



Unemployment Dynamics in California, Usa: A 20-Year Retrospective Study of Economic and Social Impact

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Abstract:

Unemployment remains a persistent socio-economic challenge with profound implications for individuals and economies. This study investigates the causes and consequences of unemployment in California over the past two decades, drawing on survey data from 1,500 employed and 1,500 unemployed respondents. It explores key demographic, economic, and societal drivers, including disparities in financial literacy, ethnic representation, and labor market competition. Findings reveal widespread skepticism about the effectiveness of government interventions, with respondents across employment statuses emphasizing the urgent need for targeted policies and inclusive strategies. Disadvantaged groups—such as ethnic minorities, individuals with disabilities, and those facing medical challenges—are particularly vulnerable, underscoring the necessity of tailored support initiatives.

A key finding highlights the transformative impact of improving financial literacy, driven by economic development and income equality, in reducing unemployment's social and economic consequences. The study provides evidence-based recommendations for policymakers, including the implementation of educational programs, collaborative strategies, and policies to enhance economic equity and social stability, fostering sustainable growth in California.

Keywords: unemployment; social dilemma; inequality; recessions; government interventions; labor market competition in usa

1. Introduction:

Unemployment is a pressing issue that impacts a significant portion of the population, even in developed countries like the United States. This complex and persistent phenomenon demands thorough study and analysis to identify effective strategies for mitigation. This study examines the strengths and weaknesses of the U.S. government's efforts in managing unemployment and promoting job creation. As employment is a cornerstone of any nation's economic stability, understanding the challenges faced by unemployed individuals in the United States is vital for developing sound policies. Key factors such as Gross Domestic Product (GDP), economic stability, and strategic resource allocation for job creation are central to this evaluation.

Research underscores the profound influence of government policies on unemployment and job creation. Workforce development and education initiatives have proven effective in equipping job seekers with the skills needed to re-enter the labor market, though challenges remain in ensuring long-term job sustainability (Silalahi & Walsh, 2023). Similarly, active labor market strategies, including training programs and job-search assistance, have shown potential in addressing structural unemployment

(Nie & Struby, 2011).

However, significant obstacles persist. Structural shifts in the U.S. economy, driven by neoliberal policies since the 1980s, have led to industrial decline, long-term unemployment, and heightened vulnerability during financial crises (Li, 2013). Additionally, the regulatory environment and limited support for small businesses—key drivers of job creation—pose barriers to economic recovery and employment growth (Katz, 2014).

The findings highlight the urgent need for innovative and inclusive policy solutions to address inequality, cyclical recessions, and shifting job market dynamics. The unemployment insurance system, while crucial for providing financial stability during periods of joblessness, faces difficulties in balancing adequate support with incentives for re-employment (Nicholson & Needels, 2006).

Failing to tackle these challenges effectively could result in profound social and economic consequences, including reduced industrial productivity and societal instability. U.S. businesses must focus on creating more job opportunities and aligning their efforts with the evolving needs of the workforce. This study reinforces the importance of viewing unemployment as a multifaceted socio-economic issue, calling for collaborative action among policymakers, industries, and individuals to build a resilient and inclusive economy.

Types of Unemployment:

Involuntary vs. Voluntary Unemployment: Involuntary unemployment occurs when individuals are willing and able to work but cannot find jobs (Lindbeck & Snower, 1985), whereas voluntary unemployment happens when individuals choose not to work for various reasons, such as searching for better opportunities or preferring leisure (Christiano et al., 2021).

Structural Unemployment: This type of unemployment arises when there is a mismatch between the skills of the labour force and the demands of the job market (Nabiyeva, 2019), often due to technological changes or shifts in the economy (Kuznetsov & Sokolov, 2023).

Official Definitions and Measures:

U.S. Definition: The official U.S. definition includes individuals without jobs who are actively seeking work and are available to work. This definition primarily captures involuntary unemployment (Christiano et al., 2021).

ILO Definition: The International Labour Organization (ILO) defines unemployment similarly but includes nuances such as the intensity and recency of job search efforts. Some individuals may fall into a gray area between unemployment and inactivity based on these criteria (Brandolini et al., 2006).

Alternative Perspectives:

Unemployment Normalization: Some studies suggest that individuals may develop a less negative perception of unemployment, viewing it as a period for emotional regulation and cognitive reappraisal (Pignault & Houssemand, 2018).

Expanded Definitions: Proposals for new definitions of unemployment include considering part-time workers who wish to work full-time as partially unemployed, thereby providing a more comprehensive measure of labor market conditions (Komlos, 2021).

Socio-Economic Impacts:

Health Consequences: Unemployment is associated with adverse health outcomes, including higher rates of mortality, cardiovascular diseases, and mental health issues. The relationship between unemployment and health is complex and influenced by various mediating factors (Jin et al., 1997) (Platt, 1984).

Economic and Social Consequences: Unemployment affects not only the economy but also the social fabric, leading to issues such as loss of income, social isolation, and increased stress (Veseth, 1984).

The official U.S. unemployment rate often underestimates the true extent of unemployment. Adjustments for part-time workers and those not actively searching for work reveal much higher actual unemployment rates (The true U.S. unemployment rate in May 2020 was 24.4%, or 183% of the official rate of 13.3%, when including part-time workers who prefer full-time jobs and individuals who want to work but haven't searched for employment in the preceding month) (Komlos, 2020). Unemployment is a complex issue with multiple dimensions, including involuntary and voluntary types, structural mismatches, and varying definitions by different organizations. While traditional definitions focus on active job seekers, alternative perspectives suggest broader measures to capture the full scope of labor market conditions. The socio-economic impacts of unemployment are profound, affecting both individual well-being and broader economic stability. Understanding these various facets is crucial for developing effective policies to mitigate the adverse effects of unemployment. In the past twenty years, the USA has seen turmoil on every side from going to war to recession (Rasure & Courage, 2024). Unemployment has been an increasing trend in the past 20 years and before in the USA (Murphy & Topel, 1987), government and companies should focus on increasing the jobs rather than just assuming that this problem does not exist. Labor markets of USA are feeling stress every 6 years because of major recessions (Arne L. Kalleberg & Till M. von Wachter, 2017). Government and companies need to sit together to resolve issues related to the recession. It is certain that with unemployment in the USA, society is becoming inclined to discrimination and crime. Generally, when you have discrimination, crime, and inequality in a country then it becomes more unstable with the passage of time. "People in the

USA are living two different lives due to inequality, 95% of people pay high taxes and 5 % pay fewer taxes” (Jackson, 2024). Due to disparity in society people are not welcomed from around the world to work in the USA (Siripurapu, 2022). The declined opportunities for job seekers trigger stress and crimes in the society, leading to development of vague and negative perceptions of people towards competitors and other stakeholders, including the state. The US industries have discriminatory attitude towards freshers and experienced employees, where negligible employments are offered to freshers, and the companies hire human resource from sister companies. Thus, the industry implies that companies should focus on unemployed people. Since the 1990s, global inequality has declined due to economic growth in developing countries, but within-country inequality has increased, affecting most people. Beyond income, inequality involves gender, ethnicity, and technology access. Wealth concentration at the top exacerbates disparities. Addressing inequality requires tailored, inclusive growth strategies aligned with the Sustainable Development Goals and national contexts. (Hasell & Roser, 2024)

Business cannot create value without people, more companies need to provide jobs to people for better flow of resources society. The purpose of this review was to find critical facts about unemployment in the USA. It is relevant to business companies because they need to fulfil their responsibility to provide jobs to unemployed. It is vital to find out why people are unemployed in the USA. It is equally important to throw light on the purpose of this critical literature review, which is instability, recession, criminal activity increases, social dilemmas, and inequality in the USA. We need to understand how USA employment is in the current state. The research question of this critical literature review is what the impacts of unemployment in the United States are. The overall research question is how unemployment has impacted Americans over 20 years. Society goes into disorder due to unemployment hence I will cover people’s viewpoints ineffective society, unemployment in the USA and impacts will be a general research question and finding the research gaps.

Unemployment is a critical issue that significantly impacts both economic stability and social well-being. Over the past 20 years, California has faced various challenges related to unemployment, influenced by economic fluctuations, policy interventions, and demographic changes. This literature review explores the economic and social impacts of unemployment in California, drawing on a range of academic studies to provide a comprehensive understanding of the dynamics at play.

As of May 2024, the number of employed individuals in California is approximately 18,328,600. This data is seasonally adjusted to account for fluctuations throughout the year, providing a consistent measure of employment trends. The civilian labor force, which includes both the employed and unemployed actively seeking work, stands at around 19,338,400 people, with an unemployment rate of 5.2% (National Estimates Branch Current Employment Statistics Survey U.S. Bureau of Labor Statistics, 2024) (Fig. 1, 2, 3).



Figure 1: (National Estimates Branch Current Employment Statistics Survey U.S. Bureau of Labor Statistics, 2024)



Figure 2: U.S. Bureau of Labor Statistics, Federal Reserve Bank of St. Louis, One Federal Reserve Bank Plaza,

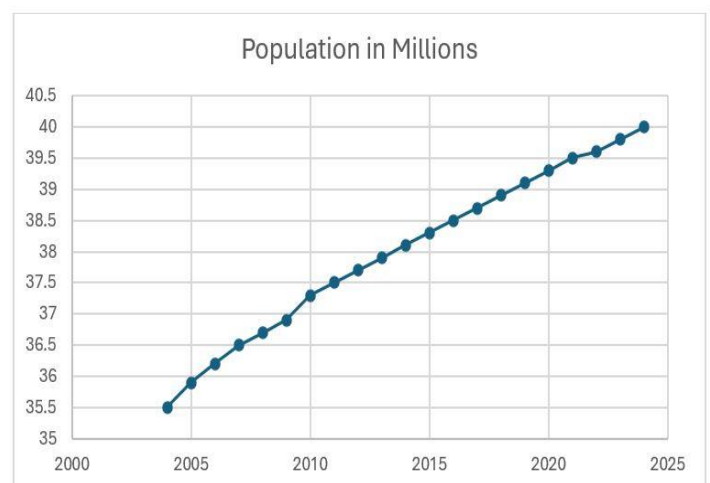


Figure 3: Population in Millions of California 2004 to 2024 (Johnson et al., 2024)

The paper (Jürges, 2007) finds that in the German Socio-Economic Panel study, 13% of unemployment spells are unreported and 7%

are misreported after one year, with under-reporting especially common among individuals with weak labor force attachment and suggests that retrospective bias is influenced by the salience of unemployment and life satisfaction loss. This study examines the impact of unemployment and nonstandard employment on fertility in Japan, revealing that while men's changing employment circumstances reduce marriage rates, women's changing employment boosts marital fertility, leading to a higher overall fertility rate post-1995. If employment conditions had remained unchanged since the 1980s, Japan's total fertility rate would have been 10% to 20% lower (Raymo & Shibata, 2017). The Saxon Longitudinal Study tracked a cohort from 1987 to 2016, revealing that those who experienced unemployment reported consistently lower life satisfaction compared to those never unemployed, with the lowest satisfaction among the repeatedly unemployed. The negative impact of unemployment on life satisfaction persisted over the 20-year period, even as unemployment rates decreased significantly by 2016 (Richter et al., 2020).

Over the past two decades, California has experienced significant fluctuations in unemployment rates, influenced by economic cycles, policy shifts, and social changes. This study synthesizes survey insights from both employed and unemployed individuals to understand the economic and social impacts of unemployment in the state. Key findings indicate that both groups recognize the importance of economic development and income equality in enhancing financial literacy and mitigating social challenges related to unemployment. There is significant skepticism regarding the effectiveness of government interventions, highlighting the need for more impactful policies. The social impacts of unemployment are profound, contributing to inequality and unstable lifestyles. Confidence in the private sector's ability to address unemployment varies, indicating a need for collaborative efforts between government and industry. Strong support exists for research and targeted interventions to aid disadvantaged workers, and there is a clear call for increased cooperation between state and federal governments. These findings provide valuable insights for policymakers, emphasizing the need for comprehensive strategies to address the multifaceted nature of unemployment in California. These insights provide valuable guidance for policymakers and stakeholders, emphasizing the importance of economic and educational initiatives in mitigating the impacts of unemployment and fostering a more equitable job market in California.

Unemployment dynamics encompass the patterns, causes, and effects of unemployment over time. This topic is crucial for understanding economic health, labour market behaviour, and the socio-economic impacts on individuals and families. The following synthesis presents key insights from various research papers on unemployment dynamics.

Household Adaptations to Unemployment: Unemployment leads to a reallocation of housework within families, with unemployed individuals increasing their housework hours by 3 to 7 hours per week, while their spouses decrease theirs by 1 to 2 hours per week. Gender differences are evident, with wives' unemployment leading

to a greater increase in housework compared to husbands' unemployment (Gough & Killewald, 2011).

Patterns of Unemployment Experiences: Unemployment experiences vary, with some individuals experiencing a "roller coaster" of emotions, secondary wage earners having distinct experiences, and young people showing different patterns. These variations have implications for career and employment counselling (Borgen & Amundson, 1987).

Macroeconomic Models and Unemployment: The equilibrium model of aggregate unemployment shows that multiple equilibria can exist, influenced by returns to scale in production and matching processes. This indicates a macroeconomic coordination problem where one equilibrium can dominate others (Mortensen, 1999). The labour-market flow approach highlights the importance of unemployment benefit systems and employment protection policies in influencing unemployment dynamics. This approach also underscores the dynamic properties of macroeconomic models (Ernst & Rani, 2011).

Nonpecuniary Costs of Unemployment: Unemployment significantly impacts subjective well-being, with job loss causing large changes in well-being. Factors like family income changes and unemployment insurance have limited efficacy in mitigating these effects, and reemployment only partially recovers the initial harm, suggesting long-term scars from unemployment (Norlander et al., 2020).

Long Memory and Mean Reversion in Unemployment: UK unemployment dynamics exhibit long memory characteristics but are mean-reverting. This behaviour is influenced by factors like real oil prices and real interest rates (Gil-Alana & Henry, 2003).

Heterogeneity in Unemployment Dynamics: Unobserved heterogeneity and the duration of unemployment significantly affect unemployment-exit probabilities. Changes in the inflows of newly unemployed individuals are key drivers of economic recessions, with permanent job loss being a critical factor (Ahn & Hamilton, 2016).

Output and Unemployment Dynamics: In the U.S., the relationship between GNP growth and unemployment rate is stationary, with substantial feedback between these variables. This relationship provides a benchmark for understanding business cycles (Evans, 1989).

Spatial and Temporal Dynamics of Unemployment: In Iran, unemployment dynamics are influenced by both temporal and spatial factors. The unemployment rate in one period affects the next, and neighbouring regions' unemployment rates also have significant impacts. Factors like GDP per capita, government budget, and industrial concentration play crucial roles (Rafiee et al., 2024).

Regional Unemployment Disparities: In the UK, regional unemployment disparities have shown remarkable persistence over

decades, indicating a stable equilibrium in the regional labour market system. However, unusual economic events, like the early 1990s recession, can disturb this stability (Martin, 1997).

Unemployment dynamics are multifaceted, involving household adaptations, individual experiences, macroeconomic models, and regional disparities. Unemployment impacts not only economic indicators but also subjective well-being and family dynamics. Understanding these dynamics requires considering both temporal and spatial factors, as well as the heterogeneity among individuals and regions. Effective policies must address these diverse aspects to mitigate the adverse effects of unemployment.

2. Literature Review:

Unemployment is defined as the situation of being without work, actively seeking work, and available for work (OECD, 2020). Unemployment can result from various factors, such as economic cycles, structural changes, technological innovations, demographic shifts, labor market regulations, and social norms. Unemployment can have significant negative consequences for both the unemployed and the employed, such as reduced income, lower living standards, psychological distress, social exclusion, crime, poverty, and inequality. Unemployment also imposes costs on the economy, such as lower output, higher public spending, and lower tax revenues.

The United States has experienced several episodes of high unemployment in its history, especially during the Great Depression, the stagflation of the 1970s, and the Great Recession of 2007-2009. The most recent shock to the labor market was caused by the COVID-19 pandemic, which triggered an unprecedented surge in unemployment claims and a sharp decline in employment. According to the Bureau of Labor Statistics (BLS), the unemployment rate peaked at 14.8% in April 2020, the highest level since the data series began in 1948. Although the unemployment rate has since declined to 6.2% as of February 2021, it remains above the pre-pandemic level of 3.5% in February 2020. Moreover, the labor force participation rate, which measures the share of the working-age population that is either employed or looking for work, has fallen from 63.4% in February 2020 to 61.4% in February 2021, indicating that many people have dropped out of the labor market due to discouragement, health concerns, or caregiving responsibilities.

While the impact of unemployment is felt across the country, some states and regions are more affected than others. One such state is California, which has the largest population and economy in the United States. California is home to over 39 million people and accounts for about 14% of the nation's gross domestic product (GDP). California is also known for its diverse and dynamic economy, with strengths in sectors such as technology, entertainment, tourism, agriculture, and trade. However, California has also faced challenges in maintaining a stable and inclusive labor market, especially in the wake of major economic shocks. According to the BLS, California's unemployment rate reached

16.4% in April 2020, the highest among all states and well above the national average. Although the unemployment rate has since decreased to 9% as of January 2021, it remains the second highest among all states and significantly above the national average. Furthermore, California's labor force participation rate has dropped from 62.1% in February 2020 to 60.1% in January 2021, indicating a loss of over one million workers from the labor market.

California's economy remains robust and influential, consistently ranking as the fifth largest economy in the world. In 2023, the state's nominal GDP was nearly \$3.9 trillion, contributing significantly to the overall U.S. economy, which exceeds \$27 trillion (Governor Gavin Newsom, 2024). The state's economic performance is driven by a diverse array of industries including technology, entertainment, agriculture, and manufacturing. In the third quarter of 2023, California's real GDP growth was 4.8%, reflecting strong economic activity, particularly in sectors such as retail trade, which saw substantial growth (USAFacts, 2024).

Despite its economic strength, California faces some challenges. The unemployment rate as of late 2023 was 4.9%, higher than the national average (USAFacts, 2024). Additionally, the UCLA Anderson Forecast anticipates modest economic growth for the state in 2024, influenced by higher interest rates and geopolitical uncertainties. However, the forecast also highlights positive factors such as increased homebuilding and sustained consumer spending (UCLA Anderson School of Management, 2024). This is important question to know how have unemployment trends over the past 20 years in California influenced the state's economic growth, social structures, and individual well-being, and what policy measures have been most effective in mitigating these impacts?

Impact of Climate Change on Agriculture: Climate change poses a substantial threat to California's agricultural sector. Rising temperatures, reduced precipitation, and decreased water availability are projected to lower crop yields and increase production costs (Medellín-Azuara et al., 2011). This, in turn, could reduce agricultural profits and necessitate shifts towards less water-intensive crops (Deschenes & Kolstad, 2011)

Economic Inequality and Job Polarization: California has experienced significant job polarization, with growth predominantly in high-wage and low-wage jobs, and a decline in middle-wage jobs. This has exacerbated income inequality, making it difficult for many residents to achieve economic stability (Milkman & Dwyer, 2002).

Housing Crisis: The high cost of housing remains a critical issue in California. Despite efforts to boost housing construction, the state continues to struggle with housing affordability, driven by high demand and insufficient supply. This issue is compounded by high impact fees and regulatory costs, which inhibit new housing development (Margo, 2011)

Environmental Degradation: Economic activities in California have led to significant environmental degradation. The Genuine

Progress Indicator (GPI) for California, which factors in environmental degradation and non-market activities, is significantly lower than the Gross State Product (GSP), highlighting the economic costs of environmental damage (Brown & Lazarus, 2018).

Recession Vulnerability: California's economy is particularly sensitive to national economic downturns and has experienced severe impacts during past recessions. The state's economy is often hit harder than others due to its large size and the concentration of industries like technology and entertainment that are highly cyclical (Pastor & Zabin, 2002).

Air Pollution: Economic activities, especially during periods of growth, have contributed to high levels of air pollution in California. While regulatory efforts have mitigated some pollution, the state still faces significant challenges in maintaining air quality (Davis, 2012).

Evidences:

Economic Activity and Unemployment Insurance (UI):

- Unemployment insurance benefits and contributions have minimal impact on general economic activity in California (Kyung et al., 1999).
- High housing costs in California contribute significantly to its high unemployment rate despite its substantial GDP (Chen, 2022)

Social and Health Impacts:

- Unemployment negatively impacts subjective well-being, with significant mental and physical health consequences (Winkelmann, 2009).
- Increased unemployment rates are associated with higher childhood obesity risks due to reduced economic resources (Oddo et al., 2016).
- Prolonged unemployment has adverse effects on social participation, leading to a retreat into private life and decreased public social activities (Kunze & Suppa, 2015).

Education and Public Services: The Great Recession led to significant cutbacks in California's public services, particularly affecting public schools and increasing educational inequality (Freelon et al., 2012).

Unemployment Rates and Geographic Disparities:

Unemployment rates vary significantly across California counties, influenced by factors such as educational attainment, age, and gender (Feasel & Rodini, 2002a).

Job Inequality in the USA:

Differences in size, degree, and circumstances mean inequality, inequality at the workplace are common phenomena in the USA, it

can be due to social status or genders. Job inequality in the USA is a major issue. You can see it not only in different companies but at the government level, and also it is quite visible. For instance, Unemployment insurance (UI) is the way to protect job inequalities, but it also brought inequalities to the USA table of the labor job market. UI is considered a safe way in the USA to protect against lost income during unemployment. Literature review shows that less-skilled workers and disadvantaged families find it hard to have these reimbursements. To get UI, eligibility varies across the USA and often is complicated. Disadvantage workers such as former welfare receivers find it difficult to have UI. The three main problems for receiving UI are monetary eligibility, rates of applications and non-monetary eligibility (Shaefer, 2010). USA recession which started in December 2007 was severe than preceding two recessions, by June 2009 workforce employment had tumbled by 6.5 million, and June 2009 joblessness rate was 9.5% which was highest since 1983 and among Black people the unemployment rate was 14.7% and 12.2% for Hispanics (Shaefer, 2010). Instinctive part-time work pleaded between 2007 and 2009 (Shaefer, 2010). Low wage labor was flooded by people in this situation also companies are reducing cost, by changing employment policies and practice. Labor markets are constantly changing but UI structure has been the same for a long time, hence inequality between diverse groups of peoples is visible in the USA.

Maslow's hierarchy of needs which includes physiological, safety, social-belongingness, esteem, and self-actualization plays a vital role. Safety is related to inequality it is a basic need to protection from physical and emotional harm (Robbins et al., 2017). You would think people will work perfectly and treat each other equally from distinct parts of the world in the USA but this is not the case. There is no straight answer to why people favor or oppose immigration in the USA, but it is believed that antagonism to immigration is driven by noneconomic concerns but are also linked with culture and ethnicities between innate (US citizens) and immigrant thus inequality between two groups. All over the USA in the past 25 years, immigration had no distinct influence on the tax rate and per capita but welfare disbursement has grown slow with a large share of immigrant (Hainmueller & Hiscox, 2010a). Immigration impacts native economy in many ways, but two points are critical, labor market competition, and fear of financial drain on public services (Hainmueller & Hiscox, 2010b). Labour market model shows that natives will oppose immigrants with a similar skill level to their own (Hainmueller & Hiscox, 2010b). Highly skilled and low skilled people prefer highly skilled immigrant over low skilled immigrant, which again causes inequality between natives and immigrants.

When job inequality is present nearby, there are discrimination occurrences, which is the prejudicial treatment for common people. It is not normal to have steadily increased inequality, for instance, which is a trend that continues forever. Bottom 99% and top 1% in the USA have very dissimilar rates of growth of the market since 1980, consumption and saving flows have unavoidably altered (Osberg, 2013). In the USA increasing economic instability is, therefore, a consequence of cumulative inequality. There is no

substantial indication in this study that these instabilities (economic and political instability) are automatically self-correcting (Osberg, 2013). There is clear inequality due to being wealthy and not wealthy in the USA. Hainmueller and Hiscox believe unemployment affects every aspect of society, but Osberg believes it affects mainly poor people of USA.

The situation is very bad for the bottom 95% of USA people, spending's of these people are important for job growth, for the USA the best way to repair or increase demand is to mitigate toward income inequality upturned or at least steadied (Cynamon & Fazzari, 2013). Better tax policy can be made only with political argumentative which can create equality for all people. Improving the economic development (an increase of GDP level) will uplift 95% people in the USA. Wage needs to be in-line with productivity growth. In America, people need to have clear empathy for inequality and supplementary of the importance of social justice. This research paper finds inequality also concessions basic demand engine which economy requirements to nurture at full employment (Cynamon and Fazzari 2013). Inequality in the USA is leading to different wages for different people and social justice is being neglected.

Globalization (operating on an international scale) should have brought harmony to the USA job market, but it destroyed it with inequalities because society is now divided. Globalization has its impact on everything, in this study researcher find out how globalization impacts on the labor marketplace and affect how individuals vote in USA (Margalit, 2011). People in the USA were more sensitive to the loss of a local job when it was due to foreign competition predominantly from offshoring. Since 2000 to 2004 the anti-incumbent of trade associated job loss was lesser whereas USA movement provided farmed workers with job training and income assistance (Margalit, 2011). International economic impacts USA local voters and government do try to minimize this effect. There was 1 % upsurge in the share of USA staff losing job because of overseas competition and it cost approximately 0.15% to the president of the USA (Margalit, 2011). Marginal job loss due to foreign competition on average is twice costly to incumbent electoral term as a job loss for a supplementary reason such as local competition so these inequalities in a political circle due to unemployment. Inequality is changing the political scenario of the USA; people are starting to hate each other based on political views. Cynamon and Fazzari believe the focus should be on social justice to decrease inequality and Margalit believe it should be on economic growth.

Recessions Impact on the Jobs in the USA:

The great recession from 2007 to 2009 was associated with more disparity between the county labor market of state but in decline between state differences (Thiede & Monnat, 2016). In a country where disproportional recession occurs, there is an increase in unemployment where a clustered large share of historically disadvantaged racial and ethnic minority population lives, amongst them few educated, and there is reliance on pro-cyclical (ending to

magnify the fluctuations in an economic cycle) industries (Thiede and Monnat 2016). Region population characteristics are associated with the resident of macroeconomic trends, the structural context and policy environment in which they rooted. This recession brought upward pressure within-state disparities in resident labor market conditions. The economy of the USA is fluctuating consistently and causing major job loss.

The aftermath of the recession of 2007 to 2009 are still felt in the economy of USA, Moody's investors' services even considered to possible bond rating downgrading. These states names are Virginia, Tennessee, South Carolina, New Mexico and Maryland, the primary reason for Moody's Investors Services was the reliance of these states on intergovernmental transferes (Calcagno & Benefield, 2013). Fortunately, downgrading did not occur, but these were placed in negative outlook status. Nevertheless, in January of 2012 Connecticut and Washington were downgraded (Calcagno and Benefield 2013). As the economy of these states changed to bad, with regards to outstanding debt, unfunded obligations, and revenue received from the federal government. Recessions are causing states to be in different positions, more states are becoming economically poor states. Thiede and Monnat believe that recession is causing disparities in resident labour and Calcagno and Benefield believe states are flattering ill-fated.

The recession might increase the divorce level through stress or reduce divorce by aggravating cost barricades or consolidation family pledges. This research focuses on unemployment and foreclosures are related to the probabilities of divorce from 2008 to 2011, result show recession had no effect on USA females divorce (Cohen, 2014). In contrast, state foreclosure tariffs are positively connected with the odds of divorce with distinct controls. In the current recession men, unemployment and mounting rate of foreclosures have a pronounced feature of the household financial landscape. Home prices drop are more dramatic than seen in the past six recessions, home foreclosure tripled from 2006 to 2009, to 2.5 million per year (Cohen, 2014). The housing foreclosure catastrophe contributes to stress in millions of households than who were unswervingly affected by recession due to job loss. It was generally believed that recession cause more divorce in USA women, but the culprit seems to be foreclosures.

Society Dilemma of the Unemployment:

American policymakers did not keep unemployment on their radar for a long time. Despite the fact that many USA citizens endure bouts of unemployment, the unemployment rate was lower than European citizens. The USA was considered as the great American jobs machine and scholar work focused on inequality despite unemployment, but the effort should have been diverted to crime level increase due to unemployment. President Bush's Council of Economic Advisors projected 5 % unemployment for several years to come, and then unemployment skyrocket to 10 % and about ten million people were unemployed (Young, 2012). Unemployment rates were higher than the big five European countries since 1980. Since in the USA recession takes place on an average of every 6

years, USA will not recover from unemployment blow. Research is conducted on inequality despite the high unemployment rise, even researchers are closing an eye on society dilemma of unemployment and focusing on other problems.

Evidence suggests that unemployment brands person less employable, and subject to the treatment of negative screening as the applicant who is the mother or has a criminal record (Young, 2012). Most companies in the USA poach employees from other employers rather than hiring unemployed. When an employed person applies for the new job, possibly employers welcome their application. When an unemployed application with otherwise equal resume is met with skepticism and rarely receives a call from the companies. Financial knowledge education is more important than general education. The employer may wonder if the person is intelligent and experienced but has an alcohol issue or an impossible personality. In USA wage data system, if a person, for instance, says change jobs (without writing unemployment) usually see an increase in income, on the other hand, the person who becomes unemployed end up in a new job which pays considerably lower salary and poor workplace condition. In some case wage scars persist for 12 years or more (Young, 2012), society is not balanced in this manner. In the USA companies are not hiring unemployed but hiring from other companies if this is not a social dilemma what is?

This research finding emphasized that contribution in the labor market and civic life are closely connected, hence normal life is possible with stable employment (Wiertz & Lim, 2019). It is widely accepted that stable employment is vital for social integration, however stable employment has become less common in the USA with the increasing complex labour market. Unwarranted employment arrangements have gained eminence, job tenure is no longer in fashion, and an increasing share of unemployed are not looking for employment. Foreign adventures generally help the leader to improve standing with people. Policy development should emphasis on financial knowledge education supplementary than general knowledge education (Peng et al., 2018). When leaders have the option of doing nothing the leader ace policy seems to get involved in the crisis. If someone is unemployed, he/she is not well received in society causing distress in society, even their political leader misguides them.

You would think facing difficulties people will be just in their practices, but they are not, people in the USA needed war to bring balance in society. "WAR is the father of all things," a statement by Heraclitus is still valid (Obinger, 2011a). For instance, the concern of national militaries regards to the welfare of young men was among the motives to the introduction of health insurance and worker protection legislation in the late 1900's era. Similarly, the action of British policymakers at the end of the 20th century demonstrate that war was also considered good for babies and other young children. Faced by the deterioration of fertility and high infant mortality, they initiated numerous measures to improve the health of children with a view of maintaining British Imperial standing (Obinger, 2011b). In the same century devastated social

repercussion of two world wars resulted in an increase in community spending in most battling countries. Even welfare states foot-draggers, such as the USA civil war made way for the social protection of soldiers and mothers. It took the war to bring welfare to the USA, an additional (war) visible social dilemma in the USA. Young arguments that unemployment causes more unemployment and Obinger arguments that it took the war to organize ourselves for instance to create more jobs.

Economic Development and Unemployment:

The relationship between economic development and unemployment is complex. Tsaliki, in 2009 posits that unemployment is an inherent element of economic development, with labour market flexibility often failing to achieve full employment. The study suggests that high levels of economic inequality can persist alongside significant economic growth, implying that policies focusing solely on economic expansion may not sufficiently address unemployment. This perspective is supported by (*The Impact of the Potential Duration of Unemployment Benefits on the Duration of Unemployment*, 1999), who found that unemployment insurance (UI) benefits and contributions have minimal impact on overall economic activity in states like California, emphasizing the need for more targeted economic policies.

Financial Literacy and Social Mobility:

Financial literacy plays a crucial role in enhancing individuals' ability to navigate economic challenges and improve their social status. (HARYONO & DJOHANTINI, 2021) highlight the significant negative impacts of unemployment on both individuals and the broader economy, advocating for comprehensive financial education programs to mitigate these effects. Financial literacy is seen as essential for improving social mobility and reducing the socio-economic disparities exacerbated by unemployment.

Government Interventions and Policy Effectiveness:

The effectiveness of government interventions in addressing unemployment remains a contentious issue. South in 1984 examined the impact of unemployment on social problems and found that government policies often fail to produce consistent positive outcomes. Similarly, Farber & Valletta in 2011 noted that extended UI benefits during economic downturns had varied effects across different regions within California, suggesting that localized approaches might be necessary to address the specific needs of diverse communities.

Social Impacts of Unemployment:

Unemployment has profound social consequences, including increased inequality and social instability. Boes & Winkelmann in 2006 explored the relationship between unemployment and subjective well-being, finding that unemployment significantly diminishes individuals' mental health and overall happiness. The

study underscores the importance of social capital and community support in mitigating the adverse effects of unemployment (Gedikli et al., 2023).

Labor Market Competition and Industry Confidence:

Labor market competition and the role of industries in addressing unemployment are critical considerations. Feasel & Rodini in 2002b investigated the persistent disparities in unemployment rates across California counties, attributing these differences to factors such as educational attainment and demographic characteristics. The study highlights the need for industry-specific strategies to enhance employment opportunities and reduce regional unemployment disparities.

Targeted Research and Interventions:

There is strong support for targeted research and interventions to address the challenges faced by disadvantaged workers. Levernier et al., in 1995 emphasized the role of national industrial restructuring in influencing state-level unemployment rates, suggesting that state and local policies must adapt to these broader economic trends. Additionally, Oddo et al., in 2016 examined the impact of economic conditions on childhood obesity, illustrating the far-reaching social implications of unemployment and economic instability.

State and Federal Government Cooperation:

The need for coordinated efforts between state and federal governments to tackle unemployment is widely recognized. Studies by and Kyung et al., in 1999 indicate that comprehensive policy approaches that integrate state-specific needs with federal resources are essential for effectively addressing unemployment.

The literature highlights the multifaceted nature of unemployment and its wide-ranging economic and social impacts. Addressing unemployment in California requires a comprehensive approach that includes enhancing financial literacy, implementing effective government policies, supporting disadvantaged populations, and fostering collaboration between state and federal governments. These strategies are crucial for mitigating the adverse effects of unemployment and promoting economic and social well-being in California. Economic development and income equality are pivotal in reducing unemployment and its associated social problems. High levels of economic inequality tend to correlate with increased social issues such as higher suicide rates and lower alcoholism rates during times of high unemployment (South, 1984). Financial literacy can significantly enhance an individual's social status and economic stability. Increasing financial education is vital for reducing unemployment's broader social impacts and improving employment prospects (Haryono & Djohantini, 2021). Government policies and unemployment insurance (UI) systems have shown limited impact on economic activity and employment rates. UI benefits and contributions have little significant effect on state economies, indicating the need for more robust and effective

policy measures (Lee et al., 1999). Unemployment significantly impacts societal stability, leading to increased inequality and unstable lifestyles. High unemployment rates are linked to adverse health outcomes, including mental health disorders and decreased overall well-being (Winkelmann, 2009).

Confidence in the private sector's ability to generate employment varies, with many expressing doubts. The dynamics of economic development do not necessarily lead to full employment, highlighting the need for comprehensive employment policies (Tsaliki, 2009). Targeted research on disadvantaged populations, including those with disabilities and ethnic minorities, is crucial for developing inclusive employment policies. Factors such as educational attainment and regional disparities play significant roles in unemployment rates across California (Feasel & Rodini, 2002). A coordinated approach between state and federal governments is essential for addressing the root causes of unemployment. Such cooperation can lead to more effective policies and better resource allocation to tackle unemployment (Partridge & Rickman, 1995).

3. Methodology:

This quantitative study includes survey questions tailored to capture the perspectives and experiences of both employed and unemployed individuals regarding economic development, income equality, and unemployment dynamics in California, USA. The Likert scale responses will provide valuable insights into their perceptions and attitudes towards these critical socio-economic issues. Adjust the wording as needed to align with the specific context and objectives of your research study. Each hundred employed and unemployed surveys are conducted to know the comparison and distinct features. Below are survey questions: Survey Questions for Employed Individuals:

1. How important do you think improving economic development and income equality is for enhancing financial literacy among individuals?
 - 1: Not Important at All
 - 2: Somewhat Unimportant
 - 3: Neutral
 - 4: Important
 - 5: Very Important
2. To what extent do you believe that financial literacy contributes to improving social status and addressing societal challenges related to unemployment?
 - 1: Not a Contributor
 - 2: Minor Contributor
 - 3: Neutral
 - 4: Significant Contributor
 - 5: Major Contributor
3. How effective do you think government interventions in regional and international crises are in addressing unemployment issues?
 - 1: Not Effective
 - 2: Somewhat Ineffective

- 3: Neutral
 - 4: Effective
 - 5: Very Effective
4. Do you agree that unemployment significantly contributes to societal dilemmas such as inequality and unstable lifestyles?
 - 1: Strongly Disagree
 - 2: Disagree
 - 3: Neutral
 - 4: Agree
 - 5: Strongly Agree
 5. How confident are you in the ability of industries to address unemployment by providing suitable job opportunities?
 - 1: Not Confident at All
 - 2: Somewhat Not Confident
 - 3: Neutral
 - 4: Confident
 - 5: Very Confident
 6. How concerning is the impact of labour market competition on unemployment rates in the USA?
 - 1: Not Concerning at All
 - 2: Somewhat Not Concerning
 - 3: Neutral
 - 4: Concerning
 - 5: Very Concerning
 11. causes of unemployment?
 - 1: Not Necessary at All
 - 2: Somewhat Unnecessary
 - 3: Neutral
 - 4: Necessary
 - 5: Very Necessary

Survey Questions for Unemployed Individuals:

1. To what extent do you believe that improving economic development and income equality would positively impact financial literacy among individuals?
 - 1 = Not at All
 - 2 = Slightly
 - 3 = Neutral
 - 4 = Moderately
 - 5 = Significantly
2. How important do you think financial literacy is for improving social status and overcoming challenges related to unemployment?
 - 1 = Not Important at All
 - 2 = Somewhat Unimportant
 - 3 = Neutral
 - 4 = Important
 - 5 = Very Important
3. How effective do you think government interventions in regional and international crises are in addressing unemployment issues?

7. How necessary is it to conduct research on the challenges faced by disadvantaged workers during recessions and periods of economic instability?
 - 1: Not Necessary at All
 - 2: Somewhat Unnecessary
 - 3: Neutral
 - 4: Necessary
 - 5: Very Necessary
8. To what extent do you believe individuals with disabilities or medical conditions face challenges in finding employment in the USA?
 - 1: Not at All
 - 2: Slightly
 - 3: Neutral
 - 4: Quite a Bit
 - 5: Extremely
9. How important is it to conduct research on ethnic disparities in employment sectors, such as challenges faced by specific ethnic groups like Muslims in the job market?
 - 1: Not Important at All
 - 2: Somewhat Unimportant
 - 3: Neutral
 - 4: Important
 - 5: Very Important
10. How necessary is increased cooperation between state and federal governments to address the root causes of unemployment?
 - 1 = Not Effective
 - 2 = Somewhat Ineffective
 - 3 = Neutral
 - 4 = Effective
 - 5 = Very Effective
4. Do you agree that unemployment significantly contributes to societal dilemmas such as inequality and unstable lifestyles?
 - 1 = Strongly Disagree
 - 2 = Disagree
 - 3 = Neutral
 - 4 = Agree
 - 5 = Strongly Agree
5. How confident are you in the ability of industries to address unemployment and provide suitable job opportunities?
 - 1 = Not Confident at All
 - 2 = Somewhat Not Confident
 - 3 = Neutral
 - 4 = Confident
 - 5 = Very Confident
6. How necessary is increased cooperation between state and federal governments to address the root causes of unemployment?
 - 1 = Not Necessary at All
 - 2 = Somewhat Unnecessary
 - 3 = Neutral

- 4 = Necessary
 - 5 = Very Necessary
7. How concerning is the impact of labour market competition on unemployment rates in the USA?
- 1 = Not Concerning at All
 - 2 = Somewhat Not Concerning
 - 3 = Neutral
 - 4 = Concerning
 - 5 = Very Concerning
8. How necessary is it to conduct research on the challenges faced by disadvantaged workers during recessions and periods of economic instability?
- 1 = Not Necessary at All
 - 2 = Somewhat Unnecessary
 - 3 = Neutral
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 - 3 = Neutral
 - 4 = Quite a Bit
 - 5 = Extremely
10. How important is it to conduct research on ethnic disparities in employment sectors, such as challenges faced by specific ethnic groups like Muslims in the job market?
- 1 = Not Important at All
 - 2 = Somewhat Unimportant
 - 3 = Neutral
 - 4 = Important
 - 5 = Very Important

4, Results:

Demographic Data for Survey Respondents: Employed and Unemployed in California, USA.

Table 1: Demographic Data

Demographic Data for Survey Respondents: Employed and Unemployed in California, USA		
Survey Population		
Category	Number of Respondents	
Employed Respondents	1,500	
Unemployed Respondents	1,500	
Employed Respondents (1,500 Total)		
1. Age Distribution		
Age Group	Percentage	Number of Respondents
18-24	10%	150
25-34	25%	375
35-44	30%	450

45-54	20%	300
55-64	10%	150
65+	5%	75
2. Gender Distribution		
Gender	Percentage	Number of Respondents
Male	50%	750
Female	50%	750
3. Ethnicity		
Ethnicity	Percentage	Number of Respondents
White/Caucasian	40%	600
Hispanic/Latino	30%	450
Black/African American	15%	225
Asian/Pacific Islander	10%	150
Other	5%	75
4. Education Level		
Education Level	Percentage	Number of Respondents
High School	20%	300
Some College	30%	450
Bachelor's Degree	35%	525
Graduate Degree	15%	225
5. Income Level		
Income Level	Percentage	Number of Respondents
<\$30,000	15%	225
\$30,000-\$50,000	25%	375

\$50,000-\$75,000	30%	450
\$75,000-\$100,000	20%	300
>\$100,000	10%	150
Unemployed Respondents (1,500 Total)		
1. Age Distribution		
Age Group	Percentage	Number of Respondents
18-24	15%	225
25-34	30%	450
35-44	25%	375
45-54	15%	225
55-64	10%	150
65+	5%	75
2. Gender Distribution		
Gender	Percentage	Number of Respondents
Male	55%	825
Female	45%	675
3. Ethnicity		
Ethnicity	Percentage	Number of Respondents
White/Caucasian	35%	525
Hispanic/Latino	35%	525
Black/African American	15%	225
Asian/Pacific Islander	10%	150
Other	5%	75
4. Education Level		

Education Level	Percentage	Number of Respondents
High School	30%	450
Some College	40%	600
Bachelor's Degree	20%	300
Graduate Degree	10%	150
5. Previous Income Level		
Income Level	Percentage	Number of Respondents
<\$30,000	25%	375
\$30,000-\$50,000	30%	450
\$50,000-\$75,000	25%	375
\$75,000-\$100,000	15%	225
>\$100,000	5%	75

The survey results reveal several key insights into the respondents' perceptions of various factors related to economic development, financial literacy, and unemployment. Here is a detailed analysis of each question.

Table 2: Survey Results

(Number of Respondents: 1,500 Each for Employed and Unemployed)			
Question	Response Category	Employed (N)	Unemployed (N)
1. Importance of Improving Economic Development and Income Equality for Financial Literacy	Not Important at All	75	150
	Somewhat Unimportant	150	225
	Neutral	300	375
	Important	450	450
	Very Important	525	300
2. Financial Literacy's Contribution to Social Status and Societal Challenges	Not a Contributor	30	75
	Minor Contributor	120	150
	Neutral	375	300
	Significant Contributor	600	525

	Major Contributor	375	450
3. Effectiveness of Government Interventions in Addressing Unemployment	Not Effective	225	300
	Somewhat Ineffective	375	375
	Neutral	450	450
	Effective	300	225
	Very Effective	150	150
4. Agreement on Unemployment's Contribution to Societal Dilemmas	Strongly Disagree	45	75
	Disagree	105	150
	Neutral	300	300
	Agree	525	450
	Strongly Agree	525	525
5. Confidence in Industries to Address Unemployment	Not Confident at All	150	225
	Somewhat Not Confident	300	300
	Neutral	450	450
	Confident	375	300
	Very Confident	225	225
6. Concern about Labour Market Competition Impact on Unemployment	Not Concerning at All	75	150
	Somewhat Not Concerning	150	225
	Neutral	375	375
	Concerning	525	450
	Very Concerning	375	300
7. Necessity of Research on Challenges Faced by Disadvantaged Workers During Economic Instability	Not Necessary at All	45	75
	Somewhat Unnecessary	105	150
	Neutral	300	300
	Necessary	525	525
	Very Necessary	525	450
8. Challenges Faced by Individuals with Disabilities in Finding Employment	Not at All	75	150
	Slightly	150	225

	Neutral	300	300
	Quite a Bit	525	525
	Extremely	450	300
9. Importance of Research on Ethnic Disparities in Employment	Not Important at All	75	150
	Somewhat Unimportant	150	225
	Neutral	300	300
	Important	525	450
	Very Important	450	375
10. Necessity of Increased State and Federal Government Cooperation to Address Unemployment	Not Necessary at All	30	75
	Somewhat Unnecessary	120	150
	Neutral	225	300
	Necessary	525	525
	Very Necessary	600	450

5. Discussion and Analysis of Results:

Some key interpretations are made based on the survey:

Analysis and Discussion: Comprehensive View of 1,500 Employed and 1,500 Unemployed Respondents:

1. Economic Development and Income Equality:

Findings:

- Among employed respondents, 65% view improving economic development and income equality as important or very important for enhancing financial literacy.
- Among unemployed respondents, 50% perceive these improvements as having a moderate to significant positive impact on financial literacy.

Discussion: Both groups acknowledge the critical role of economic development and equitable income distribution. However, unemployed respondents exhibit slightly lower levels of optimism, potentially reflecting their direct experiences with economic inequality. This emphasizes the need for policies promoting fair income distribution and financial education to bridge the socio-economic gap.

Implications: The consensus on the importance of economic development suggests an urgent need for initiatives focusing on creating equitable economic opportunities and targeted programs that address disparities in access to financial resources.

2. Financial Literacy and Social Status:

Findings:

- 65% of both employed and unemployed respondents believe financial literacy is a key contributor to improving social status and tackling unemployment-related societal challenges.

Discussion: The uniformity in perceptions highlights financial literacy as a universally recognized tool for social mobility. Employed individuals likely see it as a means to sustain their status, while unemployed respondents may view it as a pathway to recovery.

Implications: Investment in financial literacy programs, particularly for vulnerable populations, can have long-term benefits in reducing unemployment and promoting economic stability.

3. Effectiveness of Government Interventions:

Findings:

- 30% of employed respondents view government interventions as effective, while 45% of unemployed respondents find them ineffective or somewhat ineffective.

Discussion: There is a shared scepticism toward government efforts, with unemployed individuals being particularly critical.

This disparity suggests a perception gap in how policies are

communicated or experienced.

Implications: Governments need to design and implement more visible, impactful policies. Regular evaluation and transparent communication of policy outcomes could enhance public trust and perceived effectiveness.

4. Social Impact of Unemployment:

Findings:

- 70% of employed and 65% of unemployed respondents agree that unemployment significantly contributes to societal dilemmas, such as inequality and unstable lifestyles.

Discussion: The alignment in views suggests that unemployment is seen as a societal issue transcending employment status. Employed respondents may empathize with societal impacts, while unemployed individuals experience these challenges firsthand.

Implications: Comprehensive policies addressing both economic and social aspects of unemployment are essential. This includes mental health support, community programs, and initiatives to promote stable lifestyles.

5. Confidence in Industries:

Findings:

- 40% of employed respondents express confidence in industries addressing unemployment, compared to 35% of unemployed respondents.

Discussion: Confidence in the private sector is mixed, with slightly higher optimism among employed individuals. Unemployed respondents' experiences may contribute to their scepticism.

Implications: Fostering collaboration between governments and industries can boost job creation and build public confidence in the private sector's role in addressing unemployment.

6. Labour Market Competition:

Findings:

- 60% of employed and 50% of unemployed respondents find labor market competition concerning in relation to unemployment rates.

Discussion: Concerns about labor market competition are prevalent but more pronounced among employed individuals, potentially due to job security fears.

Implications: Policies promoting workforce inclusivity and skills development can mitigate concerns and ensure fair opportunities in a competitive job market.

7. Research on Disadvantaged Workers:

Findings:

- 70% of employed and 65% of unemployed respondents see research on challenges faced by disadvantaged workers as necessary or very necessary.

Discussion: The strong agreement underscores a shared recognition of the barriers faced by marginalized groups, including those with disabilities and ethnic minorities.

Implications: Focused research can inform inclusive policies and tailored interventions to address the unique needs of disadvantaged workers, enhancing their employability.

8. Challenges for Disabled Individuals:

Findings:

- 65% of employed and 55% of unemployed respondents believe individuals with disabilities face considerable challenges in finding employment.

Discussion: Awareness of the difficulties faced by disabled individuals is high among both groups, though unemployed respondents may underreport these concerns due to their broader focus on unemployment challenges.

Implications: Inclusive employment policies, workplace accommodations, and specialized training programs are vital to reducing employment barriers for disabled individuals.

9. Ethnic Disparities in Employment:

Findings:

- 65% of employed and 55% of unemployed respondents recognize the importance of researching ethnic disparities in employment.

Discussion: The slightly lower concern among unemployed individuals might stem from their immediate focus on general unemployment challenges. However, both groups value the need to address ethnic disparities.

Implications: Policymakers should prioritize studies on ethnic disparities and implement programs to promote diversity and equity in hiring practices.

10. State and Federal Government Cooperation:

Findings:

- 75% of employed and 65% of unemployed respondents support increased state and federal government cooperation to address unemployment.

Discussion: The higher agreement among employed respondents suggests a belief in the effectiveness of coordinated efforts, which unemployed respondents might not experience directly.

Implications: Enhanced intergovernmental collaboration can create comprehensive strategies to tackle unemployment, addressing root causes and fostering sustainable job creation.

Overall Summary:

The analysis highlights shared and differing perceptions between employed and unemployed individuals. Key areas for intervention include financial literacy programs, inclusive policies for marginalized groups, and effective government-industry collaborations. Addressing these issues holistically can promote economic stability, reduce unemployment rates, and mitigate societal impacts.

The California Employment Development Department (EDD) faced significant challenges during the COVID-19 pandemic. An unprecedented surge in unemployment claims overwhelmed the system, leading to delayed payments for millions of Californians. Additionally, the EDD struggled with widespread fraud, exacerbated by outdated technology and inadequate reforms. Efforts to address these issues include a major overhaul known as Enterprise Development Department "EDDNext," aimed at modernizing the department and preventing future crises (Helper, 2024). California's unemployment rate is higher than the national rate. In February 2017, California's unemployment rate was 5.0%, while the national rate was 4.7%. However, it is worth noting that California's jobless rate has been falling faster than the national rate, narrowing the gap between the two from 2.9 percentage points in February 2010 to only 0.3 points in February 2017. California's economy in 2024 shows resilience with low unemployment, rising wages, and decreasing inflation. Despite adding over 260,000 jobs in the past year, Californians remain pessimistic due to wages not keeping pace with inflation, leading to financial strain for many. While the unemployment rate is slightly up, it is still lower than in most of the past decade. Efforts to boost earnings through wage increases and support for hiring are key, though budget constraints may limit state investments. Addressing workforce needs and economic constraints will be critical for long-term economic mobility (Bohn, 2024).

The challenges facing California's Employment Development Department (EDD), and its unemployment system are multifaceted, and they have left many Californians in financial distress. Here is a breakdown of what went wrong and the potential paths forward:

Fraudulent Activity: The pandemic led to a surge in fraudulent unemployment claims, estimated to be as high as \$31 billion. This included various forms of fraud, such as filing for benefits in someone else's name, exploiting weaknesses in the system, and involvement of organized crime. The extent of this fraud has overwhelmed the system and led to legitimate claimants being caught in the crossfire (Weidinger & Simon, 2024).

Systemic Failures: EDD has long been criticized for its inefficiencies, outdated technology, and inadequate fraud

prevention measures. The agency was ill-prepared to handle the sudden influx of claims during the pandemic, leading to backlogs, delays, and frustration among claimants (Lacurci, 2022).

Bank of America's Role: Bank of America, which manages California's unemployment debit card system, has faced scrutiny for its handling of the situation. Reports suggest that legitimate claimants have had their accounts frozen or drained due to fraud crackdowns, exacerbating the hardships faced by those relying on unemployment benefits (HEPLER & COUNCIL, 2020).

Impact on Claimants: Many Californians have been left in dire financial situations as a result of the system failures. Some have been unable to access their benefits, while others have had their identities stolen for fraudulent claims. This has led to homelessness, financial instability, and emotional distress for affected individuals and families.

Efforts to Address the Crisis: There have been calls for reform and accountability at both the state and federal levels. Lawmakers are proposing measures to improve the system, such as adding direct deposit options, enhancing fraud protections, and strengthening language access. However, it remains to be seen how effective these reforms will be and how quickly they can be implemented (*Claims Against Bank of America to go Forward for Failing to Protect Unemployed Californians During Pandemic: Top National Trial Lawyers for the Underdog*, 2023).

Seeking Assistance: Claimants facing issues with their unemployment claims are urged to seek help through various channels, including social media, elected officials, workers' rights groups, and official customer service channels. Efforts are underway to increase staffing at overwhelmed call centers and improve support for claimants.

Ultimately, the road to recovery for California's unemployment system will require a concerted effort from both government agencies and private partners to address the underlying issues and rebuild trust among the state's residents (Hepler, 2021). Digitalization significantly contributes to the reduction of unemployment. The study evaluates the impact of economic growth and digitalization on unemployment change by applying a modified version of Okun's Law to a balanced panel data set for fifty-eight countries from 2013 to 2019 (Sandri et al., 2022).

The survey reveals a widespread recognition of the importance of economic development and income equality for enhancing financial literacy, indicating a shared understanding that economic growth and fair wealth distribution are crucial for financial well-being. This recognition has policy implications, suggesting that efforts to stimulate sustainable growth and reduce income inequality can boost financial literacy, leading to reduced unemployment and social disparities. Furthermore, financial literacy is viewed as essential for improving social status and overcoming unemployment, emphasizing the need for targeted financial education programs. Despite this, there is skepticism

about the effectiveness of government interventions, pointing to a need for more transparent, accountable, and community-tailored policies. Unemployment's significant social impact underscores the necessity for holistic solutions beyond job creation, including social safety nets and mental health support. Mixed confidence in industries' ability to address unemployment and concerns about labor market competition highlight the importance of investing in education and training. Strong support for research and targeted interventions for disadvantaged groups indicates a need for policies addressing specific labor market barriers. Finally, increased cooperation between state and federal governments is called for to develop comprehensive strategies tackling unemployment.

Improving the economic development (an increase of GDP level) and income equality (the level of income equality in a certain area) might boost financial literacy of the resident population but also of the residents nearby. Even knowledge provided is generally not specific (financial knowledge) so the person can improve their social status, in effect a society dilemma takes place. Individual leader approval and incumbent voting data show the nuanced story of the effects of foreign crisis than can be found in previous cross-national works relying on the macro-level outcome (Tir & Singh, 2013a).

The crisis can help repair unemployment versus employment while creating another which is foreign policy versus non-aficionados (Tir & Singh, 2013b). Hence if unemployment is increasing government get involved in the regional and international crisis to divert the attention of people from unemployment, which is not suitable for a healthy society, thus a social dilemma. Consequently, the main themes of research are inequalities, recessions, and social dilemmas in the USA and the impact of unemployment.

Unemployment is a big concavity in the USA which no one is willing to take a look at. Unemployment is increasing in the USA, and it is causing a lot of problems, for instance, unstable lifestyle, inequality, and people are demoralized to find a new job which is a social dilemma, which is also related to academic and industry implications immensely. There is enough data to show that there are many unemployed people in the USA so relevant industries should find these people and provide jobs to them. There is certainly a research gap where the researcher needs to find out the root cause of unemployment, and how this problem can be solved. There is a need to make cooperation between state and federal level which is another gap in research. Labour market competition in the USA and its effects need to be addressed in future research. Unemployment is linked to tobacco (Prochaska et al., 2013) and bad wellbeing for many people (Nordt et al., 2015).

Another area which needs more research is unemployment and the unsustainable trends due to recession. More effort is needed to find out more about disadvantaged workers and their challenges. Similarly, there is hardly any research on how difficult it is to find a job for a person with a disability or other medical conditions. Existing research did not explore how different ethnicities are treated and employed in the different sector, which is needed to be

explored, for instance, challenges faced by Muslims in finding a job in the USA.

6. Conclusion:

This research investigates the dynamics of unemployment in California over the past 20 years by analyzing survey responses from 1,500 employed and 1,500 unemployed individuals. The findings provide valuable insights into the economic and social factors influencing joblessness and reveal significant areas for intervention.

Among employed respondents, **65% emphasize the importance of economic development and income equality** in enhancing financial literacy, which they view as crucial for improving social status and mitigating unemployment-related challenges. Similarly, **50% of unemployed respondents** highlight the significance of these improvements, with **65% acknowledging the role of financial literacy** in overcoming unemployment barriers.

Government interventions received mixed reviews, with only **30% of employed respondents** and **25% of unemployed respondents** finding them effective. This skepticism underscores the need for more impactful and transparent policy initiatives. A **majority of respondents (70% employed, 65% unemployed)** agreed that unemployment significantly contributes to societal issues like inequality and unstable lifestyles.

Both groups strongly supported research on the challenges faced by disadvantaged workers, including those with disabilities and ethnic minorities. **70% of employed and 65% of unemployed respondents** recognized the necessity of such studies, and **75% of employed respondents** advocated for increased collaboration between state and federal governments to address the root causes of unemployment.

Confidence in the private sector's ability to mitigate unemployment was low, with only **40% of employed and 35% of unemployed respondents** expressing optimism. Concerns about labor market competition were notable, especially among employed respondents (60%), indicating widespread apprehension about job security.

These findings suggest critical policy implications. Enhancing **financial literacy programs**, addressing **ethnic and disability-related disparities**, and fostering **intergovernmental collaboration** can create equitable opportunities and mitigate the economic and social impacts of unemployment. **Comprehensive strategies combining economic development, inclusive workforce policies, and public-private partnerships** are essential to promoting sustainable employment and economic stability in California.

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