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The Economic Participation of Adolescent Girls and Young Women: Why Does It Matter?

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This note summarizes available research on the impact of schooling and employment of adolescent girls and young women on earnings and poverty reduction, demographic outcomes, child development outcomes, and female empowerment. It identifies key implications of this research for the formulation of public policy.

The challenge of lagging employment rates for young women

The rapid progress of many countries toward gender equality in education has been well-documented. Of 106 countries, 83 achieved the Millennium Development target of parity in primary and secondary education by 2005; only 19 countries, most in sub-Saharan Africa, are off track to meet the target of gender equality in primary and secondary school enrollment by 2015. While the progress on meeting targets for gender equality in education is laudable, in many countries it is not being followed up by successful school-to-work transitions.

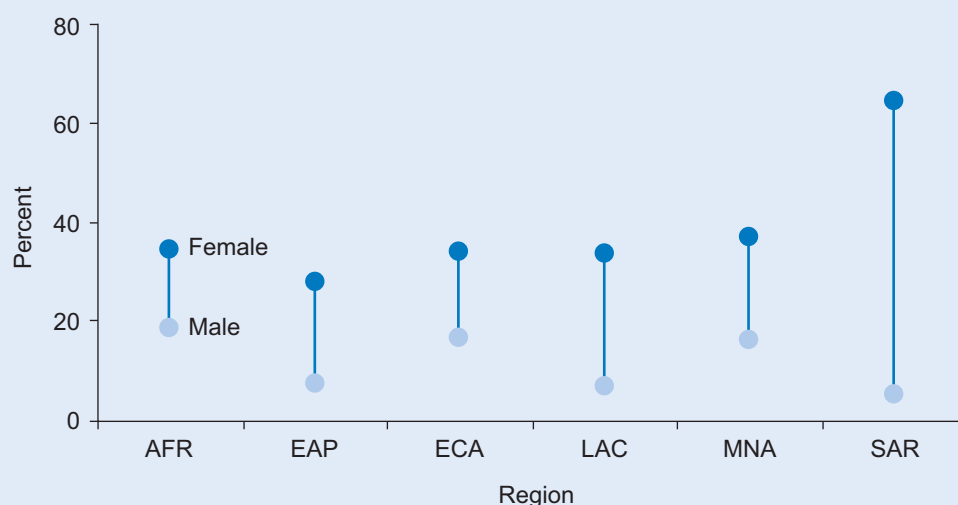
Of particular concern are adolescents and young adults who neither work nor study (henceforth referred to as “inactive”). Across all world regions (see figure 1), young women aged 20–24 have significantly higher rates of inactivity than young men. The gaps between young women and young men are substantial. In South Asia, the region with the largest gap, 64 percent of young women neither work nor study, while only 5 percent

of young men are inactive. Latin America is another region with a large gap: 34 percent for young women and only 7 percent for young men.

The statistics on inactivity do not include individuals who work without pay in family-owned businesses or who are self-employed, but they do include those—mostly young women—who perform domestic tasks within the household. The argument is not that all inactive young women should enter the labor market in order to maximize growth and accelerate poverty reduction. For some inactive young women, the welfare-maximizing choice may be to return to school or to continue performing household tasks.

The critical question, of course, is who in the household is doing the maximization. Amartya Sen has noted that it may be difficult to formulate a clear notion of “individual welfare” in societies in which family identity is very strong. Even in such societies, he argues that it is reasonable to conceptualize an individual’s well-being in terms of his or her functionings and capabilities—that is, “what he or she is able to do or be” (Sen, 1990).

Figure 1. Percentage of 20–24 year olds inactive by gender



Source: Household and labor force surveys, regional averages weighted by country population in 2006.

Socially—imposed constraints on study or labor force participation limit functionings and capabilities.

Economic participation of young women as an anti-poverty strategy

Adolescence can be an important stage in preparing for adult roles. This is especially true for young women, for whom education or economic participation in late adolescence can help overcome material, social, and cultural barriers to economic gains in adulthood. The welfare gains may accrue not only to these girls and women, but also to their families and children.

Thus, it is not surprising that development literature has increasingly emphasized the school enrollment and labor force participation of adolescent girls and young women as an important pathway for poverty reduction and economic development. The gains from investments in education, however, are much more systematically documented than gains from investments in youth training and employment (Knowles and Behrman 2005).¹

Earnings and poverty reduction

The clearest link between education of adolescent girls and poverty reduction comes from the high economic returns of secondary schooling for girls. In countries where average education for girls is low and lags behind education for boys, marginal returns from girls' schooling can be substantial and much higher than returns from boys' schooling (Schultz 2002). In a review of 42 countries, Psacharopoulos and Patrinos (2004) show that an extra year of secondary schooling for girls can increase their future wages by 10 to 20 percent, whereas the corresponding number for boys is about 5 to 15 percent.

For poor households, employment of young women can play a role in poverty reduction. Among young women aged 15–30 who participated in a group-based credit program in Bangladesh, average cumulative borrowing of \$315 in 1998 produced an increase in the annual per capita household expenditure of \$17—which is equivalent to 14 percent of the moderate poverty line and 21 percent of the extreme poverty line (Khandker et al. 2008). Other analyses of

microcredit programs in developing countries show that female borrowing has greater impact than male borrowing on household's ability to 'smooth' consumption over time (Khandker 1998). Young women's employment can also translate into economic gains by acquisition of skills for managing income, budgeting, and accumulation of savings for the future (Amin et al. 1998).

Demographic outcomes

Economic participation of young women can have a profound impact on their demographic choices. The demographic literature suggests that economically active women have higher opportunity costs of marriage and childbearing. This leads them to postpone marriage, schedule births later in life, and have fewer children on average compared to non-active women. Employment of young women has been linked to later age at marriage in developing countries (Amin et al. 1998; Mathur et al. 2003). Some studies also show a negative relationship between female labor force participation and fertility (Kalwij 2000, McLeod 2005). In general, however, it has been difficult to capture the causal impact of female labor force participation on fertility because such participation may both lead to and result from lower fertility.

Secondary education of girls is also linked to a higher age at marriage and later childbearing (Mathur et al. 2003; Martin 1995; Choe et al. 2001; Welti 2002) and negatively linked with their fertility (Schultz 1997). For instance, in six countries from sub-Saharan Africa, the median age at marriage for women with 10 or more years of schooling and women with no formal schooling differs by 4 to 6 years on average (Martin 1995). In 13 countries from sub-Saharan Africa, women with 7–10 years of schooling have 0.2 to 0.7 fewer children ever born, while primary education alone does not reduce fertility (Ainsworth et al. 1996).

Postponement of family formation and fewer children, given the right policy environment, may produce a demographic dividend of increasing per capita income, higher savings, and more rapid growth (Levine et al. 2008).

Child development outcomes

Women's economic participation can increase their control over household resources, which in turn has a positive impact on children's well-being (Morrison et al. 2007). Women's control over household resources has been linked to increases in children's cognitive ability and productivity as adults (Hoddinott and Haddad 1995). Traditionally, this literature was confounded by problems of endogeneity between measures of women's current earnings and their bargaining power in the household. In recent years however, studies have relied on exogenous measures of income such as assets brought in upon marriage (Quisumbing and Hallman 2005) or participation in programs such as conditional cash transfers (CCTs), microcredit, or pensions (Skoufias and Parker 2001; Pitt and Khandker 1998; Duflo 2003). These analyses linking women's control over resources to better child development outcomes are for women of all ages and not specifically young women; future research will need to document whether increased control over resources by young women also leads to better child development outcomes.

The empirical evidence on the impact of maternal employment itself on children's cognitive development—almost exclusively from developed countries—is mixed. Some studies show positive effects (Parcel and Menaghan 1994; Moore and Driscoll 1997), while others show negative impacts (Ruhm 2004).² One might expect a more positive impact on cognitive development in developing countries where basic nutritional needs are more likely to go unmet; unfortunately, there is currently no empirical evidence on this score.

It is widely known that the education of girls yields several positive child development externalities. Higher maternal education consistently has been shown to be negatively linked with infant and child mortality (Cleland and van Ginnekin 1988; Schultz 1993; Diamond et al. 1999). Other studies show a link between mother's years of schooling and child health (Thomas et al. 1991; Glewwe 1997) and educational attainment (IADB 1998; Filmer and Pritchett 1999).

Female empowerment

Empowerment can be interpreted as the freedom of choice and action to shape one's life, including the control over resources, decisions, and institutions necessary to do so (Narayan 2005). Female education and labor force participation have been identified as important catalysts for enhancing women's empowerment (World Bank 2001).

Studies on women's access to microcredit show that it increases women's control of non-land assets (Pitt and Khandker 1998; Khandker 1998), expands their role in household decision making (Kabeer 1998), and leads to greater acceptance by husbands of their participation in market-based economic activities (Agarwal 1997). In addition, educated women are more likely to play an active role at the community level. Studies from India show that increases in female education led to improvements in the quality of health-care provision via increased pressure from women on local authorities (Mari Bhat 1998; Dreze and Murthi 1999).

What does this mean for public policy?

The World Bank Youth Employment Inventory (Betcherman et al. 2007) examined 291 interventions from 84 countries. Only 15 percent of these programs actively promote the inclusion of young women either by targeting them as principal beneficiaries or

taking specific measures (such as child care allowances) to ensure their participation. These programs promoting the inclusion of young women represented 29 percent of all programs found to be cost-effective and 18 percent of all programs that were deemed effective (but that did not have cost data). The Youth Employment Inventory distinguishes between nine different types of interventions to promote youth employment, but finds no evidence that any one type of intervention is more likely to be effective than any other—successful interventions span all categories.³ The bottom line: at this point, the evidence base for what works in getting young women—or young men, for that matter—into gainful employment is relatively modest.

Given this caveat, what do we know?

Young women's school-to-work transition cannot be successful without a solid educational base. It is important to reinforce and accelerate the trend toward gender equality in secondary school attendance and graduation.

Information is important. Evidence suggests that young women may have less access to broad social networks to aid in job search and consequently less information with which to make a good decision on sector and occupation (Levine et al. 2008; Malhotra and DeGraff 1997). This is compounded by social norms and restrictions on appropriate occupations for women and even more basic restrictions on women's mobility. In middle-income developing countries, information provision can be provided by intermediation services; in both middle-income and poorer countries, training programs combined with placement and job counseling services can be used to facilitate young women's entry into nontraditional and more highly paid occupations.

Access to training opportunities is not automatic for young women. An important lesson from demand-driven training programs in Latin America (the *jóvenes* programs) is that

child care subsidies are an important tool for increasing young women's participation in training programs (Ñopo et al. 2007).

Nor is access to available jobs automatic for young women. Job opportunities for young women are often restricted by both demand and supply constraints. On the demand side, employers in a range of countries and industries exhibit a strong preference to hire young men rather than young women. For formal sector employers, this may be linked to concerns about early marriage or pregnancy, which may cause high turnover or costly maternity leaves (Brewer 2004; ILO 2008; Katz 2008). At the same time, it is important to note that in some regions and industries employers prefer to hire young women.⁴ On the supply side, fertility often induces withdrawal of women from the labor force (Adair et al. 2002; Assaad and Zoari 2003). These demand- and supply-side constraints can be overcome in part by enacting and enforcing legislation prohibiting gender-based discrimination in hiring and by making available affordable child care services.

Early marriage or childbearing limit young women's labor force participation, especially in some South Asian countries. Given the host of negative externalities associated with early marriage (for example, higher maternal and child mortality, lower educational performance of children), policies to postpone marriage for young women make sense in their own right. But they also may have the benefit of raising young women's labor force participation and reducing household poverty rates. A CCT program in the Indian state of Haryana is attempting to provide incentives for delayed marriage; an impact evaluation of this program is underway. Serious consideration should be given to expanding the use of CCTs to postpone early marriage. Childbearing is a barrier to labor force participation in the absence of reasonably priced, good-quality child care arrangements. In some countries such arrangements

may be provided by extended families, but in others it will necessitate public policy interventions—which is obviously not necessarily synonymous with public provision of these services.

Specific barriers limit young women's entry into and success in entrepreneurship. For many young women, formal employment is not an option; self-employment or entrepreneurship is their route to employment. Several barriers, however, constrain young women's productivity as entrepreneurs. One important barrier to productive entrepreneurship is the frequent inability of young women to control the revenue generated by their businesses; families or male partners may decapitalize and kill new businesses (Ruiz Abril 2008). Thus, promoting autonomous saving by adolescent girls and young women is important. These savings can provide a valuable source of start-up or working capital for their businesses. A second important barrier to entrepreneurship is inheritance laws that discriminate against girls and women and limit their access to productive assets (Morrison et al. 2007); these laws should be repealed or modified.

There is not yet sufficient evidence to gauge the relative effectiveness of minimalist, stand-alone interventions versus comprehensive livelihoods programs in promoting the employment of young women. Many youth employment programs in developing countries limit themselves to high-quality vocational training. An alternative approach taken by livelihoods programs is to simultaneously address multiple constraints that limit young women's economic participation, including lack of technical job skills, reproductive health issues, and lack of safe spaces or mobility outside the home (Katz 2008; Mensch et al. 2004). The livelihoods approach comes largely out of the population and reproductive health field and attempts to develop both technical and life skills. Given the lack of systematic evidence that compares the effectiveness of the

two types of programs over a wide range of countries, policy advice on the choice of type of intervention must be modest. Minimalist programs may be a good choice in environments where women's mobility and access to education and employment is comparable to men's, while comprehensive programs may be a better choice where adolescent girls and young women face more systematic disadvantages (Katz 2008).

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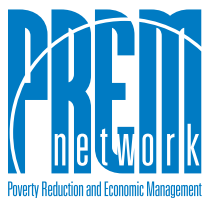
Endnotes

1. This may be because it is difficult to disentangle the impacts of labor force participation from those of education, since these two variables are highly correlated. Identification and endogeneity issues also make it difficult to identify econometrically the precise impacts of labor force participation on demographic outcomes such as fertility.

2. These impacts are sensitive to timing of work and the specific group analyzed (Blau and Grossberg 1992; Parcel and Menaghan 1994; Greenstein 1995).

3. Categories include: (1) making the labor market work better for young people; (2) improving chances for young entrepreneurs; (3) skills training; (4) making training systems work better for young people; (5) programs to counteract residential segregation; (6) improving labor market regulations to benefit young people; (7) programs for overseas employment of young people; (8) comprehensive interventions; and (9) other (for example, voluntary service programs).

4. Reasons that employers cite for preferring young women include: women's supposedly "nimble fingers"; their obedience; their suitability for tedious work; and their reliability and trainability relative to men (Braunstein 2000; Katz 2008).



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