UNIVERSITY OF THE PEOPLE

BUS 1103-01 Microeconomics- AY2024-T1

Written Assignment Unit 4

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- did not complete high school.

- high school graduates

- college graduates (associate degree or bachelor's degree)

- graduate degree (master's degree or doctorate)?

Impact of Education on Earnings and Unemployment Rates in Pakistan

In Pakistan, the relationship between education and individuals' income levels and employment prospects is undeniably substantial. However, it's crucial to acknowledge that these dynamics are subject to change over time, and the data I'm presenting here is based on information available until September 2021. Let's delve into the statistics for various educational completion levels:

Those who ***did not complete high school*** tend to face limited economic opportunities, which translates to a relatively modest income potential. Their job prospects often lean towards lower-paying positions. Additionally, they grapple with higher unemployment rates owing to the scarcity of qualifications and specialized skills demanded by most employers.

The incomes of ***high school graduates*** in Pakistan, however, are often greater than those of their non-high school peers. Although prone to changes according to economic situations, their greater skill set opens doors to a wider range of professional choices, resulting in lower unemployment rates.

The financial benefit is more obvious for ***college grads with associate or bachelor's degrees***. These people are very competitive in the employment market because they have specific

knowledge and abilities. As a result, they often have lower unemployment rates than those with lesser educational attainment, however these rates might change depending on the economy and the demand for occupations.

Graduate degree holders, such as those with master's or doctoral degrees, are the most financially advantageous in Pakistan. They frequently acquire specialized senior posts, which translate into the best income potential. Given the constant demand for their advanced skill sets, those with graduate degrees tend to have the lowest unemployment rates.

Question 2: What is the current unemployment rate, and what are the causes of unemployment in this country?

Current Unemployment Rate and Causes of Unemployment in Pakistan

To gain insight into the current unemployment rate and comprehend its underlying determinants in Pakistan, it is prudent to consult the latest reports from authoritative sources such as the Pakistan Bureau of Statistics or international organizations like the International Labor Organization (ILO). The unemployment rates and their causative factors are inherently dynamic, subject to fluctuations induced by economic, social, and political variables.

Common drivers of unemployment in Pakistan encompass:

1. Economic Conditions: Economic downturns, recessions, and economic oscillations can precipitate job losses and an attendant upswing in unemployment rates.

2. Population Growth: Pakistan is characterized by a burgeoning population, resulting in an expanded labor force. Nevertheless, the pace of job creation may not necessarily align with this demographic surge.

3. Skills Mismatch: An incongruity frequently exists between the proficiencies possessed by job seekers and the competencies sought after by employers, potentially engendering either underemployment or unemployment.

4. Political Variables: Political instability and shifts in policy can exert a substantial impact on the business environment, consequently influencing job generation.

5. Informal Labor Sector: A significant segment of Pakistan's workforce operates within the informal labor sector, where job security and employee benefits are often conspicuously absent.

Question 3: Please discuss how changes in income affect consumer choices for the country you have chosen.

- What types of changes would make a consumer decide to buy or not buy a product?

Changes in Income and Consumer Choices in Pakistan

Alterations in income exert a pronounced influence on consumer decision-making in Pakistan, as they do globally. When individuals experience income shifts, several determinants guide their choices regarding product consumption:

Elevated income translates into augmented disposable income, affording consumers the latitude to allocate more resources toward both necessities and discretionary expenditures.

Enhanced income engenders consumer confidence, which, in turn, fosters a proclivity for substantial acquisitions, investments, and potential participation in credit-based transactions.

Upward shifts in income frequently result in recalibrations of consumer priorities. Individuals might opt for upscale products, allocate funds for education, healthcare, and financial planning, or bolster their savings portfolios.

Increased income often correlates with augmented commitments to savings and investments, including but not limited to stocks, real estate, and retirement schemes.

Income expansions tend to induce shifts in consumption patterns, potentially prompting individuals to transition from a primary focus on essentials to a more pronounced inclination toward luxury goods and experiential spending.

Question 4: What impact has a disastrous event (global pandemic, recession, etc..) had on consumer choices and the country's economy? Include citations in APA format.

Impact of Disastrous Events on Consumer Choices and the Country's Economy

The repercussions of catastrophic events, such as global pandemics or economic recessions, resonate profoundly within Pakistan, akin to their global impact. These events wield a substantial influence on consumer decision-making and the overall economic landscape:

In times of crisis, consumers often exhibit reduced spending on non-essential items, with heightened prioritization of essential goods. This manifests as a retreat from luxury purchases and a discernible pullback from indulgent expenditures.

Catastrophic events, by their nature, precipitate a rapid shift toward online shopping and e-commerce, with consumers increasingly gravitating toward contactless and convenient modes of purchase, which align seamlessly with prevailing safety norms.

Economic downturns, the hallmark of such crises, invariably entail job losses and income contractions for a significant segment of the population. These factors collectively constrain spending capacity, leading to a reduction in both expenditure and investment activity.

Government responses to crises often encompass stimulus packages and financial relief measures. These interventions, designed to mitigate economic impact, significantly influence consumer behavior by providing essential support mechanisms.

The investment landscape witnesses a noteworthy transformation during crises. Investor sentiment leans toward caution, causing discernible fluctuations in stock markets. Some individuals seek refuge in traditionally safe-haven assets like gold or government bonds.

The precise ramifications of a catastrophic event on consumer choices and the economy in Pakistan hinge on the event's nature and severity, coupled with government responses and the broader global economic context. For up-to-date insights into the current implications, reference should be made to contemporary reports and data from authoritative sources.

Reference:

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