Financial Hardships, Perceived Stress, and Anxiety Among Educated Cohort in Pakistan: A Quantitative Study

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Abstract

Financial stability plays a crucial role in an individual's overall well-being, influencing not only physical conditions but also psychological health. In today's competitive world, financial hardship can significantly disrupt life satisfaction and increase mental health issues such as stress and anxiety. Although there is ample global literature on financial hardship, the educated cohort in the context of Pakistan has rarely been studied, particularly regarding perceived stress and anxiety. Therefore, this study aims to address this gap and offer practical implications. A cross-sectional correlational research design was employed, using purposive sampling to collect data from 355 educated individuals (with a minimum qualification of a bachelor's degree) who had been unemployed for at least one year. Participants were both men and women, aged between 22 and 35 years. To assess the study variables, three standardised instruments were used: the Economic Strain Scale, the Perceived Stress Scale, and the Beck Anxiety Inventory-II. It was hypothesised that financial hardship would be significantly and positively associated with both perceived stress and anxiety among educated cohort of Pakistan. Correlational proved the hypothesis of the study and the study's hallmark was successfully achieved. Implications include the need for societal support systems, greater involvement of mental health professionals in raising awareness, and active governmental efforts to create employment.

Keywords: Financial Hardships, Perceived Stress, Anxiety, Educated Cohort.

Introduction

Financial hardship refers to the difficulty in meeting financial obligations such as paying bills or repaying loans and debts on time (Marshall et al., 2022; Yabroff et al., 2022). In developing

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countries like Pakistan, financial hardship is a prevalent issue due to economic instability, high unemployment, and inflation. These conditions significantly impact mental health, especially among educated but unemployed youth. A review of 20 studies highlights how poverty, debt, and joblessness in Pakistan are linked to anxiety, depression, and poor academic outcomes, urging for reforms in mental health care and education equity (Samejo et al., 2024).

Perceived stress refers to an individual's subjective evaluation of stress levels in response to challenging situations (Gamonal-Limcaoco et al., 2022; Zhao et al., 2021). When prolonged, stress may manifest as anxiety, characterised by restlessness, rapid heartbeat, and persistent worry. Severe, recurring anxiety may indicate an anxiety disorder (Craske et al., 2011; Julian, 2011; Levitt, 2015).

Ali et al. (2020) examined financial vulnerability in Pakistan using national survey data and found that low education levels and lack of digital literacy increased financial risk. These findings highlight the impact of economic hardship on psychological stress. Park et al. (2017) explored the association between financial hardship, perceived stress, and social support. Using structural equation modelling, they found that economic hardship predicted negative perceptions of one's situation, which in turn elevated perceived stress. However, social support served as a protective factor, reducing the impact of stress.

Financial instability also affects neighbouring South Asian countries. A cross-sectional study in Bangladesh found alarming rates of depression (81.1%), anxiety (61.5%), and stress (64.8%) among 988 graduate job seekers. Financial threat was strongly associated with these mental health conditions, while economic hardship had a weaker but still positive link (Mamun et al., 2020). These results highlight that financial pressures, especially during job transitions, have considerable psychological consequences for young, educated adults.

In Portugal, Viseu et al. (2018) investigated the impact of economic stress factors (hardship, threat, and well-being) on stress, anxiety, and depression. Social support was found to moderate the adverse effects of financial hardship, demonstrating that emotional and practical assistance can buffer against mental distress during economic crises. Anwar et al. (2025) addressed this by examining financial insecurity and perceived stress in unemployed Pakistani graduates aged 22–35. Using validated scales, they found a significant positive correlation between economic insecurity and anxiety. The study emphasised the need for mental health support and economic policies that target this vulnerable population.

Unemployment remains a major issue in Pakistan, causing psychological distress regardless of educational attainment. However, minimal research exists on graduates in Psychology and Sociology, fields that focus on understanding and addressing human behaviour and mental health. Shahid et al. (2025) explored this gap by studying perceived stress and anxiety among 384 unemployed Pakistani graduates in these disciplines. Results showed a strong positive correlation ($r = .83$, $p < .01$), with stress accounting for 69% of the variance in anxiety ($\beta = .83$, $R^2 = .69$, $p < .001$). The study emphasised the importance of promoting help-seeking behaviour, relaxation techniques, and psychoeducation.

The current study addresses the limited literature on the financial hardship in Pakistan's educated unemployed population. By investigating its relationship with perceived stress and anxiety, the research aims to provide valuable insights for policy and mental health interventions. Financial insecurity has a significant impact on the psychological well-being of unemployed youth, and addressing this issue is crucial for improving societal outcomes.

Hypothesis
Financial hardship is likely to have a positive and significant relationship with perceived stress and anxiety among the educated cohort in Pakistan.

Methodology
Research Design
The study adopted a cross-sectional correlational design and employed a purposive sampling technique to collect data from 355 participants.

Inclusion Criteria
Eligibility criteria required participants to hold a minimum qualification of a bachelor's degree for at least one year. Additionally, participants had to be citizens and residents of Pakistan, aged between 22 and 35 years.

Questionnaires/Scales
The scales used in this study were the Economic Strain Scale (ESS), the Perceived Stress Scale (PSS), and the Beck Anxiety Inventory – Second Edition (BAI-II). The ESS consisted of six items rated on a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), with higher scores indicating greater economic hardship. The scale demonstrated high internal consistency, with a Cronbach's alpha of 0.94 (Conger et al., 1994). The PSS comprised 10 Likert-type items with response options ranging from 0 to 3, where higher scores reflected greater levels of perceived stress. The internal consistency of the PSS ranged from 0.79 to 0.89 (Cohen et al., 1983). The BAI-II, developed by Aaron T. Beck et al. in 1988, includes 21 items rated on a four-point Likert scale (0–3), where higher scores indicate greater levels of anxiety. The BAI-II demonstrated excellent internal consistency, with a reported reliability of 0.92.

Ethical Consideration and Procedure
The study adhered to the APA 7th edition ethical guidelines throughout its procedures. This included obtaining ethical approval from the relevant academic department, securing permissions from the authors of the scales, and acquiring informed consent from all participants. Participants were informed of their right to withdraw from the study at any time. No physical or emotional harm was caused to any participant. Upon completion of data Collection, the data were entered and analysed using SPSS version 26.

Results
Table 1: Demographic Characteristics of Participants (N=355)

Characteristics	Frequency	Percentage	Mean	*SD*
Gender				
Men	233	66		
Women	122	34		
Age			25	2.95
Qualification				
Graduates	250	70		
Post Graduates	105	30		
CGPA			3.31	.62

Number of Academic Honour(s) and distinction(s)		
Yes	120	34
No	235	66
Internship		
Yes	322	91
No	33	9
Background Residency		
Urban	272	77
Rural	83	23
Marital status		
Single	219	62
Married	136	38

Note: SD= Standard Deviation

Table 1 presents the demographic characteristics of the participants (N = 355). The sample included 233 men (66%) and 122 women (34%), with a mean age of 25 years (SD = 2.95). Regarding educational qualifications, the majority of participants were graduates (n = 250, 70%), while 105 (30%) were postgraduates. The average CGPA among participants was 3.31 (SD = 0.62). A total of 120 participants (34%) reported having academic honors or distinctions, while 235 (66%) did not. Most participants (n = 322, 91%) had completed internships, while 33 (9%) had not. Regarding residential background, 272 participants (77%) were from urban areas, and 83 (23%) were from rural areas. In terms of marital status, the majority were single (n = 219, 62%), while 136 (38%) were married.

Table 2: Correlational Matrix (N=355)

Variables	**1**	**2**	**3**
1.Financial Hardship	-	.81**	.80**
2.Perceived Stress		-	.98**
3.Anxiety			

*Note: **p<.01*

The above table depicts that financial hardship has positive and significant relationship with perceived stress and anxiety. Furthermore, perceived stress is positively and significantly associated with anxiety.

Discussion

There is substantial literature on financial hardship and perceived stress among young adults; however, such studies are rare in the context in Pakistani young adults, particularly graduates aged between 22 and 35. Therefore, to address this gap, the present study aims to examine the association between financial hardship and perceived stress and anxiety among young adults.

The correlational analysis confirmed the hypothesis, indicating that financial hardship is positively and significantly associated with perceived stress and anxiety among young adults. These findings align with previous research, which reported a significant and positive association between depression, anxiety, and stress among unemployed graduates in Pakistan (Qureshi et al., 2025).

Another recent study also noted a high prevalence of psychological distress among psychology and sociology graduates (Shahid et al., 2025).
The significant relationship between financial hardship and stress can be attributed to multiple factors, including daily living expenses, societal pressures of being unemployed and financially dependent, and the ongoing rise in inflation due to Pakistan's economic and political instability. Furthermore, the lack of mental health awareness may also contribute to elevated psychological distress.

Conclusion

This study employed a cross-sectional correlational design to assess the relationship between financial hardship and perceived stress among 355 participants. Eligibility criteria included holding at least a bachelor’s degree for a minimum of one year, being a citizen and resident in Pakistan, and being between 22 and 35 years of age. The findings confirmed a significant and positive relationship between financial hardship and perceived stress among young adults. Thus, the study's objective was achieved.

Implications

The results highlight financial hardship as a critical public health concern among young Pakistani adults, potentially leading to anxiety, depression, and long-term psychological issues. These findings can inform government policy development aimed at improving youth employment opportunities, establishing financial support programs, providing paid internship, enhance fair selection in organizations and controlling inflation to reduce mental health burdens. Academic institutions and career services should also recognize the psychological impact of financial instability on graduates and integrate mental health support within career development programs. Additionally, mental health professionals must raise awareness through workshops, seminars, and media campaigns to encourage the educated and employed cohort to seek professional psychological help. Parents, society, and the wider community should also be informed not to exert undue pressure on this group, as societal expectations play a significant role in contributing to mental health distress among these individuals.

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