

Unraveling the Economic Collapse in Pakistan: A Thematic Analysis of Unemployment and Inflation through the Lenz of Educationist

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Abstract

***Aim:** The study primarily aimed to investigate the interlinkage between unemployment and increasing inflation rate and how they contribute to economic collapse in Pakistan through the perceptions of educationists. The study examines the effects of inflation on Pakistan's economy and how it affects the locals and the employment rate in Pakistan.*

***Methodology:** This study comprises a qualitative research design. Semi-structured interviews were employed through thematic analysis. Open-ended questions were used to guide the interviews. The participants included 6 senior-level educationists from two prominent universities in Balochistan. The similar responses of the participants were then divided into different themes.*

***Results:** The outcomes of the study revealed that elevating crime rate, hyperinflation, declining trade rate, excessive foreign debt and recession accelerate the contribution of increasing inflation and*

*unemploye
nt to*

*economic
collapse.*

Conclusion: *The study concluded the interlinkage between increasing inflation and unemployment and its effects on Pakistan's economy.*

Keywords: *Economy, Unemployment, Inflation, Economic collapse, Poverty, Pakistan.*

Introduction

Pakistan currently is going through a very tough time. The country is facing many difficulties and hardships. Almost every challenge and problem regarding socioeconomic and social challenges, high inflation and unemployment, industrial collapse, growing poverty, imparting distrust among youth concerning the future, and agricultural flaws are in the country (Ali, 2023). Every society in the country has its own causes for suffering, hopelessness, and anxiety (Yaqub, 2011). Employees are concerned about job opportunities, job security, an unstable economy, business slump, currency devaluation, market volatility, and employment whereas the youth are concerned about their future opportunities (Asif et al., 2023; Kumar et al., 2013). Traders are concerned with the deficit economy and trading. The overall financial, social, and economic situation of the country is unwell (Khawaja et al., 2010; Rashid, 2010). People have lost all hope regarding their future and have no idea how to overcome such adversities. The COVID-19 pandemic entirely altered the economic and financial state of the country (Asghar et al., 2020). The entire country was shut down by the government for a long time in order to

prevent the spreading of the deadly coronavirus (Wang et al., 2021). Due to this sudden closure, Pakistan severely suffered financially, socially and economically. Most of all the people of Pakistan were having a hard time surviving as most people depended on their daily wages from working (Rasheed et al., 2021; Sareen, 2020). Thus, in order to resolve the financial and economic issues, the Pakistani government started a smart lockdown (Abbass et al., 2022). During the smart lockdown, some areas were open to work with the availability of food, shops and departmental stores while some areas had a partial lockdown (Wang et al., 2021). However, Pakistan efficiently controlled the coronavirus in a very short time period. According to the World Health Organization and Reuters, Pakistan was the fourth country to control COVID-19 (Khan, 2021). The economic and financial condition of Pakistan started to recover and the country's economy was growing. The export of textiles also started to increase after COVID-19 (Wang et al., 2021). During this time, the GDP rate of Pakistan was recorded to be 6.0% per capita with the highest exports making it the highest GDP recorded in Pakistan

(Ikram et al., 2023; Katper et al., 2020). However, as the opposition took over Pakistan's Government, the economy was toppled and the GDP growth rate started to decline (Ali et al., 2022). The value of the rupee declined and the dollar rates went high (Akhtar et al., 2022). The rupee is devaluing day by day, The prices of petroleum are drastically increasing, and inflation is growing (Islam & Nosheen, 2022; Singh, 2022). Due to such reasons, the country and its people are severely suffering socially, financially and economically. This was another huge economic downfall after the COVID-19 pandemic (Mustafa et al., 2021).

In May 2022, Pakistan met with another disaster in the form of a flood which hit three provinces (Hussain et al., 2023). This flood extremely affected the economic condition of Pakistan. Pakistan had a \$45 billion economic loss which was an excruciating loss (Qamer et al., 2023; S. M. H. Shah et al., 2020). Thousands of people lost their shelter, food, animals and cattle, and all the crops were also demolished in Sindh and Balochistan (Addleton, 2022). Many people of Balochistan and Sindh lost their lives and their loved ones in the flood. The flood survivors lost their houses and crops and thus, were having living problems

(Mazari, 2022)

The overall condition of Pakistan's economy went downhill. The country suffered a great economic loss and lost many of its people. These unnatural and natural disasters have inundated the country and it certainly challenging to overcome the effects of these adversities (Boin, 2005). It has become tremendously agonizing to strengthen the country's economy. To solve these problems the stakeholders of Pakistan would have to come together or else the future generation will have to face the consequences of these adversities (Cheshmehzangi, 2020). Solving these problems seems almost impossible for the government to handle. The administrative system of Pakistan is utterly paralyzed, the judicial system is also corrupt and it is hard to believe their credibility (Faisal & Jafri, 2017; Zafarullah & Siddiquee, 2001). Hence the government should take measures to overcome these problems by identifying the crucial causes and implementing effective solutions.

Research Aim

The study primarily aims to investigate the correlation between unemployment and increasing

inflation and how it contributes to economic collapse. The study examines the effects of inflation on Pakistan's economy and how it affects the locals and the employment rate in Pakistan.

Research Objective

- To review the correlation between unemployment and increasing inflation and how it contributes to the declining economic condition of Pakistan.

Methodology

Research Design

The study participants were selected by recruiting senior-level educationists, specifically teacher educators, from two distinguished universities in Balochistan. The eligibility criteria included a minimum of 5 years of professional experience. In total, six senior-level educationists were interviewed for the study.

Participants

The participants involved in this study were recruited using a sample of senior-level educationists from two educational organizations in Blochistan, Pakistan with a minimum of 5 years of experience. In total 6 senior-level educationists from educational

organization in Blochistan, Pakistan were interviewed.

Data Collection

The data used in this study was collected through semi-structured interviews with senior-level educationists from a educational organization in Pakistan. The interviews with the senior-level educationists were conducted in person. The semi-structured interviews allowed flexibility in discovering the perspective concerning the economic and financial downfall of Pakistan, inflation, and unemployment.

Open-ended questions were used to guide the interviews. The questions covered the topics concerning economic downfall and the perspectives of the participants on unemployment and inflation. In order to ensure relevance and clarity, these questions were first directed to a selected group of senior-level educationists.

Data Analysis

To analyze the data, thematic analysis was employed involving the following steps:

- *Familiarization:* Data transcriptions of the semi-structured interviews were double-checked and reread in order to

become familiar with the data. Initially, impressions and notes were recorded.

- *Search for Themes:* The responses of the senior-level educationists were noted and were grouped together by related ideas and categorized into themes. Themes were then polished by revisiting data and altering the themes according to the data.
- *Reviewing Themes:* In order to ensure that the themes accurately represent the data, themes were reviewed and refined.
- *Defining and Naming Themes:* The themes were individually defined and provided a descriptive name.
- *Writing the Report:* This study presents the findings in a narrative form, followed by the interviews to support the results and to demonstrate the defined themes.

Ethical Considerations

The current study observes the ethical principles. This study ensures the anonymity, consent, confidentiality, and voluntary participation. The participants had knowledge about the procedures and purpose of this study. The participants were aware of their right to withdraw from this study at any time.

Results and Discussion

A thematic analysis was employed on the semi-structured interviews providing perceptions of senior-level educationists as they encompass more knowledge and understanding about the economic condition of the country. While analyzing the interviews' numerous themes emerged. These themes are categorized based on shared ideas by the participants about the association between unemployment and increasing inflation and how it contributes to the economic condition of Pakistan. These themes are discussed in detail below:

Contribution of Unemployment and Increasing Inflation on Economic Collapse

Numerous studies have suggested the association between the Unemployment rate and increasing inflation on economic collapse. Unemployment and inflation have a positive impact on the economic downfall of a country. An increase in inflation results in a high unemployment rate which causes the economy of a nation to collapse stimulating the

crime rate (Ramzan, 2021; S. Z. A. Shah et al., 2022; Shahid, 2014; Wajid & Kalim, 2013). Unemployment and increasing inflation contribute severely to the decline of the economy of a nation. The perspectives of the participants on the contribution of inflation and unemployment to economic collapse are provided under suitable headings.

Elevating Crime Rate

Unemployment is reportedly correlated with higher crime rates (Anon, 1976). It is widely stated in numerous research studies (Cohen, 2020; Devine et al., 1988; Yasmin et al., 2022) that increasing inflation and high rates of unemployment prompt criminal behavior owing to not finding an alternative to the scenario. During the interviews, almost all participants indicated concerns regarding this behavior. In this regard, participant 4 noted that:

“Due to unemployment, crime rates are going to their peak since individuals have no other way to feed themselves. Although it is heartbreaking to see, yet such behavior cannot be justified as it greatly disrupts the economic system of our country.”

Another participant also asserted that:

“Several factors are contributing to our [Pakistan’s] economic collapse but I consider crimes to be one of the most major causes among others, specifically in the present years... Juvenile delinquency is a prominent concern... if you look at the long-term effects, it would be apparent that such individuals will not grow up to be responsible citizens who can work for the country or contribute to its social or economic growth.”

From the above, it can be seen that participants showed great concern regarding the elevating crime cases in the country and cited it as a decisive issue responsible for the economic collapse of Pakistan.

Hyperinflation

Hyperinflation highly contributes to economic collapse (Panić, 2023). The accelerating inflation erodes the value of a country’s currency. Many studies widely reported the impact of hyperinflation on the economic downfall of Pakistan (Abbas, 2022;

Daniel et al., 2023; Jacob et al., 2023). While interviewing the participants, many were concerned about the rapidly growing inflation, Participant 2 stated:

*“It has been very hard for people to afford daily using items...Some can’t even tend to afford necessities like bread and milk... Petrol prices went up two times this week can you believe that?... The poor can’t afford food, the electricity prices are going up... The economy is declining day by day... The economic system of Pakistan is severely affected by this issue.”*Participant 1 also stated:

“People barely have enough money to support their families and pay their bills... the people are suffering because of the growing inflation due to unavailability of job opportunities... unemployment ratio is high due to inflation.”

From the above statement, it can be evidently seen that hyperinflation sternly affects the economy of Pakistan and is one

of the pivotal issues concerning economic collapse and unemployment.

Declining Trade Rate

The trade rate of Pakistan is continuously declining, affecting economic growth as Pakistan primarily depends on imports rather than exports (Singhanya, 2023). This declining trade rate accelerates inflation which results in economic collapse (Ho et al., 2023) as well as increasing unemployment rate (BLOOMENTHAL, 2020). In interviewing, the participants expressed their concerns regarding this matter. Participant 6 said:

“The trading sector [import/export] is promptly falling apart... Trading under fixed exchange rate is far more dangerous and is resulting in increased unemployment state of the country [Pakistan].”

The statement conclusively shows the participants’ concerns regarding the trading sector of Pakistan and its negative effects on the unemployment rate. Another Participant stated:

“I was recently searching

about the import/export condition of Pakistan and I found that it [import/export rate] really went down as compared to last year and it certainly affects the economic growth of the country [Pakistan].”

The import/export rate of Pakistan has critically declined as compared to last year. The current statistics of the export rate on FOB are \$27.9 billion which was \$32.5 billion until last year, while imports on FOB are presently \$52.0 billion which was \$71.5 billion last year consequently the overall trade deficit has reached \$24.1 billion which comparing to last year was \$39.1 billion (Government of Pakistan Finance Division Economic Adviser’s Wing, 2023).

Debt Dilemma

A country’s capability to invest in its economy can be sternly altered by excessive foreign debt (KENTON, 2021). Excessive foreign debt increases the odds of economic collapse by inhibiting business investment which results in slow economic growth (Clements et al., 2005). During the interview,

some questions were asked about the foreign debt condition of Pakistan to which some of the participants articulated their thoughts on this particular subject. Participant 3 said:

“Foreign debt condition in Pakistan is bad at the moment, it is lower than 2021 yet still the ratio at present is concerning... The country [Pakistan] is facing such problems due to the mismanagement of loans, some of the projects are still underdeveloped... The government policies are frequently changing... Pakistani currency has lost its value... Economic growth in the country [Pakistan] is growing very slowly due to extreme debt levels... Government should take measures against solving this problem to maintain the value of Pakistani rupee and facilitate the economic growth of the country.”

The statement refers to the debt condition of Pakistan. Pakistan is currently facing severe financial difficulties. The

foreign debt rate in 2022 increased to 75% but the external debt ratio in 2023 reached \$124.3 billion (CEIC, 2023). Whilst this might not be the highest debt ratio in Pakistan’s history, it still has come to an alarming stage as the increasing debt ratio is continuously affecting the economic growth of the country.

Recession

Recession is primarily associated with a decrease in GDP. This decline is generally about 2 percent. However, in some cases like severe recession, it could reach up to 5 percent (Claessens & Kose, 2023). During the recession the unemployment rate increases and the consumer spending and economic output drop (Anderson, 2023). The participants were questioned to express their views on recession and how it contributes to economic collapse. Participant 5 responded to this question as:

“Employment opportunities are close to zero... Small or large businesses are going in loss

and sales are lessening... The economic activity of businesses is facing a major decline.”

Another participant added:

“The production is being reduced however the prices are skyrocketing... Due to the recession, the stock prices have increased which has made it hard for the people to maintain a good standard of living as the employment ratio is also low, making it hard for people to find a stable job.”

As the statements demonstrate, economic activity is brutally affected by recession. Employment opportunities are diminishing and the stock prices are going up.

Conclusion

The finding of this study concluded the interlinkage and effect of increasing inflation and unemployment on economic collapse. The results demonstrated an increasing crime rate due to unemployment which has a negative impact on the economic system of Pakistan. The rapid increase in inflation affects the economy of Pakistan. Due to hyperinflation, the prices of basic supplies

are going up day by day. The trading rate of Pakistan has reached \$24.1 billion whereas the foreign debt ratio of Pakistan is 75% (\$124.3 billion) at the moment. The findings of this study also determined the contribution of the Recession to the reduction of employment opportunities and increase in stock prices, brutally affecting the economy of Pakistan. To sum up, the thematic analysis showed the perspective of 6 senior-level educationists from a educational organization in Pakistan on how unemployment and increasing inflation impact economiccollapse.

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