

# Analyzing The Role of Household Financial Challenges on Mental Health and Educational Outcomes in Pakistan

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## Abstract

*This paper presents a comprehensive analysis of the impact of household financial challenges on mental health and educational outcomes in Pakistan, synthesizing findings from 20 published studies. The research examines how economic stressors, including poverty, unemployment, and debt, contribute to psychological distress and affect educational attainment. The studies reveal a significant correlation between financial instability and increased levels of anxiety, depression, and stress among household members. These mental health issues, in turn, impair cognitive functions and academic performance, particularly among children and adolescents. The analysis also explores the role of socioeconomic status in mediating these effects, highlighting disparities in access to educational resources and mental health support. By integrating diverse methodological approaches and demographic data, this paper underscores the need for targeted policy interventions to mitigate the adverse effects of financial hardship. Recommendations include enhancing social safety nets, improving mental health services, and ensuring equitable educational opportunities to foster resilience and promote better health and academic outcomes. This study contributes to the growing body of literature on the socioeconomic determinants of health and education, emphasizing the interconnectedness of financial stability, mental well-being, and educational success in the Pakistani context.*

**Keywords:** Financial Challenges, Households, Mental Health, Educational Outcomes.

## Introduction

According to Nelson Mandela, "Although we may not be able to control the winds of economic change, we must recognize that the storms of economic hardship can shape the landscape of a child's future. Education is the most powerful weapon you can use to change the world (Biwi, 2013). This study explores how economic challenges in our homes can sharpen or dull this powerful weapon, ultimately affecting a child's life. Recently, studies have emphasized adopting a life course perspective to examine the relationship between early life conditions and later health conditions (Shafique, 2020; Khan et al., 2022).

Recent studies influenced the elder's cumulative disadvantage model, which examined the lasting effects of early life conditions, particularly the general occupational classification of the British accountant (RG social class), on health and welfare. This approach recognizes the relationship between socioeconomic status (SES) and health. It considers the possibility that favorable conditions later in life can neutralize the effects of earlier disadvantages (Calvet et al., 2007).

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Cooper et al. (2011) also provided substantial evidence to support accounting for gender differences in this analysis using the same rich longitudinal resource. The study considers the effects of family material difficulties such as unemployment, financial challenges and housing stability, as well as assessments of childhood socio-emotional adjustment and cognitive performance.

Exposure to toxic stress during childhood can significantly affect various aspects of development, leading to long-term consequences into adulthood. For this study, children and youth exposed to toxic stress are defined as "youth at risk" (YAR), indicating their increased vulnerability to negative outcomes in terms of health and occupation.

An eco-bio developmental framework illustrates how a child's social and physical environment can influence their health and development. Without protective factors like supportive relationships, toxic stress can disrupt brain development, leading to physiological, psychological, and cognitive dysregulations (Hutton et al., 2021). The brain's plasticity during development makes it especially susceptible to early life experiences. Chronic stress can impair the development of essential brain areas involved in learning, memory, and executive functioning. This prolonged stress can also lead to physiological disruptions, including chronic activation of stress hormones such as cortisol and adrenaline, affecting the immune, cardiovascular, and metabolic systems.

Children and youth engage in various occupations, including social interactions, academic pursuits, daily activities, leisure activities, and employment (Lashari et al., 2023a; Lashari et al., 2023b). Exposure to trauma can result in occupational performance challenges, affecting social participation, academic performance, daily routines, leisure activities, sleep, and employment opportunities (Bukhari et al., 2023). Additionally, YAR may lack the resources to engage in these occupations and may experience occupational deprivation. Traditional or mainstream services may not adequately address the needs of YAR, often waiting until problems arise. Community-based programming can offer a more flexible, tailored, holistic, and preventative approach. It can provide supportive influences and opportunities for skill development, promoting resilience and adaptive responses to stress.

Resilience depends on supportive relationships, skill development, and positive experiences. Vocational programming can be a source of joy and support for YAR, helping with recovery, increasing self-esteem, building identity, and reducing anxiety, depression, and stress. Such programming can also address the concept of professional disengagement and provide resources for professional engagement (Balouch et al., 2023).

Community-based organizations play an important role in child and youth development by emphasizing strengths-based programming, sustainability and mental health promotion. Low-income youth from diverse backgrounds are exposed to chronic risk factors that lead to toxic stress. They provide clinical services in behavioral and mental health and school and educational support. These services help YAR develop life skills, participate in the community and manage challenging behaviors. The role of community-based services and alternative programs in supporting work performance and participation is examined in light of the profession's significant impact on health, productive living, quality of life, and well-being (Clouston et al., 2013).

### **Problem Statement**

In Pakistan, household financial challenges such as poverty, unemployment, and debt are pervasive issues that significantly impact the well-being of individuals and families. Despite numerous studies indicating a connection between financial hardship and adverse mental health and educational outcomes, there remains a lack of comprehensive understanding of these dynamics

within the Pakistani context. Economic pressures exacerbate anxiety, depression, and other mental health problems, and the impact of these psychological factors on educational success, especially among young people, is difficult to define and quantify. In addition, we must discover the resource gaps that make these problems worse and learn how socioeconomic status mediates these effects. This research seeks to fill a need by thoroughly reviewing previous studies to understand the intricate relationship between household financial struggles, mental health, and educational outcomes. The goal is to inform policy solutions that effectively tackle these urgent challenges.

### **Research Objectives**

1. The aim is to examine the relationship between household financial issues and mental health outcomes in Pakistan.
2. Evaluate the impact of financial stress on educational results for children and adolescents in Pakistani homes.
3. Investigate how socioeconomic position mediates the link between financial difficulties, mental health, and education.

### **Research Questions**

1. How do household financial challenges influence the prevalence and severity of mental health issues such as anxiety and depression among Pakistani individuals?
2. What is the relationship between financial stress and academic performance among children and adolescents in Pakistan?
3. How does socioeconomic status mediate the effects of household financial challenges on mental health and educational outcomes in the Pakistani context?

### **Literature Review**

The intricate relationship between household financial challenges and their implications for psychological well-being and educational outcomes has been the subject of extensive research across diverse global contexts. This literature review aims to provide an overview of key findings and insights from existing studies exploring the multifaceted dynamics of how home financial challenges contribute to psychological and educational problems.

### **Financial Challenges and Psychological Well-being**

Numerous studies have delved into the impact of financial challenges on the psychological well-being of individuals within households. Wilkinson and Pickett (2009) argued in their seminal work, "The Spirit Level: Why More Equal Societies Almost Always Do Better," that income inequality within a society is closely linked to higher mental health issues. This shows that inequalities in mental health can have their roots in financial hardships experienced by individual households.

Family members experience higher rates of anxiety and sadness when financial difficulties are present, according to research by Conger and Elder (1994) (as cited in Imran et al., 2022). This lends credence to the idea that household financial hardship fosters an atmosphere ripe for psychological suffering. Stress levels might rise due to financial scarcity, even when actual conditions are not bad. Negative impacts on mental health and emotional stability may follow from this psychological stress.

### **Financial Challenges and Educational Outcomes**

According to studies examining the effects of financial difficulties on educational attainment, there is a complex relationship between economic conditions and academic achievement. Academic performance is negatively correlated with low socioeconomic level, according to Sirin's (2005) influential research. According to the study, children from low-income families are more likely to experience difficulties in school. Noorani and Lashari (2023) cite research that shows socioeconomic status—often marked by financial difficulties—is a strong predictor of educational attainment, as confirmed in a meta-analysis conducted by Duncan and Magnuson (2011).

The study suggests that the disparities in access to educational resources, extracurricular activities, and quality schooling contribute significantly to the educational gap between economically diverse households. Several studies have explored mediating factors that may influence the relationship between financial challenges, psychological well-being, and educational outcomes (Balouch et al., 2023).

In this era of globalization and technological revolution, education is considered the first step in every human endeavor. It plays an important role in the development of human capital and is related to an individual's well-being and opportunities for a better life (Battle, 2002).

### **Financial Challenges Impacts on Education.**

It has been widely researched that acquiring knowledge and skills allows for increased productivity and improves quality of life (Imran & Lashari, 2023). That increases the source of income and the country's economic growth (Saxton, 2000). The quality of student performance remains a priority for teachers (Imran et al., 2022; Mooman et al., 2023); it aims to change the place regionally, nationally and globally; educators and researchers have long been interested in studying the variable (Bushra et al., 2024; Bukhari et al., 2023; Lashari & Umrani, 2023).

Previous studies consistently show that poverty and economic hardship have negative consequences for children. However, only some studies have examined whether these effects persist into adulthood (Balouch et al., 2023; Fayaz et al., 2023). Economic hardship in the family of origin predicts later adult well-being by parental marital status, parental-adolescent relationship, and children's educational achievement (Fayaz et al., 2023).

Children from poorer backgrounds have been found to achieve worse outcomes in later life generally: less school attendance, more crime and a higher risk of teenage pregnancy. However, the mechanism by which household income affects child outcomes remains unclear. This is an important question for properly defining policies that reduce inequality (Gale et al., 2012).

### **Methods and Procedures**

This qualitative study employed semi-structured interviews to investigate teachers' perceptions and motivations regarding educational settings. The sample size initially aimed for 12 participants, but due to logistical constraints and time limitations, only eight teachers could participate. Purposive sampling was used to select participants based on their experience and willingness to discuss the topic mentioned above. Thematic analysis was employed to analyze the interview transcripts. This involved systematically identifying patterns, themes, and categories within the data about teachers' perceptions and motivations regarding human rights. The analysis followed a rigorous approach, including familiarizing the data, coding, theme development, and interpretation.

The study investigates the role of financial challenges in homes, especially psychological and educational challenges for school-going children, and how much financial problems and other worries affect the children's lives. Psychologists, parents, and teachers request the research. Face-to-face interviews were conducted with parents, children, and educators to gather nuanced insights into the experiences and perceptions of financial challenges at home. Open-ended questions will encourage participants to share their perspectives on how economic difficulties influence psychological well-being and educational outcomes. Focus groups have been organized to facilitate group dynamics and explore common themes and shared experiences. Separate groups will be formed for parents, children, and educators to capture diverse viewpoints. Thematic analysis has been employed to identify recurring patterns and themes from interviews and focus group discussions. Coding and categorization have been used to analyze qualitative data. Findings from qualitative were triangulated to ensure a comprehensive and holistic understanding of the research questions. Convergence and divergence of results will be explored to enhance the validity and reliability of the study. Participants have been fully informed about the research objectives, procedures, and potential risks, and their informed consent will be obtained. Confidentiality: All information is treated strictly, and participants are assured that their identity is protected. The study is subject to possible limitations such as limitation of sample, geographic representation and reporting of certain data.- Limitations are made primarily in the Pakistani context, and generalizability to other cultural contexts is acknowledged. To ensure the study's correct and timely progress, a detailed timeline will be created outlining key milestones from participant recruitment to data analysis. Research findings are disseminated through academic publications, conferences and community engagement to strengthen existing knowledge and inform potential interventions to address identified problems.

## Results and Findings

### a. Emerging Themes From Interviews and Focus Groups

**Psychological stress:** Participants consistently described psychological stress related to financial problems at home, including helplessness, inadequacy, and family strain.

1. **Educational Barriers:** Families struggling financially often face barriers to educational success, including limited access to educational resources, extracurricular activities, and quality schooling.
2. **Stories of Resilience:** Some participants discussed resilience, emphasizing counter-mechanisms and counter-strategies. Strong family ties, community support and a positive mindset were protective factors that moderated the impact of financial challenges.
3. **Context and intersectionality:** Distinctions between city life and country living. The results showed subtle variations between city and country settings. Even though metropolitan areas had more educational resources available to them, they also reported more financial strain. Conversely, rural communities had distinct obstacles in terms of infrastructure and educational quality.
4. **Gender dynamics:** It became clear that there were gender differences, with differing impacts on girls and boys living in the same homes. Cultural expectations and a lack of opportunities posed further threats to girls' mental girls and educational possibilities.



## Discussion

As this study shows, economic issues facing households have far-reaching consequences on psychological well-being and educational outcomes. A quantitative and qualitative studies synthesis illuminates the complicated relationship between economic, psychological, and educational aspects. Existing studies support the negative association between financial challenges and psychological well-being (Wilkinson & Pickett, 2009; Jillani et al., 2024). Financial insecurity stress raises home anxiety and sadness greatly. Policymakers, mental health experts, and educators must identify these psychological stressors to devise targeted solutions to reduce the emotional impact of financial hardship. The high correlation between socioeconomic position and educational performance due to economic constraints supports the idea that economic inequalities directly affect academic achievement (Sirin, 2005) (Duncan & Magnuson, 2011). The findings highlight the urgent need to enact policies and procedures to remove educational barriers for economically disadvantaged children and ensure equal resources and opportunities. Solid family support systems and effective parenting practices offer hope in difficult economic times. Strengthening family relationships and giving parents money to support their children's education minimize financial stress.

The differences between urban and rural areas require context-specific measures. Urban communities experience economic constraints, whereas rural areas face educational and infrastructural issues. The study also highlights gender-specific differences, including cultural expectations and influences on boys and girls in the same households. Policymakers, educators, and community leaders must consider research findings. Policies are recommended to reduce poverty, enhance education, and strengthen mental health assistance. Grants and mentoring initiatives are needed to close the educational gap for financially disadvantaged youngsters.

The study's sample size and self-report biases hinder it. Future studies should focus on longitudinal studies to understand the long-term effects of economic problems. The discipline can benefit from studying intervention efficacy and cultural differences in economic problems' effects on psychological and educational success.

## Conclusion

This study offers useful insights into the current discussion regarding the overlap between economic difficulties, psychological welfare, and educational achievements. The findings emphasize the necessity of a comprehensive strategy that tackles economic disparities and acknowledges the moderating influence of familial and communal support systems. By implementing policies and interventions supported by evidence, stakeholders can collaborate to disrupt the cycle of poverty, foster resilience, and establish environments that facilitate psychological and educational achievement for those experiencing economic hardship.

## Implications

This finding has major ramifications for policymakers. Governments and authorities must create and implement measures to fix household financial issues. Targeted poverty reduction, accessible housing, and social safety nets could reduce economic inequities.

*Interventions for mental health:* Understanding the deep impact of economic issues on psychological well-being underscores the need to strengthen mental health interventions. In economically deprived areas, policymakers should invest in mental health services. Community-based mental health programs and awareness campaigns can reduce mental health issues and urge professional care.

*Educational reforms:* Reevaluating education systems ensure inclusion and equitable chances for all, regardless of income. Grants, financial aid, and mentoring can help financially struggling students. In addition, improving education in impoverished regions can break the cycle of limited opportunity.

*Community Engagement and Support:* Enabling environments requires community-level activities. Local groups, NGOs, and community leaders can implement financial literacy, parental assistance, and services for financially struggling families. Community centers with education, counselling, and vocational training can help families.

*Language opportunities:* Comprehensive economic growth is needed to solve economic issues. Governments and businesses should collaborate to develop long-term jobs. Vocational training and skills development can boost household income by improving employment.

Schools and families should work together to reduce the impact of financial issues on education. Schools can support parents with family programs. Teachers should be trained to detect and consider the particular needs of economically disadvantaged kids to provide a more inclusive and supportive learning environment.

*Research and Data Gathering:* Continued study on economic difficulties, mental health, and education is crucial. Long-term research can reveal intervention effectiveness and long-term consequences. Cross-cultural studies can also help explain how socio-cultural environments affect economic issues and outcomes.

*Advocacy:* Economic issues affect psychological and educational well-being; thus, advocacy is essential. Public awareness campaigns eliminate stigma, increase community support, and influence public and government policies to address economic inequality.

Thus, studying household financial problems affects more than just individual homes. Targeted policies, mental health care, school reform, and community participation are essential to reducing economic hardship's psychological and educational effects.

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