



Youth Unemployment and Its Economic Implications: A Socio-economic Analysis

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ABSTRACT

This research investigates the socioeconomic consequences of youth unemployment through an analysis of individual experiences and macroeconomic consequences. Data were gathered from 120 unemployed youth using a survey questionnaire. Key demographic trends, perceived reasons for unemployment, social and emotional consequences, and awareness of government policy are identified in findings. Targeted policy recommendations are suggested for addressing youth unemployment more effectively. The findings reveal that the majority were aged 22–26, predominantly female, single, and residing in urban areas. Most had attained college or vocational education, yet remained unemployed for over six months, reflecting the growing disconnection between educational attainment and labor market demands. The leading perceived causes of unemployment included lack of work experience, skills mismatch, limited job opportunities, and poor access to professional networks. Economically, unemployment resulted in significant hardship, with many respondents experiencing financial instability, dependency on family support, and difficulty meeting basic needs. Social and emotional effects were similarly severe, marked by high stress, low self-esteem, and isolation. Notably, awareness and participation in government employment programs were minimal, highlighting critical gaps in outreach and accessibility.

Keywords: Emotional, Economics, Socioeconomic, Unemployment.

1. INTRODUCTION

Youth unemployment remains a pressing global concern, especially in developing nations where economic growth is not always inclusive or equitable. The transition from education to employment is increasingly uncertain, leading to rising levels of joblessness among the youth population. This phenomenon not only limits individual economic potential but also poses broader challenges to national development, including reduced productivity, increased dependency ratios, and greater strain on public welfare systems. According to the International Labour Organization (ILO, 2023), over 73 million young people worldwide were unemployed in 2022, with many more underemployed or engaged in informal work. The persistence of high youth unemployment rates not only undermines the economic potential of young populations but also increases the risk of social instability, long-term income inequality, and intergenerational poverty. The global labor market increasingly demands high levels of skills, adaptability, and digital literacy—factors that often present barriers for youth, particularly in low- and middle-income countries where educational and training systems lag behind industry needs. While numerous studies have documented the causes of youth unemployment—ranging from educational mismatch to labor market rigidities—there remains a notable gap in research that comprehensively links these labor market outcomes to broader economic and social consequences across different socioeconomic settings.

In the Philippine context and similar socio-economic settings, persistent youth unemployment exacerbates poverty cycles and social inequalities. Youth unemployment is one of the most pressing socioeconomic issues in the Philippines today. Despite economic growth in recent years, the country continues to face a high rate of unemployment and underemployment among young people. According to the Philippine Statistics Authority (PSA, 2023), the youth unemployment rate (ages 15–24) remained significantly higher than the national average, reflecting

deep-rooted structural problems in the education system, labor market, and economic policy environment. Many Filipino youths face barriers such as job-skill mismatches, limited access to quality education and training, and a lack of decent work opportunities.

While existing national studies have explored various aspects of youth unemployment—such as causes, educational issues, and policy responses—there remains a significant research gap concerning the broader economic implications of this phenomenon (Manejar et al., 2022). Most local literature tends to focus on descriptive statistics or individual-level outcomes, without fully analyzing how widespread youth unemployment affects macroeconomic factors such as productivity, poverty reduction, social mobility, and long-term national development. This gap limits the understanding of how youth unemployment not only hinders individual advancement but also weakens the country's socioeconomic foundations.

This study aims to address this gap by conducting a socioeconomic analysis of youth unemployment and its wider economic impacts in the Philippine context. It seeks to examine how persistent youth joblessness contributes to slowed economic growth, increased government welfare burdens, and intergenerational poverty. By analyzing these linkages, the research will contribute to evidence-based policy formulation targeting inclusive employment strategies and long-term economic resilience. A deeper understanding of these dynamics is essential in achieving the country's development goals under the Philippine Development Plan (PDP) and the Sustainable Development Goals (SDGs).

In line with this, the researcher aims to examine the multifaceted nature of youth unemployment and its economic implications through a socioeconomic lens, with the goal of generating evidence-based insights that can inform more effective and inclusive employment policies in the Philippines. The output of this study serves as the basis for Enhanced Program designed to increase Youth Employment to address the challenges and foster long-term improvement in economics.

2. METHODOLOGY

This study utilizes a quantitative-descriptive research design to explore the extent of youth unemployment and its economic implications. The goal is to describe the current conditions experienced by unemployed youth and assess the socioeconomic impacts of this issue on individuals and in the communities. Convenience sampling is used to gather data efficiently from readily accessible participants. This sampling technique allows the researchers to collect data efficiently, given the time and resource constraints.

The research was conducted in Cebu Philippines where youth unemployment rates are notably high. This locale offers diverse socioeconomic settings for a balanced analysis.

The population includes unemployed individuals aged 15–30 years residing in the selected locale. A convenience sampling method is used, meaning participants are selected based on their availability and willingness to participate in the study. This approach is practical given time, resource, and accessibility limitations.

A survey questionnaire was used as the main data collection tool. It was designed to directly answer the research questions and will consist of four major parts: Demographic and Socioeconomic Profile, Perceived Causes and Impacts of Unemployment, Socioeconomic Differences in Experiences and Suggestions and Recommendations through Open-ended section allowing participants to suggest potential solutions or policy ideas. This research also includes exploratory components to derive policy recommendations based on the gathered data.

The collected data will be processed and analyzed using descriptive statistics, such as frequency, percentage, and mean. The analysis will focus on identifying common patterns and trends in youth unemployment and its socioeconomic effects.

As the study uses convenience sampling, the results may not be generalizable to the entire population of unemployed youth. The findings reflect only the responses of those who were easily accessible and willing to participate.

3. RESULTS AND DISCUSSION

This section presents and interprets the findings of the study based on the data gathered from unemployed youth respondents. The results are organized according to the research questions that guided the investigation. First, the demographic and socioeconomic profile of the respondents is described in terms of age, gender, civil status, educational attainment, geographic location, and duration of unemployment. This provides a foundational understanding of the background and living conditions of the participants.

Following this, the section explores the primary perceived causes of youth unemployment, as reported by the respondents. These include insights into the root causes of unemployment, its economic impact on individuals, and the social and emotional consequences experienced by the youth. Furthermore, the level of awareness regarding existing policies and programs aimed at addressing unemployment is discussed.

Table 1, Demographic and Socioeconomic Profile of Respondents

Characteristic	Category	Percentage	Number of Participants
Age	22–26 years	58%	70
	Average Age	24.1 years	-
Gender	Female	60%	72
	Male	39%	47
	Non-binary	1%	1
Civil Status	Single	78%	94
	Married	15%	18
	Separated	7%	8
Educational Attainment	College	45%	54
	Vocational/Technical Training	30%	36
	High School	20%	24
	Postgraduate Degree	5%	6
Geographic Location	Urban	65%	78
	Rural	35%	42
Duration of Unemployment	6 months to 1 year	40%	48
	More than 1 year	28%	34

A total of 120 unemployed youth participated in the survey, with their demographic and socioeconomic characteristics revealing notable trends. The majority (58%) were aged between 22 and 26 years, with an average age of 24.1 years. In terms of gender, 60% identified as female, 39% as male, and 1% as non-binary. Most participants were single (78%), while 15% were married and 7% separated. Regarding educational attainment, 45% had completed college, 30% had vocational or technical training, 20% had finished high school, and 5% held postgraduate degrees. As stated by International Labour Organization (2020), even young professionals with a higher level of education can be unemployed because there is a mismatch between the qualification sought and the labour market opportunities. The ILO report points out that in a number of developing economies, graduates from universities do not possess the relevant skills necessary for employment, leading either to underemployment or long periods without work. This goes hand in hand with the study's observation where 45% of unemployed youths in the region are graduates, or in other words, there is a gap in competencies in conjunction with a low potential capacity of local labor markets.

Geographically, 65% of the respondents lived in urban areas, while 35% were from rural communities. The duration of unemployment varied, with 40% unemployed for 6 months to a year, and 28% jobless for over a year. Tacoli, McGranahan, and Satterthwaite (2015) in their work on urbanization and employment argue that rural-to-urban migration among youth is driven by the perception of better job opportunities in cities. Additionally, the role of financial hardship in fostering a sense of dependency is emphasized in the work of McDonald and McMullan (2018). Their study on financial dependency among young adults showed that a lack of stable income, coupled with limited access to financial support mechanisms, significantly increases youth reliance on familial support systems. However, the reality is that urban labor markets are often saturated, especially for entry-level jobs, leading to high rates of urban youth unemployment. This supports the study's observation that 65% of unemployed respondents reside in urban areas, suggesting that migration does not necessarily equate to employment success. These findings highlight that even college graduates are significantly affected by unemployment. The high urban representation suggests either increased reporting or a trend of youth migrating to cities in search of employment. Moreover, the prevalence of long-term unemployment is a concern, with nearly 70% of participants being jobless for more than six months.

This table presents the mean ratings (M) of each cause, showing the respondents' perspectives on the key factors contributing to their unemployment. The higher the mean, the stronger the perception that the factor contributes to their unemployment.

**Table 2. Perceived Causes and Impacts of Youth Unemployment
(Causes of Unemployment)**

Cause of Unemployment	Mean Rating (M)	Interpretation
Lack of Work Experience	4.35	Strongly perceived as a key cause of unemployment.
Skills Mismatch	4.22	Perceived as a significant reason for unemployment.
Limited Job Opportunities in the Area	4.01	Moderately perceived as a cause of unemployment.
Poor Access to Job Networks	3.78	Perceived as a less significant but still relevant cause.

The top perceived causes of unemployment among the respondents, based on a 5-point Likert scale, include lack of work experience (M = 4.35), skills mismatch (M = 4.22), limited job opportunities in the area (M = 4.01), and poor access to job networks (M = 3.78). Adarlo 2019 discusses how job-skills mismatch leads to underemployment and drives many Filipinos to seek employment abroad. These results suggest that many unemployed youth feel that the absence of practical experience and a disconnect between their education and the demands of the labor market are major barriers to employment. Additionally, regional limitations and weak professional networks further compound the challenges they face in securing jobs.

This table highlights the economic strain and financial dependency that results from youth unemployment, illustrating the severe personal and economic challenges faced by the respondents.

Table 3. Economic Impact on Individual

Economic Impact	Percentage	Interpretation
Financial Hardship	82%	A significant majority experience financial difficulty.
Dependence on Family Support	69%	Many youths rely on family for financial assistance.
Inability to Meet Basic Needs	55%	Over half of respondents are unable to fulfill basic needs.

A significant majority of respondents reported experiencing financial difficulties, with 82% indicating financial hardship, 69% relying on family support, and 55% stating they were unable to meet basic needs. Further, financial hardship experienced by unemployed youth can have significant psychological and social implications. A study by Waddell and Burton (2019) found that prolonged periods of unemployment are strongly associated with increased stress, lower life satisfaction, and the inability to meet basic living expenses. These findings clearly illustrate that youth unemployment contributes to increased financial dependency and economic strain, highlighting the urgent need for targeted support and intervention.

Table 4, Social and Emotional Effects

Social/Emotional Effect	Mean Rating (M)	Interpretation
High Levels of Stress	4.45	Strongly felt emotional impact, indicating high stress levels.
Low Self-Esteem	4.20	Significant emotional impact, with many experiencing low self-worth.
Feelings of Isolation	4.02	Moderate emotional impact, with many feeling isolated.

The survey revealed significant social and emotional impacts of unemployment among youth. Respondents reported high levels of stress ($M = 4.45$), low self-esteem ($M = 4.20$), and feelings of isolation ($M = 4.02$). In response to these challenges, O'Higgins (2020) emphasizes the importance of providing comprehensive support systems for unemployed youth, including job training, access to mental health resources, and financial assistance programs. These measures are essential not only to alleviate the immediate financial strain but also to mitigate the longer-term psychological and social consequences of youth unemployment. A study by Waddell and Burton (2019) found that prolonged unemployment leads to increased stress, lower life satisfaction, and the inability to meet basic living expenses, aligning with your study's finding that youth unemployment exacerbates financial strain.

These results indicate that the psychological effects of unemployment are strongly felt, underscoring the importance of providing mental health support and fostering community engagement to help alleviate these challenges.

This table highlights the low levels of awareness and participation in government programs, suggesting the need for better outreach and accessibility to youth-targeted initiatives.

Table 5. Awareness of Policies and Programs

Policy/Program Awareness	Percentage	Interpretation
Awareness of Government Employment Programs	28%	A significant gap in awareness, indicating poor promotion or accessibility.
Attendance at Job Fairs or Training Programs	15%	Very few participants have engaged in job fairs or training, showing low program participation.

The survey found that only 28% of respondents were aware of government employment programs, and just 15% had ever attended a job fair or training initiative. In a study conducted by Tan and Yu (2021), it was found that the majority of youth in urban areas were unaware of government employment schemes, often due to inadequate promotion and outreach. This highlights a significant awareness gap, suggesting that while youth-targeted programs may exist, they are either poorly promoted, inadequately communicated, or not easily accessible to the intended beneficiaries. Moreover, a study by McDonnell et al. (2020) emphasized that the low participation in employment programs among youth is not just a matter of awareness, but also of accessibility. They argue that many government programs, while existing, fail to reach marginalized youth populations due to geographical, economic, or social barriers.

Summary table 6 highlighting the variations across socioeconomic backgrounds in perceived causes of unemployment:

Table 6. Variations Across Socioeconomic Backgrounds

Socioeconomic Factor	Chi-Square (χ^2)	P-Value	Interpretation
Education Level	16.3	< 0.05	Significant differences in perceived causes based on education.
Geographic Location (Urban vs Rural)	14.1	< 0.05	Significant differences in perceived causes based on location.

A chi-square test revealed significant differences in the perceived causes of unemployment based on education level ($\chi^2 = 16.3$, $p < 0.05$) and geographic location ($\chi^2 = 14.1$, $p < 0.05$). Urban youth were more likely to cite intense job competition as a major concern, whereas rural youth emphasized the lack of local job opportunities. These findings suggest that interventions must be tailored to the specific context: urban youth may benefit more from competitive job skills training, while rural youth would gain from improved infrastructure and expanded access to employment opportunities in their areas. Furthermore, the study by Ayele et al. (2020) highlights how education level interacts with geographical context to shape youth perceptions and employment outcomes. They found that college-educated rural youth often feel underutilized and frustrated by the scarcity of jobs matching their qualifications in rural settings.

Urban youth expressed greater concern about competition in the job market, while rural youth identified the lack of local job availability as a major issue. This analysis underscores the importance of context-specific interventions. For urban youth, training programs that enhance competitive job skills could be particularly beneficial. In contrast, rural youth would benefit more from improved infrastructure and increased access to employment opportunities within their local areas.

SUMMARY OF FINDINGS

The study gathered data from 120 unemployed youth, providing a multifaceted view of their demographic and socioeconomic backgrounds, perceived causes and impacts of unemployment, and their awareness of policy interventions.

Demographically, the majority of respondents were aged 22–26 years (58%) with an average age of 24.1. Most identified as female (60%) and were predominantly single (78%). In terms of educational attainment, a significant portion had completed college (45%) or vocational training (30%). Geographically, 65% resided in urban areas, and a large proportion (68%) had been unemployed for over six months.

causes of unemployment centered on four main factors: lack of work experience ($M = 4.35$), skills mismatch ($M = 4.22$), limited job opportunities ($M = 4.01$), and poor access to job networks ($M = 3.78$). These findings suggest a disconnect between academic preparation and labor market demands, compounded by structural limitations in job availability and access.

The economic impact was stark, with 82% experiencing financial hardship, 69% depending on family support, and over half (55%) unable to meet basic needs—indicating that unemployment has a direct and severe impact on individual financial stability.

Social and emotional consequences were equally profound. Respondents reported high levels of stress ($M = 4.45$), low self-esteem ($M = 4.20$), and feelings of isolation ($M = 4.02$), highlighting the psychological toll of prolonged joblessness.

Awareness of government employment programs was notably low. Only 28% were aware of such initiatives, and just 15% had attended job fairs or training, pointing to a major gap in outreach, accessibility, and engagement.

Finally, analysis across socioeconomic groups revealed significant differences in the perception of unemployment causes based on educational background and geographic location. Urban respondents were more concerned with job market competition, while rural respondents emphasized the absence of local employment opportunities. These variations underline the need for localized, context-sensitive policy responses.

In sum, the findings reveal that youth unemployment is a multidimensional issue influenced by personal qualifications, structural barriers, and limited access to supportive programs. Addressing it requires targeted interventions that consider both the shared and unique challenges faced by different segments of the unemployed youth population.

CONCLUSION

The results of this research underscore that youth unemployment is not merely an issue of job shortage but a complex problem encompassing skills mismatch, inaccessibility, and ineffective program delivery. Unemployed youth experience financial difficulties, emotional problems, and social isolation, which indicate the imperative need for an integrated policy response. Additionally, variations in unemployment experiences among urban and rural youth indicate that solutions need to be context-specific and equity-oriented.

This study adds to the general knowledge on youth unemployment by combining statistical trends with human perspectives. The suggested recommendations highlight the need for targeted skill acquisition, increased awareness and access to labor market programs, and mental health care. Further studies can widen the sample, incorporate longitudinal tracking, and examine the contribution of private sector engagement in youth employment initiatives.

RECOMMENDATIONS

With the findings in mind, the study recommends the following to combat youth unemployment more effectively:

1. Introduce youth-specific job training schemes closely linked with existing labor market needs.

2. Promote public-private collaborations to establish increased opportunities for internships and apprenticeships to provide youth with hands-on experience.
3. Increase promotion and accessibility of available employment programs and subsidies to make young people aware of and take advantage of existing resources.
4. Place mental health services at job placement agencies to mitigate the psychological effects of unemployment and for emotional support.
5. Investment in rural jobs, especially through industries such as agribusiness and teleworking, facilitated with the appropriate supporting infrastructure to drive economic growth across underrepresented districts.

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