

Article 3: Human Development and Unemployment

Unemployment has been negatively associated with benchmarks of **human development** such as **well-being** (Brand, 2020; Gedikli et al., 2022), **socioeconomic development** (Litvina, M., 2022; National Equity Atlas, 2020), and **the Human Development Index (HDI)** (Measure of America, 2018; Taner et al., 2011)

Unemployment and Well-being

Research has shown that unemployment can adversely impact human development by constraining individuals' well-being. This is often attributed to the fact that unemployment hinders economic security, access to healthcare, and the chance for people to build a better life (Brand, 2020; Gedikli et al., 2022).

In order to better understand such tendencies, a study looked at the long-term impact of job loss and unemployment on several areas of well-being (Brand, 2020). Thus, the researcher reviewed studies of displacement to estimate associations between socioeconomic circumstances and life outcomes. He found that “displacement is associated with subsequent unemployment, long-term earnings losses, and lower job quality; declines in psychological and physical well-being; loss of psychosocial assets; social withdrawal; family disruption; and lower levels of children's attainment and well-being.” (Brand, 2020, p.1). Ultimately, the study concluded that future research should better assess how the economic and socio-psychological effects of displacement intersect with and extend beyond displaced individuals.

On that same note, another study presented a quantitative synthesis of evidence on the effect of unemployment on well-being (Gedikli et al., 2022). Following that lead, the researchers assessed 46 samples reported in 29 studies published between 1990 and 2020, including longitudinal studies focusing on developed economies (e.g., 15 countries from the European Union, United Kingdom, United States, and Australia). Furthermore, they focused on a wide range of well-being indicators (accounting for mental, health, and subjective well-being), as well as country and individual-specific moderators.

Results showed a negative relationship between unemployment and life satisfaction, with a distinctive detrimental impact on mental health. Researchers also found a long-term reciprocal relationship between unemployment and well-being long-term by computing a structural equation model with longitudinal data. Hence, the study concluded that while unemployment negatively impacts well-being, decreases in well-being also lead to unemployment, indicating that individuals can become trapped in a cycle of unemployment and poor well-being (Gedikli et al., 2022).

Unemployment and Socioeconomic Development

Unemployment diminishes opportunities for socioeconomic development because it can substantially limit social mobility, professional advancements, income growth, and access to better social services (Litvina, M., 2022; National Equity Atlas, 2020).

For instance, a study emphasized the following points in this regard:

- “Unemployment has negative socio-economic consequences, among which the main ones are:
 - Growth of marginal population groups
 - Criminalization of society
 - Psychological depression of the unemployed potentially leading to suicide, alcoholism, and drug addiction, among others.
 - And as a result, a decrease in natural population growth and life expectancy.”(Litvina, M., 2022, p.1)

Drawing on these points, the researcher argued that unemployment is a complex and multifaceted phenomenon, which depends not only on the economic indicators of the countries' development, but also on the indicators of the social development of societies.

On that same note, a report from National Equity Atlas (2020) indicated that underrepresented and marginal communities (particularly, communities of color) experience unemployment rates at a much higher rate than their more privileged counterparts. Moreover, individuals in these communities have far less access to well-resourced, high-quality schools; transportation, affordable childcare, and housing near job centers.

Hence, National Equity Atlas proposed the following strategies to better mitigate these unemployment disparities:

- “Grow new good jobs by making smart investments in infrastructure projects, supporting economic development strategies to grow high-opportunity industries, and helping entrepreneurs of color start and scale-up their businesses.”
- “Connect unemployed and underemployed workers to the jobs created by new development through targeted local hiring, community workforce agreements, and community benefits agreements.”
- “Implement sector-focused workforce training and placement programs and apprenticeships that create pathways to good jobs for workers with barriers to employment.”
(<https://nationalequityatlas.org/indicators/Unemployment>)

Unemployment and the Human Development Index (HDI)

Studies have explored associations between unemployment rates and the Human Development Index (HDI) in the United States (Measure of America, 2018; Taner et al., 2011).

Particularly, a series of reports from Measure of America (2018) show an inverse relationship between unemployment and the Human Development Index (HDI). According to such reports, areas with higher unemployment tend to have lower HDI scores, reflecting disparities in human development across different regions and demographics in the United States. Thus, it is important to note that the

HDI (which considers health, education, and living standards), can vary significantly within a single country regardless of the country's GDP or economic development.

Following that lead, researchers have argued that unemployment should be included as an HDI metric to better understand human development as a whole and measure the index more accurately (Taner et al., 2011). Thus, a study proposed a modified composite index to better evaluate the performance of 30 Organization for Economic Co-operation and Development (OECD) countries by adding a fourth indicator; namely the unemployment index, to the calculation of HDI.

Results showed that the computed HDI numbers for such countries were actually lower than their primary HDI values. Moreover, the ranking of the United States dropped by two points in 2010 according to the proposed index, differing from the U.S. HDI initially provided by the United Nations (Taner et al., 2011).

Thus, the researchers argued that unemployment can provide additional explanatory power to the Human Development Index due to its more dynamic nature since unemployment rates can vary significantly on a yearly basis. Moreover, they stated that unemployment can serve as a more precise metric to evaluate countries' performance in human development and their potential to improve in this area (Taner et al., 2011).

References

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