



## The Role of Private Sectors in Reducing Unemployment

Mansoor Faqeerzai<sup>1\*</sup>; Mohammad Jamal Shenwary<sup>1</sup>; Abdurrasheed Sahibzada<sup>1</sup>;

Mohammad Khalid Khawrin<sup>2</sup>

<sup>1</sup>Department of Public Policy, Faculty of Public Administration and Policy, Nangarhar University, Afghanistan

<sup>2</sup>Department of Judgement and Prosecution, Faculty of Law and Political Science, Bamiyan University, Afghanistan

\*Corresponding Email: [abdurrasheed.sahibzada@gamil.com](mailto:abdurrasheed.sahibzada@gamil.com), Phone Number: +93788502054

### Article History:

Received: 22. 06.2024

Accepted: 06. 07.2024

Online First: 15.01.2025

### Citation:

Faqeerzai, M et al. (2025). The Role of Private Sectors in Reducing Unemployment. *Kdz Uni Int J Islam Stud and Soc Sci*;2(1):19-24

e-ISSN: 3078-3895

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### Abstract

Employment generation is crucial in reducing poverty and boosting economic activity, which, in turn, leads to economic growth. The high unemployment rate is not only a cause for concern but also a national embarrassment that requires significant action. Unemployment in both developed and developing countries creates numerous problems for both individuals and the government. The objective of this study was to determine the role of private sectors in reducing unemployment in Nangarhar province, Afghanistan. The study data was collected from 50 respondents working in different private sectors in Nangarhar province through a Standardized structured questionnaire. The data was analyzed using Jamovi through the correlation method. The data's reliability was also tested and was found to be 0.829. After analyzing the data, the study's results showed that there is a strong positive relationship between private sectors and unemployment reduction. A strong positive correlation of 0.549 was observed, indicating that as one variable increases, the other tends to increase as well. This correlation is statistically significant at a p-value of 0.001, suggesting a significant relationship between the two factors.

**Keywords:** Private sectors, Unemployment, Economic Development, Nangarhar.

### Introduction

Unemployment and poverty are the two sides of the coin. The pain that gives unemployment to families can be devastating especially, in less developing countries. Employment matters for development because it can raise household income, lower inequality, promote economic growths, and contribute to political stability. According to Aliqah (2008), unemployment is a case of no work available to a person who wants to work with his ability on it in a profession suitable to his abilities and preparations due to the work market situation. In addition, unemployment is defined as the case of unemployed person's existence that are able to work, wants to work, looking for work, but do not find it (Kindah 2003). In addition, Wa-al-Abhath (2006), defines unemployment as the people who do not work but they are available to work and looking for it. Unemployment creates poverty, which results in decreasing the income level of households, stress, and upsets.

Unemployment affects families. Even when a man beats his wife or both have too many children, it is all easy to finger unemployment or poverty (Ede et al., 2013; Agbase 1998). Government can reduce the unemployment rate in the country through many ways and different sectors (public and private sectors). Among these ways, one is promoting the private sectors in the country. The government should promote private sector activities through the provision of subsidies and other incentives (Choe & Ranks, 2013). The public and the private sectors are the two economic sectors that provide jobs. Public or government sectors are operated and funded by the government, which provides goods and services to the citizens. While the private sectors are run and operated by private individuals and organizations in the business by providing goods and services to the people (Ede et al., 2013). The higher the number of private sectors higher the unemployment rate in the economy. If the number of private sectors are increased in the country, there will be large number of jobs availability for individuals. According to Fapohunda (2013), there are no jobs because there is very little private entrepreneurship. In addition, private sector can be defined as the sector holding companies owned by individuals, groups, or shareholders made from citizens and/or foreigners but not the government, the state, or the country (Aliqah, 2008). Both sectors produce a large amount of employment rate in the country. According to Ilegbinosa et al. (2013), youth unemployment should be blamed on both the private and public sectors of the country.

According to Gedaer (2007), at present, a fifth of the world's population – 1.2 billion people – live in absolute poverty. Surviving on less than \$1 each day, and often struggle to have access to clean water, shelter, basic medical care, and education. More than 60% of this fifth are unemployed. The government should reduce the unemployment rate in the country because it is truly a direct danger threatening the social stability, peace, and economic condition of the country.

Ilegbinosa et al., (2013) stated that employment problems, which include open unemployment, underemployment, low-wage employment, social exclusion, idleness etc, is noticeable in almost every market economy today. Private sectors provide a large number of employment to individuals, increase the income level of individuals, and reduce the poverty rate in the economy. Empirical evidence by Davis & Haltiwanger (2014) showed a strong positive correlation between private sector expansion and employment growth. Effiong et al., (2022) conducted the same research and stated that the private sector has a positive significant influence on unemployment. In addition, the private sector creates new job to the economy and contributes in economic expansion. According to Acemoglu & Autor (2011) highlight how private enterprises' responsiveness to market demands leads to the creation of new job roles, contributing to overall economic expansion. A key player in the process of economic expansion is the private sector. Its importance comes from its interdependence with the local economic sectors, because it has a positive role in increasing production as well as creating new job opportunities, which will reduce unemployment rates (Hammad & Al Hiyali 2023). As mentioned earlier the private sector has a significant impact on decreasing the unemployment rate and poverty, so the government should provide facilities to them. Shabbir et al., (2012), found that the private sector had a significant positive impact on the decline in the unemployment rate over the short and long terms. It was also found that providing loans to the private sector increases job chances and raises the employment rate. Jayaraman & Singh (2007), carried out a research and stated that the availability of credits to private sectors has a positive impact on employment, which increases investment and decreases the unemployment rate.

The main aim of this study is to find the role of private sectors in reducing the unemployment rate in the country. There is very little academic research conducted on the role of the private sector in reducing the unemployment rate in Nangarhar province. This research will help the government and decision-makers in finding the role of the private sector in reducing the unemployment rate in the economy. Therefore the objective of the study is to analyze the role of the private sector on unemployment reduction. This indicates a hypothesis that:  $H_1$ : Private sector plays a significant role in reducing unemployment rates.

## Material and Method

Quantitative research method was applied. The study was conducted in the Nangarhar province, Afghanistan. Data was collected with purposive sampling technique from 50 employees who were working in different private sectors in Nangarhar province, Afghanistan. All 50 participants were male. Primary data was analyzed through Jamovi tool. Correlation and descriptive statistics tests were used for analyzing of the data. Primary data was collected through a standardized structured questionnaire using a Likert scale 1 to 5 (strongly disagree (1), disagree (2), neutral (3), agree (4), and strongly agree (5)). The questionnaire was made and the reliability was examined which was 0.829.

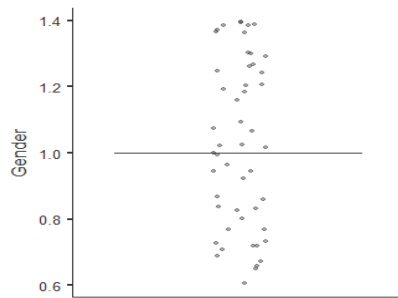
## Results

The results are depicted in described in two types of tables one descriptive statistics and the second the inferential statistics.

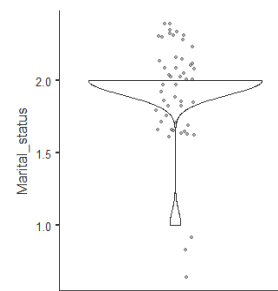
**Table 1.** Descriptive Statistic of the Participants

	Gender F M		Age	Education level D B M			Job experiences	Marital status M S	
N	(0	50)		(10	18	22)		(47	3)
Mean			34.0				4.66		
Median			34.0	2.00			3.00		
Standard deviation			4.51	0.771			3.45		
Minimum			23.0	1			1		
Maximum			47.0	3			13		

Table one of the study depicted the demographic statistic of the participants. The study participant's gender was 50 males zero female, the marital status was 3 single and 47 married, the education level was 10 diploma, 18 bachelors, and 22 masters. Furthermore, the age of the participants was as 23 minimums 47 maximum and 34 years was the mean. Moreover, job experience was minimum 1, maximum was 13 years, and its mean was 4.6 years.



The Figure 1 showed that all participants were male.



The figure 4 showed the marital status respondents and showed that most of participants were married.

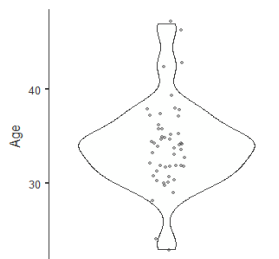
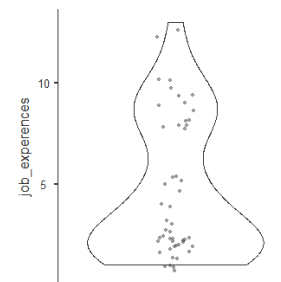


Figure 2 of the study showed that most theof the participants' ages were 30 to 40 years.



The Figure 5 showed that most of participants had less than 5 years experiences.

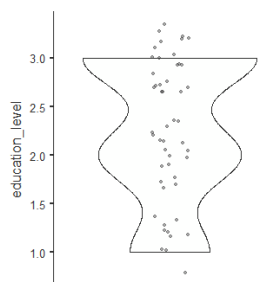


Figure 3 of the study showed that most of the participants were having master degree.

**Table 2.** Correlation between private sector and unemployment reduction

		Private sector	Unemployment reduction
Privates sector	Pearson correlation	1	0.549**
	Sig (2-tailed)		0.001
	N	50	50
Unemployment Reduction	Pearson correlation	0.549**	1
	Sig (2-tailed)	0.001	
	N	50	50

\*\* Correlation is significant at the 0.001 level (2-tailed)

The table 2 illustrates the correlation between unemployment reduction rates in the private sector. A strong positive correlation of 0.549\*\* is observed. It indicates that as one variable increases, the other tends to increase as well. This correlation is statistically significant at a p-value of 0.001, suggesting a significant relationship between the two factors. The data, based on a sample size of 50, underscores the importance of understanding the dynamics of private-sector employment. This finding emphasizes the need for effective strategies to address and mitigate unemployment challenges within the private sector.

Hence,  $H_1$  of the study is accepted. It means that increasing of private section reduce the unemployment, and vice versa.

## Discussion

This paper focuses on the role of private sectors in reducing the unemployment in Nangarhar province, Afghanistan. After analyzing the data, it was found that there was a positive significant correlation exists between private sector and unemployment reduction. More researcher conducted the same research and revealed the result that both private sector has significant positive impact in reducing unemployment. According to Effiong et al., (2022), the private sector has a positive significant influence on reducing unemployment. In addition, according to Shabbir et al., (2012), the private sector had a significant positive impact on the decline in the unemployment rate over the short and long terms.

## Conclusion

This study proved that private sectors plays a significant role in reducing unemployment in Nangarhar province. It means that if the private sector in Nangarhar province is decreased that directly effect on increasing the unemployment or decreasing the employment. In other word, if the private is promoted and increased that directly decrease the unemployment. Therefore, the Afghan government should promote private sectors, provide them loan and all necessary facilities that directly reduce the unemployment in the beloved country.

## Acknowledgment

The authors also thank the anonymous reviewers for their helpful comments and suggestions.

## Data Availability Statement:

The data that support the findings of this study are available from the corresponding author upon reasonable request.

## Conflicts of Interest:

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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