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Research Article

Assessing the Effect of Unemployment Levels on the Economic Welfare of Local Communities in Zambia: A Case Study of Mandevu Township in Lusaka

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About Article

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ABSTRACT

This study examined the effect of unemployment on the economic welfare of households in Mandevu Township, Lusaka District. The primary objectives were to assess the effects of unemployment levels on the consumption of basic goods, acquisition of assets in investment and the coping strategies in the stage of unemployment. Using a mixed method research design, data were collected from 100 different households through structured questionnaires. The findings revealed that unemployment did not significantly reduce overall household welfare, as all respondents reported affording the general basic needs such as three meals a day, although other essentials like transport, education, and healthcare were less accessible. A statistical significant test yielded a no significant difference in terms of meeting basic needs without employment compared to those in employment (ANOVA test at $n = 100$, $df_{treatment} = 1$, $F_{stat} = 127.29$ and $p = 4.07e^{-23}$). Results further revealed interesting positive significant effects of unemployment on levels of investment. Most respondents 85% owned assets, and their priority on owning assets was high, and 15% never owned any asset. A mean vs hypothesis value test gave 0.66 phi coefficient and Cramer's V value with significance test and Cramer's V degree of association between unemployment and investment and a significance test p value = $9.68e^{-9}$. The study found that unemployment is managed by engaging in business as 88% relied on small businesses as coping strategies. The study concluded that unemployment is not as bad as perceived, being out of formal employment enables households to engage in other economic activities which sustain them, and it increases the propensity to invest for security compared to those in formal employment. While the study recommends policies that promote job creation, much effort should be placed on SME development, skills training, and social protection to enhance household welfare and resilience in Mandevu Township.

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1. INTRODUCTION

1.1. Background

According to Haltiwanger *et al.* (2013) and Kortum and Lerner (2000), employment is a crucial measure of economic dynamism and productivity, particularly in economies where young, creative businesses play a major role in creating jobs. In the United States, for example, new and venture-backed businesses have been found to provide a considerable percentage of employment possibilities while simultaneously boosting productivity, income growth, and overall, Gross Domestic Product (GDP). Therefore, employment actively drives economic performance by encouraging entrepreneurship, innovation, and supportive policy environments rather than just reflecting it (Aulet & Murray, 2011).

In contrast, long-term unemployment creates significant macroeconomic and social issues. It reduces aggregate demand, exacerbates poverty, and jeopardizes social stability. The International Monetary Fund (IMF, 2023) found that periods of low unemployment in the United States aided GDP growth and helped macroeconomic stability. Financial inclusion reduces unemployment significantly by improving access to credit, savings, and other financial services, particularly among underrepresented groups and small enterprises. According to Nigerian-based Nteegah (2021), the National Financial Inclusion Strategy (NFIS) has improved financial access, which has helped to reduce poverty and create jobs. In Zambia, tackling the incidence of informal work and lowering young unemployment are still crucial to attaining equitable growth and reducing poverty. Although many people rely on the informal sector for their livelihood, it frequently delivers low pay and little economic stability (Mulenga & Kabinga, 2020).

Mandevu Township in Lusaka demonstrates these socioeconomic trends. With a projected population of 467,744 in 2022, the area reflects a complicated mix of work, self-employment, and persistent unemployment. Despite economic challenges, residents maintain their livelihoods through a variety of informal coping strategies, demonstrating the resilience of local economic systems and the importance of researching how unemployment affects household welfare in such communities (Zambia Statistics Agency, 2022).

1.2. Statement of the Problem

According to Ryan and Deci (2001), unemployment has a wide range of negative repercussions on personal well-being, including worsening mental health, lower life satisfaction, and the dissolution of social and psychological structures. According to meta-analytic evidence, unemployment has a significant detrimental influence on mental and subjective well-being. These consequences are particularly pronounced in men and those who have been unemployed for an extended period of time (Paul & Moser, 2009; McKee-Ryan *et al.*, 2005). According to recent study, there is a reciprocal association between poor well-being and long-term unemployment, which perpetuates a negative cycle (Shojania *et al.*, 2007; Ilic *et al.*, 2015).

However, much of this research has concentrated on rich economies and formal labor markets, leaving little understanding of unemployment dynamics in low- and middle-income nations. In Zambia, particularly in regions like Lusaka's

Mandevu compound, significant unemployment coexists with indications of informal economic resilience, as many people manage to build homes and sustain livelihoods despite the lack of work. This poses a crucial research question: is employment indeed the primary driver of consumption and individual growth in Zambia, or are there other ways for people to support themselves in the face of unemployment?

1.3. Specific Objectives

1. To assess the effects of unemployment on consumption levels of the people in Mandevu.
2. To examine the effect of unemployment on investment levels of the people in Mandevu.
3. To assess the effect of unemployment on coping strategies with need of life in Mandevu.

1.4. Research Questions

1. What is the effect of unemployment on the consumption levels of people in Mandevu township?
2. How does unemployment influence the investment behavior of residents in Mandevu township?
3. What coping strategies do unemployed individuals in Mandevu use to meet their basic needs?

1.5. Theoretical Framework

The study used Okun's Law as a theoretical framework to investigate the link between unemployment and economic welfare. Okun's Law states that GDP growth and unemployment are inversely related, with increased economic output reducing unemployment (Okun, 1962). Empirical research has corroborated this pattern across nations, including Jordan, India, and Eastern Europe, demonstrating that changes in economic activity have a direct impact on unemployment rates (Chand *et al.*, 2017; Soylu *et al.*, 2018). In this study, the framework led the examination of how changes in employment affected household welfare variables such as consumption, investment, and coping methods in Mandevu Township.

1.6. Conceptual Framework

The research adopts a conceptual framework which assesses how unemployment affects economic welfare, in accordance of Timire *et al.* (2023), who noted that the use of measurable household-level indicators to assess welfare outcomes. In this study Unemployment was treated as the independent variable, while consumption levels, investment levels, and coping strategies were served as dependent variables. The framework illustrated the hypothesized relationships between joblessness and household economic outcomes, guiding the analysis on how rising unemployment influenced consumption trends, investment decisions, and strategies for meeting basic needs in Mandevu Township.

2. LITERATURE REVIEW

This analysis of relevant literature offers a thorough assessment of all existing studies that have sought to establish a relationship between joblessness and economic well-being. In particular, it drew upon studies that have sought to establish a relationship through its impacts upon consumption, investment, and coping



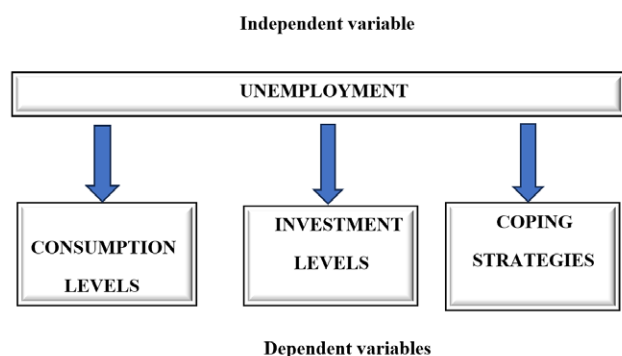


Figure 1. Variations of Unemployment Levels on the Economic Welfare

mechanisms. Importantly, in offering a discussion of all relevant findings that have been recorded in prior studies, it also argues a particular rationale through which the unique conditions that exist within the socioeconomic structures of informal settlements may lead to a unique pattern that challenges all existing trends of a relationship between joblessness and economic well-being.

2.1. Effect of Unemployment on Consumption Levels

Internationally, it has been found that joblessness is a factor that cuts back expenditure and economic well-being. In developed countries, joblessness translates to an immediate loss of discretionary income and consumer sentiment (Chowdhury, 2023). Some of the earliest studies in Europe and in the US highlighted a substantial decrease in expenditure after joblessness, although affected partially by a strong social security network (Ljungqvist & Sargent, 2008; Nickell *et al.*, 2004). In a similar vein, small but sustained cuts in spending have been noted in developed OECD countries by Been *et al.* (2024), while more substantial cuts in spending in India were seen in durable, education, and healthcare sectors by Chowdhury (2023) and Gupta and Saini (2021) in India. Furthermore, joblessness in Nigeria was found to decrease expenditure as well as spur poverty as outlined in Ogundipe *et al.* (2022).

In all sectors, though, a large degree of reliance upon social security arrangements, non-formal job provision, and financing is required (Caselli, 2005; Caselli *et al.*, 2024). In an economic system lacking adequate social security networks, basic needs such as food and housing take precedence, thereby reducing expenditures on discretionary activities (Ljungqvist & Sargent, 2008). In a society offering unemployment benefits in countries such as Germany and Australia, cautious saving measures continue to influence non-discretionary expenditure cuts (Riphahn & Wunder, 2020; Wilkins & Wooden, 2021).

In developing economies, particularly those with large informal sectors, the story differs. Banerjee *et al.* (2016) and Poschke (2018) found that self-employment and informal work helped cushion income shocks but were insufficient to maintain living standards. Studies in Uganda (Ahaibwe & Mbowa, 2014), Kenya (Karingi & Onsomu, 2019), and Ethiopia (Kasegn & Chernet, 2018) revealed that unemployment severely curtailed household consumption, especially where social protection and access to credit were limited. In Malawi, research carried out

by Chirwa and Zakeyo in 2003 concluded that in rural areas, unemployment and underemployment increased poverty vulnerabilities.

In a Zambian situation, it is clear that the relationship between joblessness and consumption is localized. According to Tembo and Kabinga (2022) and World Bank (2025) findings, joblessness and income shock have impacted negatively in that they have affected and lowered consumption. In a study conducted by the Living Conditions Monitoring Survey (LCMS) in 2022, it was found that poverty in urban areas has continued to deteriorate between 2015 and 2022, and SEIA and UNICEF/UN Zambia (2021) highlighted an increasing use of negative coping strategies such as borrowing, selling assets, and eating less.

In the informal settlements, though, such effects are experienced in a more acute form. In the absence of fixed wages, inadequate formal credit sources, and a reliance based purely upon income creation as a means of living, it is clear that consumption collapse is immediate in its implications and consequences for a lack of employment. It means that in informal urban economies, unemployment impacts upon a higher form of social well-being compared to those experienced in formal labor markets.

In sum, the scholarship suggests a widely accepted understanding that a negative but situationally nuanced effect of joblessness is experienced in consumption behavior through institutional capabilities, MS responses, and safety nets (Ogundipe *et al.*, 2022; Zhang *et al.*, 2021; Chowdhury, 2023). In informal settlements of Zambia where livelihood is a challenge and fiscal assistance is limited, social impacts seen in joblessness are more sobering, thus prompting a need for social adjustment in social protection programs as well as enhancing IFM in those zones (Tembo & Kabinga 2022; World Bank 2025).

2.2. Unemployment and its effects on Investment Levels

Unemployment impacts on investment through several channels – a loss of demand, budget squeeze and reduced business confidence. There is empirical evidence in some developed countries, like United States and Italy, that higher rate of unemployment depresses the aggregate demand for goods and services by firms lowering the capacity to invest (Carruth *et al.*, 1998; Ferreira & Gomez, 2019). Technological unemployment in Greece shifted the economy in a capital-intensive direction, but could not stabilize long term investment (Teglio *et al.*, 2019).

In developing countries, unemployment also limits investment indirectly in that it diminishes household savings as well as government income (Baah-Boateng, 2013; Chowdhury, 2023; Makaringe & Khobai, 2018). Financial constraints have left the state and public sector investment weak, with private investment opportunities shrinking along with consumption. The experience of resource-dependent economies – Namibia and Cameroon for instance – points to the fact that unemployment-induced fiscal stress can crowd in or out private investment depending on policy reactions (Dominguez-Torres & Foster, 2011; Sunde, 2015).

Similarly for Zambia, Tembo and Kabinga (2022) established that there was crowding out of both private and public investment through unemployment which reduced consumer demand, undermined investor confidence and eroded fiscal



space. These tensions are exacerbated in informal settlements where low and unreliable incomes limit household savings and productive reinvestment. Informal firms, which are often small and subsistence-oriented undertakings, operate with scarce resources and can be severely affected by demand shocks resulting from unemployment. Therefore, macro-level unemployment influences investment through the channels of government revenue and demand while micro-level in insecure settlements takes place by household liquidity problems, lack of collateral and institution credit support.

So, this is not just a social problem, it's also a structural necessity for continued investment-led growth. The informal economies in Zambia could be supported to provide warm-up or lead time into employment, through policies that facilitate access to micro-credit facilities as well as skill upgrading and financial literacy (Sunde, 2015; Tembo & Kabinga, 2022).

2.3. Influence of Unemployment on Coping Mechanisms with Need of Life

severely impairs a household's capacity to meet basic needs in both developed and developing environments. Studies from high income countries (e.g., Canada, Australia) reported that job loss due to the pandemic affected financial stability not attenuated by wage subsidies and unemployment insurance (Béland *et al.*, 2020; Smith, 2021; Nguyen & Patel, 2022). High levels of institutional support in these contexts afforded temporary relief, but income insecurity still caused household anxiety (Taylor & Morgan, 2021; Singh, 2023). On the other hand, informal support plays a significant role in the coping strategies of low- and middle-income economies. Research in the Philippines and Pakistan indicated that unemployment drove people into microenterprises and self-employment, but these ventures rarely attained sustainability due to a lack of sufficient capital and market access (Prasetyo, 2021; Aldaba, 2012; Yadav & Suthar, 2021). Other Sub-Saharan Africa research demonstrates that informal safety nets - social networks, small-scale trading, remittances - soften the blow of unemployment, but only tenuously (Freitas, 2015; Hongo *et al.*, 2019).

Such systems of coping are especially evident in urban slums in Zambia and in trans-bordering nations, where unemployment is rife and institutional safety nets are non-existent. Studies in Namibia (Newaya, 2010; Namibia Statistics Agency, 2019) and Mozambique (Freitas, 2015) show that households survive through petty trading, remittances, and social reciprocity. But these are naturally unstable systems, subject to economic shocks. In Zimbabwe, it was observed by Raniga, Boecker and Mthembu (2019) that poverty was deepened for unemployed women through informal borrowing and petty trading in an inflationary economy. In Zambia, similar trends prevail in the informal settlements, now heavily burdened by women led homes and unskilled youth to be the worst hit by joblessness, scanty access to finance and rising costs of living (Tembo & Kabinga, 2022; World Bank, 2025).

Adjusting to life in sprawling cities in this way often entails chilimba (informal savings groups), community credit rotations, and remittances. Culturally embedded as they are, these mechanisms provide only temporary relief and play no role in helping beneficiaries to move up the economic ladder.

Thus, unemployment in the informal sector is seen to promote cycles of vulnerability rather than recovery.

Taken together, the evidence suggests that coping strategies have a quite different nature in the formal and informal spheres. In the formal economy where welfare and employment insurance system is in place, slum dwellers are linked to noninstitutionalized (unorganized) social networks and small-scale business that are both vulnerable to long-term joblessness. Strengthening of financial inclusion, social protection systems and vocational skill algebraic expressions programs is essential for Zambia for transitioning coping from a reactive to a regenerative process (Tembo & Kabinga, 2022; World Bank, 2025).

2.4. Analysis and Research Gap

By and large, all the literature reviewed supports the assertion that unemployment damages welfare through decreasing consumption, distorting investment and compressing coping options. However, the bulk of existing research has focused on national-level or formal sector analyses, and has so far shed limited light on the micro-level realities of life in informal settlements. These communities, where employment is unstable, access to credit is scarce, and social safety nets are feeble, are thus presumably more severely and uniquely penalized by unemployment than mainstream assessments would have one believe.

The paper thus adds to the literature by investigating, in the first place, the impact of unemployment on consumption, investment and coping mechanisms in the slums of an African country, Zambia. In so doing, it exposes the hidden socioeconomic mechanics that produce potential disjuncture between the dominant global and national narratives of unemployment - welfare, thus addressing a crucial lacuna in both academic and policy focused literature.

3. METHODOLOGY

The study focused on Mandevu Township people, including employed individuals, jobless job seekers, small-scale business owners, and household heads, to gather varied viewpoints on how unemployment affects consumption, investment, and coping techniques. A multistage sample design was used to assure representativeness and accuracy.

In the first stage, Mandevu Township was purposefully chosen due to its large population density, socioeconomic diversity, and visible unemployment issues. Within the township, clusters of zones and neighborhoods were defined to account for differences in income, education, and occupation. In the second step, stratified random sampling was used to categorize respondents based on their work status (employed, unemployed, company owners, and household heads), guaranteeing proportional representation and minimizing sampling bias. Purposive sampling enhanced this approach by include people with relevant experiences to the study, such as informal traders and unemployed teenagers.

The use of multi-stage, stratified random, and purposive sampling improved the data's validity and representativeness, allowing the study to provide a thorough assessment of the impact of unemployment on household welfare and local



economic behavior in Mandevu Township (Makwana *et al.*, 2023). The key variables utilized to measure unemployment levels, as the dependent variable, were consumption levels, investment behavior, and coping techniques for meeting fundamental life necessities.

3.1. Significance Tests

MegaStat software was used to investigate correlations, differences, and statistical significance between variables. Chi-squared (χ^2) tests analyzed relationships between categorical variables, such as asset ownership, employment perception, and ability to meet basic necessities. ANOVA was used to evaluate mean differences in household consumption and investment behavior by demographic groups such as age, education, and work status (Gujarati & Porter, 2009). One-sample t-tests determined whether sample means, such as basic commodities consumption, deviated from expected population values. To ensure reliability, all analyses were undertaken with a 95% confidence level ($\alpha = 0.05$).

4. RESULTS AND DISCUSSION

This chapter offers the study's findings and discusses them in relation to the study objectives. The chapter opens with the respondents' background characteristics, followed by results organized based on the study objectives. Finally, a discussion of the findings is provided in respect to the evaluated literature.

4.1. Demographic Information of Respondents

This section presented the study's findings, starting with a socio-demographic profile of the respondents, followed by an analysis of key variables examining the impact of unemployment on economic welfare.

4.1.1. Gender Distribution of Respondents

The results presented in figure 2 showed that the majority of respondents (55%) were male, while 45% were female. None of the respondents identified as "other." This gender distribution indicated a fairly balanced participation between males and females, providing a representative reflection of the population in Mandevu Township for the purposes of the study.

Table 1. Gender Distribution of Respondents

Gender		
	Frequency	Percent
male	55	55.0
female	45	45.0
other	0	0.0
	100	100.0

4.1.2. Highest Level of Education Attained by Respondents

The results presented in Figure 3 showed that 44% of the respondents had attained secondary education, making it the most common level among participants. This was followed by 23% with no formal education, 18% with tertiary education,

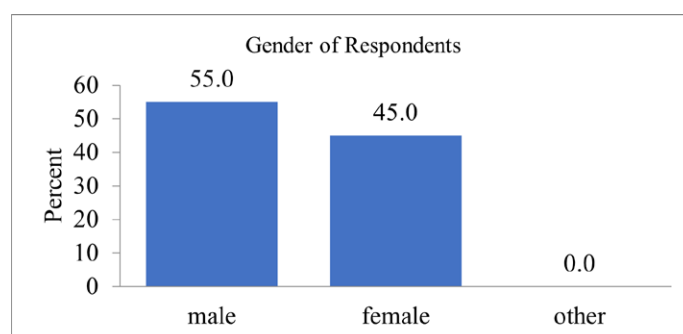


Figure 2. Gender Distribution of Respondents

and 15% with primary education. These findings indicated that although a significant proportion of respondents possessed basic to intermediate education, relatively few had attained tertiary qualifications, which may have limited their ability to secure formal employment or participate effectively in income-generating activities.

Table 2. Highest Level of Education Attained by Respondents

Education Level		
	frequency	percent
no formal education	23	23.0
primary	15	15.0
secondary	44	44.0
tertiary	18	18.0
	100	100.0

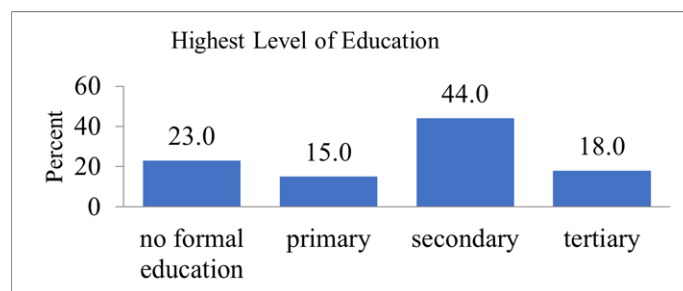


Figure 3. Highest Level of Education by Respondents

4.2. Effects of Unemployment on the Consumption Levels of the people in Mandevu Township

The first objective was to address the effects of unemployment on the pattern of consumption and the type of commodities focused on. Two major indicators were used to assess this measurement and these are as discussed in the subsection below.

4.2.1. Change in Consumption due to Unemployment

Figure 4 examined whether the consumption of basic goods among residents in Mandevu had changed. The results showed that 78% of respondents reported an increase in their consumption of basic goods, while 19% indicated that their



consumption had remained the same. Only a small proportion (3%) stated that their consumption had decreased.

Table 3. Change in Consumption due to Unemployment

Has Your Consumption of Basic Goods Changed?		
	frequency	percent
increased	78	78.0
remained the same	19	19.0
decreased	3	3.0
	100	100.0

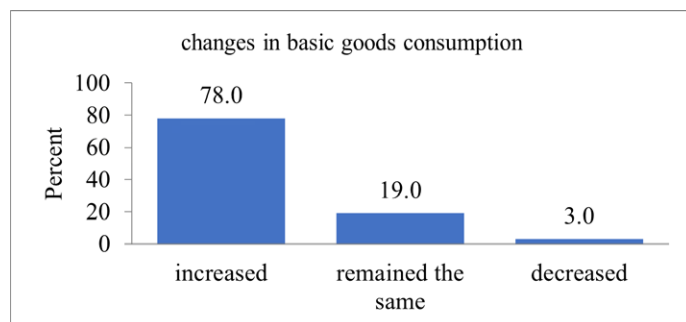


Figure 4. Changes in Goods Consumption

4.2.2. Item Regularly Afford

The findings presented in Figure 5 showed that all respondents (100%) reported being able to afford three meals a day, while none indicated the ability to regularly afford transport, electricity, school fees, or medical care.

Table 4. Item Regularly Afford

Which Item Do You Regularly Afford?		
	frequency	percent
3 meals a day	100	100.0
transport	0	0.0
electricity	0	0.0
school fees	0	0.0
medical care	0	0.0
	100	100.0

4.2.3. Significant Tests - Mean Vs Hypothesis

On the other hand, Hypothesis was run in table 1 to determine whether residents' consumption of basic goods had changed, a one-sample t-test was conducted with a hypothesized mean of 2.000 (representing "remained the same"). The results showed a sample mean of 1.250, with (df = 99), t-statistic of -15.00,

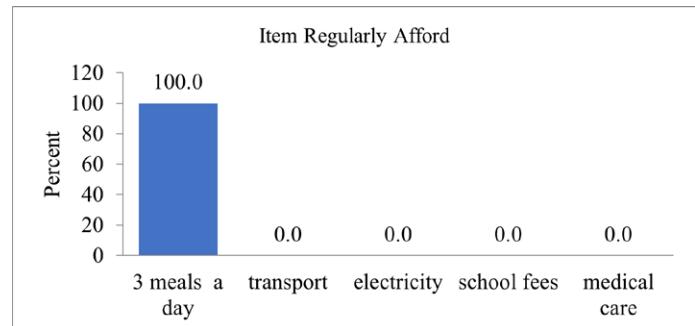


Figure 5. Item Regularly Afford

$p < 0.001$. Since the p-value is below the 0.05 level, the null hypothesis is rejected. The findings indicated that consumption of basic goods has significantly changed, and the direction of the mean ($1.250 < 2$) showed that most households reported an increase in consumption. This supports the descriptive results, where 78% reported an increase, 19% no change, and 3% a decrease. The evidence suggested that households in Mandevu have prioritized spending more on basic goods.

Table 5. Hypothesis Test – significance of Changes in Basic Goods

Hypothesis Test: Mean vs. Hypothesized Value	
2.000	hypothesized value
1.250	mean Changes in Basic Goods
0.500	std. dev.
0.050	std. error
100	n
99	df
-15.00	t
1.55E-27	p-value (one-tailed, lower)

Further, to determine whether there was a significant relationship between respondents' ability to regularly afford basic items and their ability to meet basic needs, a one-way ANOVA test was conducted. The results presented in Table 6 indicated a statistically significant difference between the two variables ($F = 1,198 = 127.29$, $p = 0.001$). This implies that the variation in responses was unlikely to have occurred by chance. The mean score for meeting basic needs ($M = 1.6$, $SD = 0.53$) was higher than that for regularly affording basic items ($M = 1.0$, $SD = 0.00$), suggesting that although most respondents managed to cover essential needs such as 3 meals a day, they faced challenges in consistently affording other necessities such as transportation, electricity, school fees, and medical expenses.



Table 6. Item Regularly Afford and Meeting Basic Needs

One factor ANOVA					
	Mean	n	Std. Dev		
	1.0	100	0.00	Item Regularly Afford	
	1.6	100	0.53	Meeting Basic Needs	
	1.3	200	0.48	Total	
ANOVA table					
Source	SS	df	MS	F	p-value
Treatment	18.00	1	18.000	127.29	4.07e-23
Error	28.00	198	0.141		
Total	46.00	199			

4.3. Effect of Unemployment on the Investment Levels of the people in Mandevu Township

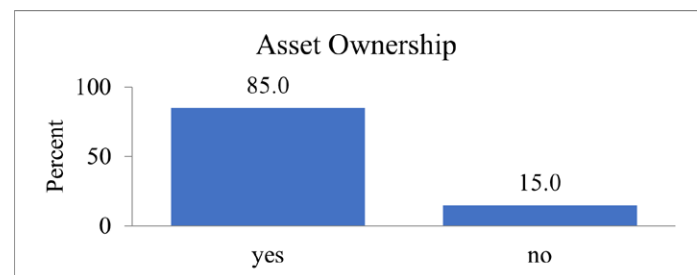
4.3.1. Asset Ownership

Figure 6 showed that the majority of respondents 84% reported owning assets, while a smaller proportion 15% did not. These results suggest that asset ownership was prevalent among the sampled population.

Table 7. Asset Ownership

	frequency	percent
yes	85	85.0
no	15	15.0
	100	100.0

Further, a chi-square test was conducted to examine the relationship between employment boosts investment and asset ownership. The results in table 8 revealed a statistically

**Figure 6.** Asset Ownership

significant association ($\chi^2 = 43.14$, $df = 4$, $p < 0.001$), with strong effect sizes (Phi = 0.660; Cramér's V = 0.660; coefficient of contingency = 0.551). Observed counts showed that respondents who strongly disagreed that employment would improve investment were mostly asset owners, exceeding expected values, while other categories contributed less to the overall statistic.

Table 8. Employment Boosts Investment

			Own Asset		Total
			yes	no	
Employment Boosts Investment	strongly agree	Observed	3	3	6
		Expected	5.09	0.91	6.00
		(O - E) ² / E	0.86	4.81	5.67
	agree	Observed	2	3	5
		Expected	4.24	0.76	5.00
		(O - E) ² / E	1.19	6.64	7.82
	nuetral	Observed	2	3	5
		Expected	4.24	0.76	5.00
		(O - E) ² / E	1.19	6.64	7.82
	disagree	Observed	2	4	6
		Expected	5.09	0.91	6.00
		(O - E) ² / E	1.88	10.51	12.39



Employment Boosts Investment	strongly disagree	Observed	75	2	77
		Expected	65.33	11.67	77.00
		$(O - E)^2 / E$	1.43	8.01	9.44
	Total	Observed	84	15	99
		Expected	84.00	15.00	99.00
		$(O - E)^2 / E$	6.54	36.60	43.14
			43.14	chi-square	
			4	df	
			9.68E-09	p-value	
			.660	Phi coefficient	
			.551	Coefficient of Contingency	
			.660	Cramér's V	

4.4. Effect of Unemployment on Coping Strategies with need of Life in Mandevu Township

4.4.1. Meeting Basic Need without Employment

The results presented in Figure 7 showed that the majority of respondents (88%) relied on small businesses as their primary means of meeting basic needs in the absence of employment. A smaller proportion (9%) depended on support from family and friends, while only 3% indicated other coping options. Notably, none of the respondents reported relying on church or community assistance, nor on borrowing. These findings suggest that self-employment through small businesses was the dominant coping mechanism, reflecting a strong reliance on informal economic activities to sustain livelihoods.

Table 9. Meeting Basic Need Without Employment

	frequency	percent
support from family/friends	9	9.0
small business	88	88.0
church/community help	0	0.0
borrowing	0	0.0
other options	3	3.0
	100	100.0

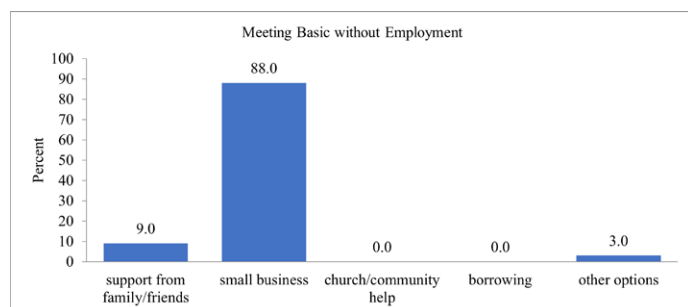


Figure 7. Meeting Basic Need without Employment

Additionally, a one-sample t-test was conducted on the variable Meeting Basic Needs without Employment. Table 10 showed

a sample mean of 2.000, equal to the hypothesized mean of 2.000 (SD = 0.603, SE = 0.060, n = 100), with a t-value of 0.00 and a p-value of 0.5000. Since the p-value exceeded the 0.05 significance level, the result was not statistically significant, indicating no difference between the observed mean and the benchmark. This implies that respondents were able to meet their basic needs at the expected level without employment, largely through alternative means such as small business activities. Therefore, the tested variable did not show a statistically significant deviation from the hypothesized value.

Table 10. Meeting Basic Needs without employment

Hypothesis Test: Mean vs. Hypothesized Value	
2.000	hypothesized value
2.000	mean Meeting Basic Need without Employment
0.603	std. dev.
0.060	std. error
100	n
99	df
0.00	t
.5000	p-value (one-tailed, lower)

4.5. Discussion of the Finding

This section discussed the study's results in relation to previous research. It compared findings that were similar to those of other studies and noted where the results differed.

4.5.1. Effect of Unemployment on Consumption Levels

The research revealed that consumption was not significantly affected by unemployment, as respondents demonstrated the ability to meet their basic needs. All participants (100%) reported being able to afford three meals a day, indicating that households prioritized food consumption despite being unable to regularly afford transport, electricity, school fees, or medical care. To further determine whether residents' consumption of basic goods had changed, a one-sample t-test was conducted



with a hypothesized mean of 2.000 (representing “remained the same”). The results showed a sample mean of 1.250, with ($df = 99$), t -statistic of -15.00, $p < 0.001$. Since the p -value was below the 0.05 level, the null hypothesis was rejected.

The findings indicated that consumption of basic goods had significantly changed, and the direction of the mean ($1.250 < 2$) showed that most households reported an increase in consumption. This supported the descriptive results, where 78% reported an increase, 19% no change, and 3% a decrease. The evidence suggested that households in Mandevu had prioritized spending more on basic goods. These findings are aligned with several authors from the literature review, including Marinescu *et al.* (2021), Parolin *et al.* (2025), and Naritomi (2019), who found that access to informal income sources, remittances, or social support networks can help households maintain consumption levels during unemployment.

Similarly, Tembo and Kabinga (2022) and the World Bank (2025) stressed that targeted social protection measures and informal coping strategies can safeguard households from welfare losses. However, these findings contradict those of Chowdhury (2023) and Riphahn and Wunder (2020), who found that unemployment generally affects consumption due to income loss and restricted welfare systems.

4.5.2. Effect of Unemployment on Investment Levels

The study found that unemployment had no significant effect on investment because the majority of respondents (84.8%) reported having assets and a lesser fraction (15.2%) did not, this shows that asset ownership was common among the sampled population. Furthermore, a chi-square test was used to investigate the association between the belief that employment increases investment and asset ownership.

The results indicated a statistically significant association ($\chi^2 = 43.14$, $df = 4$, $p < 0.001$), with strong effect sizes ($\Phi = 0.660$; Cramér's $V = 0.660$; coefficient of contingency = 0.551). Observed counts showed that respondents who strongly disagreed that employment would improve investment were mostly asset owners, exceeding expected values, while other response categories contributed less to the overall statistic. These findings are aligned with a few studies from the literature that suggested unemployment does not always directly suppress investment. For example, Tenzin (2019) in Nepal found that unemployment had no significant direct effect on GDP growth, and external factors such as remittances temporarily supported investment. Similarly, Dominguez-Torres and Foster (2011) observed in Cameroon that government fiscal interventions could stimulate private investment despite high unemployment, and some households-maintained assets that buffered against investment shocks. However, the results differ from the majority of studies, including Chowdhury (2023), Ferreiro and Gomez (2019), who reported that unemployment negatively affected investment by reducing consumption, weakening investor confidence, and limiting capital accumulation.

4.5.3. Effect of Unemployment on Coping Strategies with Need of Life

The research reviewed that coping strategies with need of life was not significantly affected by unemployment as most of

the respondents (88%) relied on small businesses to meet basic needs in the absence of employment, while 9% depended on family and friends, and 3% on other means. No respondents relied on church, community assistance, or borrowing, suggesting self-employment was the dominant coping mechanism. Additionally, a one-sample t -test on Meeting Basic Needs without Employment showed a sample mean of 2.000, equal to the hypothesized mean ($SD = 0.603$, $t = 0.00$, $p = 0.500$), indicating no significant difference. This implied that respondents were able to meet their basic needs without employment, primarily through small business activities. These findings are aligned with several authors who highlighted the role of self-employment and informal economic activities in coping with unemployment. For instance, Prasetyo (2021), Kouadio and Gakpa (2021), and Tambunan (2019) found that individuals relied on small businesses and microenterprises to meet basic needs when formal employment was unavailable, similar to the 88% of respondents in Mandevu who used small businesses as their main coping mechanism.

Similarly, Ali and Ali (2013) and Yadav and Suthar (2021) found that self-employment provided transitory respite in the absence of supportive policy. However, these findings differ from those seen in Canada and Australia (Beland *et al.*, 2020; Fairlie, 2020; Smith, 2021), where unemployment severely impacted coping methods due to insufficient informal safety nets and reliance on government assistance. The discrepancy was most likely caused by Mandevu households' greater reliance on informal enterprise, which allowed them to survive without formal employment.

5. CONCLUSION

In brief, findings from Mandevu Township revealed that unemployment levels did not negatively influence economic welfare (consumption levels, investment levels and coping strategies) as the people of Mandevu were still hanging on by employing coping strategies like informal trading, petty businesses, and so forth. A one-sample t -test on Meeting Basic Needs without Employment ($M = 2.000$, $p = 0.500$) indicates that householders can live on basic amount of goods and services since the ownership of assets and participation in coping strategies shows stability even under condition of reduced employment options. In sum, despite the fact that unemployment would have subjected Mandevu residents to severe restrictions on welfare and investment, their adaptive responses and strategies signify that they were able to meet basic subsistence requirements and achieve the degree of economic survival.

RECOMMENDATIONS

Based on the study's findings, many policy interventions are proposed to reduce unemployment and its negative impact on household welfare in Mandevu Township. First, government initiatives should prioritize job creation, particularly in industries with high worker absorption rates such as agriculture, manufacturing, and construction. Supporting small and medium-sized firms (SMEs) with incentives such as tax cuts and subsidies is also important, as SMEs contribute significantly to job creation and local economic development.



Second, skill development and training programs should be created to provide job searchers with competences that meet current labor market demands. Collaboration among government, business sector, and technical institutions may solve skills gaps, improve employability, and guarantee that the workforce is aligned with existing opportunities.

Third, assistance for informal and self-employment should be increased. Formalizing informal companies with streamlined registration processes and access to loans can boost productivity and provide households with more economic stability. Furthermore, entrepreneurial programs, particularly those aimed at adolescents and women, should be supported, with access to low-interest finance and business development services to help generate long-term revenue.

Fourth, social protection and safety nets should be strengthened to help alleviate the negative effects of unemployment. Cash transfers, food assistance, and health insurance can provide temporary respite, whereas community-based welfare initiatives that provide short-term employment can benefit both local development and household livelihoods. Fifth, investing in the digital economy can increase job prospects. The promotion of digital platforms for job matching and remote work, as well as the creation of innovation centers and technology-driven firms, can provide alternative employment opportunities, particularly for young people, and increase the community's economic resilience.

Finally, policies should promote inclusive economic growth by ensuring that development programs cover both rural and urban areas, decreasing regional inequities. Infrastructure investments in underserved communities can encourage private sector participation, boost local economic activity, and increase employment opportunities, all of which help to improve household welfare.

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