

FINANCIAL INSECURITY AND PERCEIVED STRESS AMONG UNEMPLOYED GRADUATES IN PAKISTAN: A QUANTITATIVE CORRELATIONAL STUDY

Original Research

Pulwasha Anwar^{1*}, Awais Khalid², Fakhira Tahir³, Muhammad Faizan⁴, Salman Qureshi⁵, Shah Jahan Ashraf⁶, Aurang Zaib Ashraf Shami⁷, Asim Ashfaq⁸

¹Ph.D Student, Department of Psychology, Institute of Social Sciences, Bursa Uludağ University, Bursa, Turkey

²Visiting Faculty of Psychology, Department of Allied Subjects, University of Narowal New Campus, Narowal, Pakistan.

³Senior Academic Officer, Department of Psychology, Lahore Garrison University, Lahore, Pakistan.

⁴Assistant Manager HR & A / Training Lead, Human Resources Department, National Grid Company of Pakistan (formerly NTDC), Islamabad, Pakistan.

⁵Research Scholar, Motivational Speaker, Practitioner at CMH, Trainer in Rehabilitation and Private Organizations, Karachi, Pakistan.

⁶Research Assistant, Government College Women University, Faisalabad, Punjab, Pakistan.

⁷Internationally Accredited NLP Life & Business Coach; CEO (11COACHES), Gulberg-III, Lahore, Pakistan.

⁸BS Scholar of Clinical Psychology, Department of Humanities and Social Sciences, GIFT University, Gujranwala, Pakistan.

Corresponding Author: Pulwasha Anwar, Ph.D Student, Department of Psychology, Institute of Social Sciences, Bursa Uludağ University, Bursa, Turkey,
pulwashakhansrk@gmail.com

Acknowledgement: The authors acknowledge the voluntary participation of all graduates who contributed to this study.

Conflict of Interest: None

Grant Support & Financial Support: None

ABSTRACT

Background: Financial insecurity has emerged as a major psychosocial stressor globally, particularly in Western populations; however, research in South Asian regions, including Pakistan, remains limited. Young adults navigating early career transitions are especially vulnerable to financial stressors, which may contribute to adverse mental health outcomes. Given Pakistan's ongoing economic challenges and rising unemployment rates, understanding the psychological impact of financial insecurity on unemployed graduates is crucial for evidence-based public health interventions.

Objective: This study aimed to examine the relationship between financial insecurity and perceived stress among unemployed young adults in Pakistan aged 22 to 35 years who held at least a bachelor's degree for a minimum duration of one year.

Methods: A cross-sectional correlational design was employed, using purposive sampling to recruit 384 unemployed graduates from various regions of Pakistan. Inclusion criteria included Pakistani citizenship, residency, and qualification of at least a bachelor's degree. Data were collected using the six-item Economic Strain Scale and the 10-item Perceived Stress Scale. Internal consistency of the scales was high, with Cronbach's alpha values of 0.94 and 0.79–0.89, respectively. Ethical approval was obtained prior to data collection, and SPSS version 29 was used for statistical analysis.

Results: The sample included 184 males (48%) and 200 females (52%), with a mean age of 24.53 years (SD = 2.11). Correlational analysis indicated a significant positive association between financial insecurity and perceived stress ($r = 0.11$, $p < .05$). Subgroup comparisons revealed higher stress levels among women, postgraduates, and rural participants, all with statistically significant differences ($p < .001$).

Conclusion: The study underscores financial insecurity as a key contributor to psychological stress among unemployed Pakistani graduates. These findings advocate for urgent mental health interventions, economic reforms, and youth employment programs to mitigate stress and promote psychological well-being.

Keywords: economic stress, financial insecurity, mental health, Pakistan, perceived stress, unemployment, young adults.

INTRODUCTION

Financial insecurity, characterized by a persistent inability to meet basic financial needs or an overarching uncertainty regarding future financial stability, has become an escalating global concern (1,2). In tandem, perceived stress—a subjective experience of unpredictability and perceived lack of control—has garnered attention for its role in influencing psychological and physical health outcomes, independent of objective stressors (3). While financial insecurity is an external condition, perceived stress reflects an individual's internal response, making their interaction a critical area of study within behavioral and public health disciplines. Recent literature has illuminated the mediating effects of financial well-being in the relationship between job insecurity and financial stress, particularly emphasizing income level as a moderating factor (4). Individuals facing financial hardship and harboring negative perceptions about their economic situation often exhibit elevated stress levels; however, these effects may be partially alleviated by the presence of robust social support systems (4,5). In Pakistan, where unemployment rates remain alarmingly high among educated youth—particularly in fields such as Psychology and Sociology—this issue takes on increased urgency. Despite the prevalence of this challenge, limited empirical research has addressed the psychological consequences faced by unemployed graduates in these disciplines. A recent study identified a strong positive correlation between perceived stress and anxiety in this population, underscoring the psychological toll of prolonged joblessness and the need for both mental health support and transparent employment pathways (6,7).

Longitudinal research conducted internationally has further demonstrated that individuals experiencing high levels of everyday stress are at increased risk of unemployment, irrespective of socioeconomic or educational background. Specifically, such individuals were found to have a 1.64-fold higher risk of job loss over a nearly two-year period (8). These findings suggest that stress prevention strategies should not be confined to the workplace alone but should also address broader everyday stressors that span all socioeconomic strata. The relationship between financial stress, unemployment, and mental health outcomes such as depression, anxiety, and suicide risk has been well documented. Meta-analytic evidence from 20 countries has shown a significantly heightened suicide risk linked to both financial stress and unemployment. However, this association tends to weaken when adjusted for preexisting mental or physical health conditions, highlighting the complex and often bidirectional nature of these interrelations (9). In the Pakistani context, rising unemployment rates have been linked to increasing psychological distress among young adults, mirroring patterns observed in other countries, particularly during the economic volatility caused by the COVID-19 pandemic (10,11).

Given the socioeconomic vulnerabilities facing Pakistani graduates today, especially those in non-technical or underfunded academic disciplines, there is a critical need to explore how financial insecurity contributes to perceived stress in this group. Understanding this dynamic is not only essential for informing public policy and mental health interventions but also for addressing broader socioeconomic inequalities. Therefore, this study aims to investigate the relationship between financial insecurity and perceived stress among unemployed graduates in Pakistan, with the objective of contributing evidence-based insights that can support the development of targeted psychological and economic support systems.

METHODS

The study employed a cross-sectional correlational design to examine the relationship between financial insecurity and perceived stress among unemployed graduates in Pakistan. A purposive sampling technique was used to recruit a sample of 384 participants who met specific inclusion criteria. Eligible participants were required to be Pakistani citizens and permanent residents, aged between 22 and 35 years, and to have held a minimum educational qualification of a bachelor's degree for at least one year prior to data collection. Individuals who were currently employed, enrolled in full-time academic programs, or had a history of diagnosed psychiatric illness were excluded to maintain the focus on unemployed graduates experiencing economic vulnerability without confounding mental health conditions. Data were collected using two standardized psychometric instruments. The Economic Strain Scale (ESS), consisted of six items rated on a five-point Likert scale ranging from “strongly disagree” (1) to “strongly agree” (5). Higher scores reflected greater levels of perceived economic strain, with the scale demonstrating excellent internal consistency in previous literature (Cronbach's alpha = 0.94) (1). To assess the subjective experience of stress, the Perceived Stress Scale (PSS-10) was used. The PSS includes 10 items

scored on a scale from 0 (“never”) to 4 (“very often”), with higher scores indicating greater levels of perceived stress. The PSS has consistently shown good reliability, with reported Cronbach’s alpha values ranging between 0.79 and 0.89 across populations (2).

The study adhered to ethical guidelines outlined in the APA 7th edition. Ethical approval was obtained from the departmental review committee. Written permission was acquired from the original authors of both the ESS and PSS. Prior to participation, all individuals were provided with detailed information about the purpose of the study, their voluntary participation, and the assurance of confidentiality and anonymity. Informed consent was obtained from each participant, who were also informed of their right to withdraw at any stage without any consequences. Throughout the data collection process, care was taken to ensure that no physical or emotional harm occurred. Following the completion of data collection, responses were entered and analyzed using the Statistical Package for the Social Sciences (SPSS), version 29. Descriptive statistics were used to summarize participant characteristics and variable distributions, while inferential statistical methods, including Pearson correlation, were applied to assess the association between financial insecurity and perceived stress.

RESULTS

The analysis included 384 participants, with a nearly balanced gender distribution comprising 184 men (48%) and 200 women (52%). The participants’ mean age was 24.53 years (SD = 2.11). Regarding academic qualifications, the majority were graduates (n = 273, 71%), while 111 (29%) held postgraduate degrees. The average cumulative grade point average (CGPA) across the sample was 3.29 (SD = 0.63). A total of 135 individuals (35%) reported receiving academic honors or distinctions, whereas 249 participants (65%) did not report such achievements. In terms of experiential credentials, a high proportion of participants (n = 351, 91%) had completed internships, while only 33 (9%) had not. Similarly, 345 participants (90%) had obtained professional certifications, indicating a high level of employability-related preparedness, whereas 39 (10%) had not acquired any certifications. Urban representation dominated the sample, with 277 participants (72%) belonging to urban settings, while 107 (28%) were from rural backgrounds. Regarding marital status, most respondents were single (n = 243, 63%), and the remaining 141 (37%) were married. Correlation analysis revealed a statistically significant, albeit weak, positive association between financial insecurity and perceived stress ($r = 0.11$, $p < .05$), indicating that as levels of economic strain increased, participants were more likely to report higher levels of stress.

Subgroup analyses were conducted to explore variations in perceived stress across gender, educational qualification, and residential background. Results indicated that women reported higher levels of perceived stress ($M = 19.2$, $SD = 4.9$) compared to men ($M = 17.5$, $SD = 5.1$), and this difference was statistically significant ($p < .001$). Similarly, postgraduates demonstrated slightly higher perceived stress ($M = 19.0$, $SD = 4.8$) than graduates ($M = 18.1$, $SD = 5.0$), with the difference also reaching statistical significance ($p < .001$). In terms of residency, rural participants exhibited greater perceived stress ($M = 19.5$, $SD = 4.7$) compared to their urban counterparts ($M = 18.3$, $SD = 5.0$), again with a significant p-value ($p < .001$). These findings suggest that demographic variables such as gender, level of education, and residential setting may influence psychological stress levels among unemployed graduates, underscoring the need for tailored psychosocial interventions.

Table 1: Demographic Characteristics of Participants (N=384)

Participants’ Characteristics	Frequency	Percentage	Mean	SD
Gender				
Men	184	48		
Women	200	52		
Age			24.53	2.11
Qualification				
Graduates	273	71		
Post Graduates	111	29		
CGPA			3.29	.63
Number of Academic Honour(s) and distinction(s)				
Yes	135	35		
No	249	65		

Participants' Characteristics	Frequency	Percentage	Mean	SD
Internship				
Yes	351	91		
No	33	9		
Professional Certification				
Yes	345	90		
No	39	10		
Background Residency				
Urban	277	72		
Rural	107	28		
Marital status				
Single	243	63		
Married	141	37		

Note. SD= Standard Deviation

Table 2: Pearson Correlation Between Financial Insecurity and Perceived Stress

Variables	Financial Insecurity	Perceived Stress
Financial Insecurity	-	.11*
Perceived Stress		-

Note. * $p < .05$

Table 3: Subgroup Comparison of Perceived Stress

Comparison	Group 1 Mean (SD)	Group 2 Mean (SD)	p-value
Men vs. Women	17.5 (5.1)	19.2 (4.9)	< 0.001
Graduates vs. Postgraduates	18.1 (5.0)	19.0 (4.8)	< 0.001
Urban vs. Rural	18.3 (5.0)	19.5 (4.7)	< 0.001

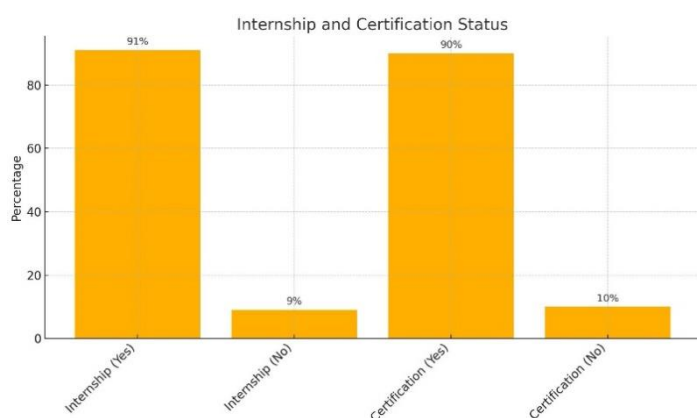


Figure 1 Internship and Certificate Status

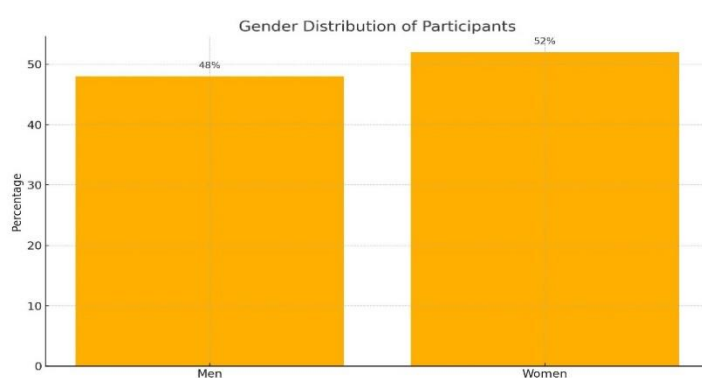


Figure 2 Gender Distribution of Participants

DISCUSSION

The findings of the present study support the hypothesis that financial insecurity is positively and significantly associated with perceived stress among young adults in Pakistan. This association is consistent with existing global literature that highlights financial strain as a prominent psychosocial stressor, especially among populations experiencing transitional phases such as graduation and early career development. In the local context, the results reaffirm previously documented psychological burdens, including anxiety and depression,

reported among unemployed graduates in disciplines like psychology and sociology (12,13). The significant correlation between financial insecurity and stress in this sample of Pakistani graduates may reflect the compounded impact of rising inflation, unemployment, and societal expectations—factors that collectively place considerable psychological pressure on youth entering an unstable job market (14). Multiple socio-economic challenges can help explain the observed relationship. Graduates, especially those without immediate employment opportunities, often face a heightened sense of dependency and social comparison, exacerbated by limited financial autonomy (15). These challenges are further intensified by Pakistan's current economic instability, which restricts job availability and amplifies daily living costs. Additionally, the limited availability and awareness of mental health resources in the country mean that stressors are less likely to be managed effectively, potentially culminating in long-term psychological consequences (16-18).

From a public health perspective, the findings emphasize financial insecurity as a significant mental health determinant among young Pakistani adults. The psychological strain associated with prolonged unemployment and lack of financial independence could evolve into more severe mental health conditions, contributing to a broader societal burden. The integration of mental health support within higher education and public policy is therefore essential (19,20). Career counseling services, skill development initiatives, and psychological support systems embedded within academic institutions can collectively contribute to better outcomes for graduates transitioning into the workforce. A major strength of the study lies in its targeted exploration of a relatively underrepresented demographic—Pakistani young adults with graduate-level education—using validated psychometric tools. The use of a purposive sample with clear eligibility criteria allowed for focused data collection on a population at particular risk of financial and psychological instability. However, some limitations warrant consideration. The cross-sectional design prevents any inference of causality, and the reliance on self-report measures may introduce response biases, including social desirability or underreporting of psychological symptoms. Furthermore, the absence of control for other potential confounding variables such as family income, mental health history, or social support networks limits the generalizability of the findings. While subgroup analyses provided valuable insights, more advanced statistical modeling, including regression or path analysis, could enhance the understanding of mediating or moderating variables.

Future research should adopt longitudinal designs to investigate the long-term psychological impact of financial insecurity and identify potential protective factors. Broader geographic sampling, inclusion of diverse academic disciplines, and integration of objective socioeconomic data would strengthen future studies (21,22). In parallel, mental health literacy campaigns, particularly those targeting unemployed and underemployed youth, can play a pivotal role in early intervention. Policymakers should also consider inflation control, youth employment initiatives, and the incorporation of financial literacy education within undergraduate curricula as preventive strategies against stress and mental health deterioration. In conclusion, this study underscores the urgent need to address financial insecurity not merely as an economic issue but as a critical determinant of mental well-being among Pakistan's young adults. Through coordinated efforts across public health, education, and employment sectors, a more resilient and mentally healthy youth population can be fostered.

CONCLUSION

This study successfully explored the association between financial insecurity and perceived stress among young adults in Pakistan, fulfilling its primary objective. The results demonstrated a significant positive link between economic strain and psychological distress, emphasizing the broader implications of financial hardship on mental well-being in this demographic. These findings highlight the pressing need to address financial insecurity as a public health concern, particularly through targeted mental health interventions, policy reforms, and youth-focused employment initiatives. By bringing attention to this under-researched area, the study contributes meaningful insights that can support evidence-based strategies aimed at improving the psychological resilience and socioeconomic stability of Pakistani graduates.

AUTHOR CONTRIBUTION

Author	Contribution
Pulwasha Anwar*	Substantial Contribution to study design, analysis, acquisition of Data Manuscript Writing Has given Final Approval of the version to be published
Awais Khalid	Substantial Contribution to study design, acquisition and interpretation of Data Critical Review and Manuscript Writing Has given Final Approval of the version to be published
Fakhira Tahrim	Substantial Contribution to acquisition and interpretation of Data Has given Final Approval of the version to be published
Muhammad Faizan	Contributed to Data Collection and Analysis Has given Final Approval of the version to be published
Salman Qureshi	Contributed to Data Collection and Analysis Has given Final Approval of the version to be published
Shah Jahan Ashraf	Substantial Contribution to study design and Data Analysis Has given Final Approval of the version to be published
Aurang Zaib Ashraf Shami	Contributed to study concept and Data collection Has given Final Approval of the version to be published
Asim Ashfaq	Writing - Review & Editing, Assistance with Data Curation

REFERENCES

- Voleti SS, Warsame R, Mead-Harvey C, Ailawadhi S, Jain A, Fonseca R, et al. Assessing Patient-Reported Financial Hardship in Patients With Cancer in Routine Clinical Care. *JCO Oncol Pract*. 2022;18(11):e1839-e53.
- Ng MSN, Chan DNS, Cheng Q, Miaskowski C, So WKW. Association between Financial Hardship and Symptom Burden in Patients Receiving Maintenance Dialysis: A Systematic Review. *Int J Environ Res Public Health*. 2021;18(18).
- Aaltonen K. Austerity, economic hardship and access to medications: a repeated cross-sectional population survey study, 2013-2020. *J Epidemiol Community Health*. 2023;77(3):160-7.
- Meernik C, Sandler DP, Peipins LA, Hodgson ME, Blinder VS, Wheeler SB, et al. Breast Cancer-Related Employment Disruption and Financial Hardship in the Sister Study. *JNCI Cancer Spectr*. 2021;5(3).
- Sinyor M, Silverman M, Pirkis J, Hawton K. The effect of economic downturn, financial hardship, unemployment, and relevant government responses on suicide. *Lancet Public Health*. 2024;9(10):e802-e6.
- Latsou D, Geitona M. [Effects of unemployment on financial hardship and mental health]. *Psychiatriki*. 2021;32(2):113-22.
- Çeli KY, Çeli KS, Sarıköse S, Arslan HN. Evaluation of financial toxicity and associated factors in female patients with breast cancer: a systematic review and meta-analysis. *Support Care Cancer*. 2023;31(12):691.
- Nasr R, Saab SA, Nasr N, Haddad C, Swaidan E, Ibrahim SA, et al. Financial crisis and its association with parental stress and children's mental health in Lebanon. *BMC Public Health*. 2025;25(1):156.
- Elbogen EB, Lanier M, Wagner HR, Tsai J. Financial Strain, Mental Illness, and Homelessness: Results From a National Longitudinal Study. *Med Care*. 2021;59(Suppl 2):S132-s8.
- Roelfs DJ, Shor E. Financial Stress, Unemployment, and Suicide - A Meta-Analysis. *Crisis*. 2023;44(6):506-17.
- Thaduri A, Garg PK, Malhotra M, Singh MP, Poonia DR, Priya M, et al. Financial toxicity and mental well-being of the oral cancer survivors residing in a developing country in the era of COVID 19 pandemic - A cross-sectional study. *Psychooncology*. 2023;32(1):58-67.
- Trógolo MA, Moretti LS, Medrano LA. A nationwide cross-sectional study of workers' mental health during the COVID-19 pandemic: Impact of changes in working conditions, financial hardships, psychological detachment from work and work-family interface. *BMC Psychol*. 2022;10(1):73.
- Jiang H, Lyu J, Mou W, Jiang L, Zeng Y, Liu Y, et al. Prevalence and risk factors of self-reported financial toxicity in cancer survivors: A systematic review and meta-analyses. *J Psychosoc Oncol*. 2023;41(4):457-74.

14. Botha F, Butterworth P, Wilkins R. Protecting mental health during periods of financial stress: Evidence from the Australian Coronavirus Supplement income support payment. *Soc Sci Med.* 2022;306:115158.
15. Mathieu S, Treloar A, Hawgood J, Ross V, Kõlves K. The Role of Unemployment, Financial Hardship, and Economic Recession on Suicidal Behaviors and Interventions to Mitigate Their Impact: A Review. *Front Public Health.* 2022;10:907052.
16. Areskoug-Josefsson, K., & Rolander, B. (2020). Value of performing a Rasch analysis on a reliable and valid instrument—Case study of the SA-SH. *Journal of Nursing Measurement.*
17. Bozkurt, H. Ö., & Doğancılı, O. S. (2021). The Effect of Financial Stress and Affective Job Insecurity on Hotel Employees' Life Satisfaction: A Research Conducted During the Covid-19 Pandemic. *İşletme Araştırmaları Dergisi*, 13(2), 1242-1254.
18. Choi, S. L., Heo, W., Cho, S. H., & Lee, P. (2020). The links between job insecurity, financial well-being and financial stress: A moderated mediation model. *International Journal of Consumer Studies*, 44(4), 353-360.
19. Gamonal, L. R., Mateos, E., Fernandez, J., & Roncero, C. (2020). Anxiety, worry and perceived stress in the world due to the COVID-19 pandemic, March 20. Preliminary results. *MedRxiv.*
20. Qureshi, M. S., Zahra, M., Shami, A. Z. A., Zafar, A., & Khan, A. (2025). The Impact of Unemployment on Mental Health Problems among Adults in Pakistan. *Journal of Regional Studies Review*, 4(1), 216-222.
21. Roelfs, D. J., & Shor, E. (2023). Financial stress, unemployment, and suicide—a meta-analysis. *Crisis.*
22. Shahid, M. S., Ramzan, M., Ashraf, S. J., Rasheed, R., & Noureen, S. (2025). Perceived Stress and Anxiety among Unemployed Psychology and Sociology Degree Holders in Pakistan. *Journal of Regional Studies Review*, 4(1), 280-287.