



Highlight

Economic crises can delay or prevent the achievement of developmental milestones during adolescence, with potentially serious long-term consequences. A better understanding of human developmental processes provides useful entry points for policies and programs.

Adolescence

*Protecting and Promoting Human Development in Times of Economic Shocks*¹

Kevin Hempel, Alice Wuermli, Mattias Lundberg²

Adolescence is a demanding and critical period in life. Failure to meet certain developmental milestones can have serious short- and long-term implications for the individual and society at large. This note provides an overview of how economic shocks can affect adolescent development, and how policies and programs can protect and promote human development in the face of adversity. Policies and programs to prevent and mitigate the negative impact of crises on schooling, employment, mental health and risky behaviors can be made more effective by incorporating psychosocial support and mentoring.

Context

Economic crises can have serious implications for human development. Financial crises, at both the global and the national level, are ubiquitous. This raises concern about the human impacts of crises, especially among more vulnerable populations in developing countries. This is particularly true during childhood and youth, when the brain is developing rapidly, and when socioemotional and behavioral development are at their peak. Given the cumulative nature of human development, shortfalls or setbacks at any stage of the life course—from the antenatal environment through adolescence—are often difficult to reverse later in life and may have severe consequences for individual development as well as for the growth and development of successful communities. Thus, it is essential to protect and promote human development in the face of adversity.

Three interrelated concepts provide the foundation for understanding the potential impacts of shocks on children and youth.

- **Timing:** Human development is characterized by critical periods of life during which certain investments must be made to facilitate the achievement of specific milestones in development, or stage salient developmental tasks. These age-related expectations for the mastery of particular tasks provide benchmarks for the abilities

¹ This note is part of a three note series that summarizes findings from Lundberg, M. and A. Wuermli (eds). 2012. *Children and Youth in Crisis: Protecting and Promoting Human Development in Times of Economic Shocks*. Washington DC: The World Bank.

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that an individual should ideally master by different ages, and that are correlated with successful development and transition to subsequent stages in life. Economic crises can disrupt a young person's "normal" development by preventing or delaying the mastery of these developmental tasks at specific stages, which—if uncorrected—can have potential long term consequences.

- **Context:** Development in childhood and youth is influenced by diverse contexts or settings (family, peers, schools, communities, sociocultural belief systems, policy regimes, and the economy). The relative importance of these settings changes during the lifecourse. Interactions among these settings determine both the transmission of shocks such as a financial crisis to the young person's immediate environment and the impact of the shock on her development. As development is partly a function of a person's repeated interactions with her immediate environment (the proximal processes of human development), shocks can disrupt the contexts in which these processes occur, and hinder a young person's ability to develop successfully.
- **Transmission mechanisms:** There are numerous pathways through which a crisis can affect the well-being and development of a young person. Crises may be experienced directly at the individual level (through e.g. a change in aspirations and identity), or indirectly through the family, school, or other settings (through e.g. increased parental stress, parental job loss, a reduction in publicly-provided services). The developing person will experience crises through the loss in income, but also through other channels, such as psychological distress. The relevance of each particular transmission mechanism varies depending on the life stage of the person as well as on the context. Different settings may provide protective factors that prevent, mitigate or attenuate negative impacts; these factors can be a source of resilience, facilitating positive adaptive behavior on the part of the developing person.

Effects of economic crises on adolescents

Adolescence is a crucial stage in a person's development.

Adolescence is marked by profound physical, emotional, and social transitions; the brain undergoes significant neurological development, and cognitive and socioemotional abilities take shape. While social expectations of the precise timing of certain transitions vary across countries and cultures, all adolescents are eventually expected to make the transition to adulthood, including entering work, becoming financially independent, and starting a family. Adapting to these new roles

and successfully managing this transition requires the mastery of three interrelated stage-salient tasks:³

- **Autonomy and relatedness:** As young people mature, they renegotiate their relationships with parents, peers, teachers, and other adults. Settings outside the family, such as the workplace, become increasingly important. Young people must achieve greater personal and financial independence while maintaining positive relationships with parents and other adults.
- **Identity:** The process of growing more autonomous and defining one's role in society requires that adolescents establish personal and vocational preferences and aspirations.
- **Goal setting and achievement:** The ability to define goals and plan and act strategically provides the foundation for subsequent growth and development.

Economic crises can impair healthy adolescent development. Crises affect the opportunities and support structures available to adolescents to develop the cognitive, socioemotional, and behavioral competencies needed to master the stage-salient tasks. In particular, crises can lead to:

Limited and unpredictable employment opportunities. Youth employment tends to be more vulnerable to economic crises than adult employment.⁴ Young people are often engaged in temporary and unprotected work—such as seasonal, temporary, and part-time jobs—or in sectors particularly vulnerable to economic fluctuations, such as construction. By constraining employment opportunities, as well as the availability of other entry points into the labor market, such as internships and apprenticeships, economic shocks affect the process of acquiring necessary skills, work experience, and achieving financial autonomy. Worsening labor market conditions can also affect adolescents' expectations, vocational identity, and personal goals, as the context and perceived likelihood of achieving them may change dramatically.

Loss of parental employment and income, and deterioration of family dynamics. The threat or realization of losing income or assets can lead to anxiety among parents, which is then transmitted to adolescents through parents' emotions and behaviors.⁵ For example, the quality of parenting can be negatively affected, impairing the development of adolescents' autonomy and ability to form relationships. Impaired family dynamics are linked to mental health problems and heightened incidence of risky behaviors. Research also shows that adolescents who perceive economic stress within their families have lower self-expectations for the future.

³ See for example Roisman et al. 2004. "Salient and Emerging Developmental Tasks in the Transition to Adulthood." *Child Development* 75 (1): 123–33.; Crockett, L., and R. K. Silbereisen. 2000. *Negotiating Adolescence in Times of Social Change*. Cambridge, UK: Cambridge University Press.

⁴ See for example Choudhry, M., E. Marelli, and M. Signorelli. 2010. "The Impact of Financial Crises on Youth Unemployment Rate." Working Paper 79, Department of Economics, Università di Perugia: Perugia, Italy; Verick, S. 2009. "Who Is Hit Hardest during a Financial Crisis? The Vulnerability of Young Men and Women to Unemployment in an Economic Downturn." Discussion Paper 4359, IZA: Bonn.

⁵ See for example Conger, R. D., and G. H. Elder. 1994. *Families in Troubled Times: Adapting to Change in Rural America*. New York: Aldine de Gruyter; Conger, R. D. et al. 1992. "A Family Process Model of Economic Hardship and Adjustment of Early Adolescent Boys." *Child Development* 63 (3): 526–41.

Changes in the availability of adult role models outside the family. Crises may not only affect intrafamily dynamics, but also the availability of and interactions with positive role models in the school or community. Lower public expenditure can adversely affect the quality as well as quantity of schooling, while supervised extracurricular activities and out-of-school programs are often discontinued. These reduce the availability of positive adult mentoring relationships, restricting the support and guidance available to adolescents in mastering their developmental tasks.

In addition to these disruptions in their immediate environment, adolescents are more aware than younger children of the impact of shocks on socioeconomic status, and they may perceive economic pressures and stigma more directly. This can lead to additional difficulties with psychosocial adjustment, and influence their self-esteem, identity, future orientation, and efficacy beliefs.

The failure to master critical tasks can have negative implications for adolescent development. Failure to achieve stage-salient developmental tasks can jeopardize other life outcomes. Although there is considerable heterogeneity across individuals, crises can have particularly negative consequences in the following areas:

- **Schooling & Employment:** Contrary to the experience of idiosyncratic shocks, such as parental job loss, there is no compelling evidence that young people leave school during aggregate crises to work and support the household.⁶ Young people have fewer job opportunities in a crisis; this decreases the perceived returns to entering the labor market relative to remaining in school. On the other hand, diminished opportunities for employment can severely affect those young people who do try to enter the labor market. Early un- and underemployment is known to have serious long-term effects on future employment and lifetime income, and these young people often fail to catch up when the economy rebounds.⁷
- **Mental health:** By altering their relationships, identity, and goals for the future, unexpected life events can affect adolescents' physical and mental health.⁸ Difficulty in the labor market may lead to hopelessness and lower self-esteem, especially for young people who are in the process of forming occupational identities. In fact, unemployment experienced at early ages is associated with stress, depression, and illness later in life. Mental health problems during youth can also lead to lower educational

achievement, increased substance abuse, violence, and risky sexual behavior.

- **Risky behavior:** Economic adversity and its effects on the adolescent and her immediate environment may lead to greater risk taking, although this response is by no means universal.⁹ Crises can diminish the quality of parenting, which in turn may increase the likelihood for delinquency among youth. Similarly, stress and mental health problems have been associated with risky sexual activity. But while young people who experience severe stress are more prone to substance abuse, an income shock that decreases disposable income can decrease the consumption of alcohol, tobacco, and drugs.

Policy implications

The choice of policies and programs to protect and promote adolescent development in times of economic stress will depend on the transmission mechanisms at play. The different pathways by which a crisis affects adolescents provide a variety of *entry points* for programming and policy. In addition to targeting the young person directly in an attempt to mitigate negative outcomes, interventions may also target the family and other influential settings such as the school and the community. Since intervening in one particular setting may sometimes be difficult or expensive, it is important to consider the potential *substitutability* of different settings in which one might achieve similar outcomes. For example, instead of reaching individual families to support quality parenting, it may be possible to intervene in a training or work context where many youth can be reached at once.

Support the school to work transition. Interventions can provide transfers directly to a young person conditional on his or her attending school, receiving training, holding an internship, or participating in some sort of mentoring or coaching program. In addition to protecting enrollment, these programs can simultaneously provide short-run income support and improve mental health.¹⁰ Young people who find themselves in a difficult labor market will be more willing to engage in training to increase their skills. Comprehensive programs, such as JobCorps in the United States or the Jóvenes model in Latin America, which combine technical training with on-the-job training through internships or apprenticeships and mentoring, have been shown to be comparatively effective. In this context, strengthening efficacy beliefs, that is, the belief that one is able to set goals, plan

⁶ See for example Cunningham, W., and J. Bustos-Salvagno. 2011. "Shocks, Child Labor, and School Dropouts in Argentina." Mimeo. World Bank; McKenzie, D. 2003. "How Do Households Cope with Aggregate Shocks? Evidence from the Mexican Peso Crisis." *World Development* 31 (7): 1179–99.

⁷ See for example Duryea, S., and M. Morales. 2011. "Effects of the Global Financial Crisis on Children's School and Employment Outcomes in El Salvador." *Development Policy Review* 29 (5): 527–46.; Scarpetta, S., A. Sonnet, and T. Manfredi. 2010. "Rising Youth Unemployment during the Crisis: How to Prevent Negative Long-Term Consequences on a Generation." Social, Employment, and Migration Working Paper 106, OECD: Paris.

⁸ See for example Das, J. et al. 2007. "Mental Health and Poverty in Developing Countries: Revisiting the Relationship." *Social Science and Medicine* 65: 467–80.; Bell, D., and D. Blanchflower. 2010. "Young People and Recession: A Lost Generation?" Working Paper. Dartmouth College.

⁹ Chassin, L., A. Hussong, and A. Beltran. 2009. "Adolescent Substance Use." In *Handbook of Adolescent Psychology*. 3rd ed., Hoboken, NJ: Wiley.; Lundberg, P. et al. 2011. "Poor Mental Health and Sexual Risk Behaviours in Uganda: A Cross-Sectional Population-Based Study." *BMC Public Health* 11 (125): 1–10.

¹⁰ See for example Filmer, D., and N. Schady. 2009. "School Enrollment, Selection, and Test Scores." Policy Research Working Paper 4998, World Bank, Washington, DC; Baird, S., J. de Hoop, and B. Ozler. 2011. "Income Shocks and Adolescent Mental Health." Policy Research Working Paper 5644, World Bank: Washington, DC.

strategically, and subsequently achieve them, can enhance beneficiaries' motivation and self-confidence. Given the close links between mental health and employment, the integration of psychosocial support and counselling services into youth employment programs may enhance adolescents' ability to find and maintain employment (see case study).

Enhance household support programs. Income-support programs targeted at the household, such as cash transfers or public works, may replace lost family income in the short run. However, as adolescents become increasingly aware of the family's socioeconomic status and the stigma associated with the receipt of public benefits, these programs may have negative side-effects on the development of vocational identity and future orientation among beneficiaries' teenage children. Household-level income-support programs are likely to be of greater long-term benefit to adolescents if they also provide assistance with job search and other support services in the community.¹¹

Support positive relationships with adults outside the family. Positive role models outside the family can be of great importance in the process of forming identity, developing self-regulatory skills, and setting and achieving goals. Thus, in addition to preventing adolescents from dropping out of school in the first place, providing adult-supervised out-of-school activities in youth-friendly spaces may help to develop competencies and provide socio-emotional support. Leveraging the existing personnel and infrastructure of the schools and community can reduce costs and make these interventions viable even in low-resource environments. Since these services are generally provided by local authorities, this requires that budgets for sub-national levels of government are increased or at least maintained in times of adversity.

Case Study: Supporting goal setting and mental health in education and employment programs¹²

Supporting goal-setting and psychosocial well-being is increasingly recognized as an important strategy to enhance the effectiveness of education and youth employment interventions, especially in conflict and crisis settings. The International Rescue Committee (IRC), for example, uses a comprehensive training package for their microfranchising and apprenticeship programs that aim not only at generating income and savings, but also building self-esteem and goal-setting behaviors. In addition to acquiring employability and business skills, youth learn how to identify personal and work-related goals and manage their own lives. Confidence in goal setting and achieving, in turn, seeks to provide participants with a more positive future orientation, sense of self-worth, and supports the development of a productive vocational identity.

Similarly, organizations like AVSI have introduced individual psychosocial counseling into their vocational education programs to assist students with reducing psychological distress and identifying coping strategies. In addition, by training instructors in basic psychosocial support, they enabled the teaching staff to better identify symptoms of mental health problems and respond appropriately inside and outside the classroom.

¹¹McLoyd, V. et al. 2011. "Assessing the Effects of a Work-Based Antipoverty Program for Parents on Youth's Future Orientation and Employment Experiences." Special issue, "Raising Healthy Children," *Child Development* 82 (1): 113–32.

¹²International Rescue Committee. 2011. *Microfranchising: The Potential for Innovation in Youth Entrepreneurship*. Youth Livelihoods Technical Review. IRC: New York; Bannink-Mbazzi, F. and A. Lorschiedter. 2009. "Psychosocial support to vulnerable youth in vocational schools in northern Uganda." *Intervention* Volume 7, Number 2, Page 130–137.

