employed and feel inferior, especially if they see them as more successful.

Most participants said:

*“Unemployment affects my self-esteem as I start wondering whether I am good enough for employment or maybe there is something wrong with me, so yes, my self-esteem lowers, especially when I feel like my life is stagnant.”*—Participant 1

*“Yes, unemployment has affected my self-esteem. I feel like I am not good enough and have feelings of worthlessness and failure. I know these are false, but it is difficult not to feel this way. I try to remind myself of my strengths and positive qualities. I also try to focus on what I can control rather than what I cannot. It is a struggle, but I am working on it.”*—Participant 2

According to Houssemand et al. (2020), the rate at which people look for work will probably decline due to the shift in opportunities and beliefs brought about by other people finding work. Rashid and Islam (2020), given the new opportunities and perspectives that come with others being employed, the rate at

which people are looking for work is likely to decrease. However, Peláez-Fernández et al. (2021) It has further been proposed that in addition to the financial strains caused by job loss, the loss of a valued social position is related to the weak earning of self-esteem in middle-aged unemployed youth.

### Social relationship

Unemployment can cause tension and stress in participants' relationships as it can lead to social isolation. Without a job, it can be hard to meet financial demands, further contributing to feelings of loneliness. However, some said they have felt more supported and loved by their friends and families because they helped them overcome various life challenges.

Most participants said:

*"My relationship with my family is bold and strong; they are my shoulder to cry on and understand my struggle. I have also been lucky to have a strong support system of friends who have been understanding and caring. I know that I can count on them, and I am grateful for their caring."* –Participant 6

*"I no longer have friends because every time I saw my friends achieving their dreams as much as I was happy for them, but that put much stress on me."* –Participant 7

*"Unemployment caused tension and stress in my relationships. I have felt a sense of guilt and shame, and it has been hard to talk about my situation with them. I had to work on being honest and open."* – Participant 5

*"I experience financial difficulties, and Sometimes, I feel like a burden on my loved ones and may feel guilty for relying on them."* –Participant 8

According to Pohlen (2019), the subjective experience of social isolation may be influenced by the perception of being or becoming superfluous or useless within a community. It is far simpler to fire current employees than to hire new ones. However, Pohlen (2019) states that reducing disposable income following a job loss imposes financial limitations on an individual. Consequently, it can become more difficult to sustain even a modest living standard and carry on with social and cultural activities (Choudhury & Broman, 2016). Furthermore, decreased discretionary money after losing a job places financial constraints on oneself. As a result, it could get more complex to maintain a minimal quality of life and continue engaging in social and cultural activities (Choudhry & Broman, 2016).

### Depression, stress and anxiety

Being out of work makes more participants feel they do not have a purpose or a meaningful societal role. This can make them feel less valuable and less fulfilled. Some say that not receiving regular positive feedback or recognition of accomplishments can further undermine their self-worth. The lack of structure and routine with unemployment contributes to a lack of purpose and motivation.

Most participants said:

*"Others view me as lazy or unambitious, which can lead to shame and embarrassment. The constant worry about finding work and financial uncertainty increased levels of stress, and I do not have confidence about anything concerning my life."* – Participant 7

*"Being unemployed has been difficult. I feel like my life is on hold. I am unable to achieve my goals or have the future I want. It is hard to feel motivated when there is no work. I do not feel like I have any purpose. I spend much time at home, and it can be lonely and boring."* –Participant 4

*"I feel like I am missing out on life."* –Participant 1

*"My family does not support me as I do not have any contact with them, and that stresses me a lot."* –Participant 5



*“My friends support me by encouraging me when I lose hope and when I want to quit looking for a job. I depend on the Social Relief of Distress Grant, which is R350 per month to sustain a living.” –Participant 8*

According to Khuhawar and Shah (2019), unemployment is a major social problem that determines loss of income, increases the risk of poverty and affects overall health. In addition, employment is a source of financial security that allows people to fulfil a social and family role, an essential prerequisite for physical and mental health (Choudhury & Broman, 2016). Unemployment relates to elements such as economic or financial distress, which frequently cause feelings of failure that can lead to depression. Also, the family and societal pressures associated with job-seeking activities and higher expectations from graduates to be employed are potential mediators of depression among the unemployed (Rafi et al., 2019). In addition, unemployment is regarded as a change in social position, particularly a change in family role. It is usually perceived as a very stressful life event and depressive symptoms as a clinically more severe consequence of prolonged unemployment preceded by a weakening of self-esteem (Kidwell et al., 2018).

### **Mental health**

Most participants report feeling depressed, despondent, and unmotivated when they are unemployed. Individuals can experience an unending loop of rejection and failure. Some individuals have conveyed that their job hunt and uncertainties about employment contribute to their increased levels of anxiety, tension, and unpredictability around their future. Those without jobs shy away from social situations and isolate themselves from friends and family due to emotions of guilt.

Most participants said:

*“Unemployment makes me feel hopelessness, sadness, and a lack of interest in activities. I use alcohol or drugs as a way to cope with the stress of unemployment, which worsens mental health”. –Participant 7*

*“It has been a struggle to keep my spirits up, and there have been days when I have felt completely overwhelmed. I have tried to prioritise my mental health and have found some ways to cope, such as exercise, meditation, and therapy. I have also learned to accept that it is okay to feel down sometimes and that there are ups and downs in life.” –Participant 2*

According to Pohlan (2019) People who are unhappy with their lives or who are struggling with mental health issues are more likely to face social exclusion. Owing to the detrimental impact on one's capacity for employment, since emotional stability is a crucial component of employability and the foundation for consistent activity (Antonioni & Dalla, 2016).

### **Hope for the future**

Participants experience adverse effects on unemployment because it can lower optimism about the future, make it harder to see a bright future and deter people from taking advantage of new chances. Some even go so far as to say they never give up on their dream because they never give up on applying for jobs that come along. Individuals' social norms and habits can frequently have a stronger relationship with specific social subgroups than with the general public's values.

Most participants said:

*“I still want to go and hunt for a job as I am willing to relocate to another country, but now, I have taken some space in hunting for the job”. –Participant 3*

*“Repeated rejections of job applications can be demoralising and lead to feelings of discouragement. Unemployment eroded my self-confidence and made it harder to feel confident in interviews or when applying for jobs. I feel embarrassed about being unemployed and avoid networking or seeking opportunities for fear of being judged”. –Participant 7*

According to Rözer et al. (2020) Groups interacting and having comparable unemployment experiences may create an unemployment culture. This belief- and opportunity-based interaction will probably work in

the same way as the desire-based interaction, at least regarding the unemployed people's probability of quitting unemployment (Rozer et al., 2020). The reduction in the unemployment rate is probably due to the shift in perspectives and prospects brought about by others losing their jobs (Saunders et al., 2015). Regarding the unemployed individuals' lower likelihood of leaving unemployment, the opportunity and belief-based interactions are likely to operate in the same direction as the desire-based interactions.

## Conclusions

The study revealed that participants were psychologically and socially affected by their unemployment experiences. The effects were emotionally positive for some while adverse for others. Some participants had to stop seeking employment due to financial difficulties, lack of social motivation, and repeated rejection. Some participants reported feeling demotivated and useless, watching their peers fulfil their dreams while they do nothing. They often depend on their family members for support, who frequently express concerns about insufficient funds, limited space, and a lack of food. In contrast, others chose to distance themselves from friends and family because they were often ridiculed, leading them to use drugs and substances as a distraction from their unemployment issues.

Unemployment affected self-esteem, mental health, and social relationships and those associated with these individuals. Mental health was impacted, and social life suffered, which hindered personal growth and development in meeting social demands. The absence of available positions for degree holders or the rejection of opportunities is a significant problem, as it undermines individual self-esteem.

Higher learning institutions should collaborate with business managers to help graduates gain fieldwork training after completing their degrees, reducing the stress associated with the job experience requirement. The government should implement programs to address the stigma associated with unemployment, and every unemployed graduate should be provided with opportunities related to their qualifications, enabling them to maintain a standard of living. This could include initiatives such as Skills Development Programs, which offer vocational skills, technical training, and job-specific certifications to help graduates qualify for more job opportunities. Job Placement Services, where they can receive interview preparation to ensure a better fit between job seekers and available positions.

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