

Soul Buddyz 3 Formative Research Report

Topic: Financial Management

Introduction

The youth of today are instrumental in shaping the future – theirs and that of South Africa. In order for this dream to be realised a savings culture becomes a critical developmental issue.

Children need to be taught the value of money, the discipline of money and how to manage it to make them financially sound adults.

Once they have the money, they need to understand why it is important to save money and where to save it. They also need to set financial goals especially on how this money is going to be spent.

Through financial management our series can look at the consumer culture, the management of grants and how we can eradicate and break away from the mindset of poverty.

Study Population and Research Design:

Qualitative interviews were conducted with parents and teachers 24-35 years old.

All the interviews dealt with HIV/AIDS and sexuality, half also dealt with nutrition and the other half will also deal with finance.

2 groups urban teachers – 1 male and 1 female

2 groups rural teachers - 1 male and 1 female

2 groups urban parents – 1 informal (male and female), 1 formal (?white)

2 groups rural parents 1 male 1 female

2 group Coloured – 1 male and 1 female (informal)

2 group Indian parents - 1 male and 1 female

Interview schedule:

Do you manage to save money?

Do you discuss money with your children?

Probe: do you discuss how you are going to spend money? Why you can't afford some things?

Who controls the household budget?

Themes emerging from the discussions

Whether they discuss money or explain finances to their children

Some parents described how they talked about money with their children. Mostly in the context of explaining why they could not afford things that the children want.

“Yeah I have got a ten-year old daughter she understands me a lot. When I don't have the money I tell her and she understands. Just like that... Yeah we do talk with our children sometimes they don't believe when you say you don't have money because they know that you are working. They

say father of so and so managed to buy this from Edgars why can't you buy me this (Soweto Teachers)"

We must because sometimes they want some of these expensive items that we cannot afford. Sometime they'd ask for something which costs R700.00. So you have to tell your child, I only bring home R1000, so if we spend R700.00 on you alone we will go hungry for the month and we still have to go to school and so on. (Rural fathers-Eastern Cape)

I think it's necessary to at least explain to them. Because at the end of the day they want something that you can't buy them or can't afford. Then it seems to them as though you're abusing them. (Rural fathers-Eastern Cape)

But you still have to educate them and tell them- the money is used for this and that and they will understand.. When I grew up we knew that our mother was a single parent and we never had any luxuries and we were satisfied. Our mother made us aware that she is alone and she has to do this and that and that and we knew when we were still very small that we cannot compare ourselves with others who had both parents, But if you try to pretend that all is well you will get yourself into trouble. When you feel the strain, the children get frustrated and you too are frustrated. (Rural Teachers-Vereeniging)

You have to be open to your children about your earnings so that they know why you cannot afford certain things. When you are not open, that's when you create problems for yourself (Rural Fathers-Magaliesburg)

If you are open, they will not understand when you say you don't have money. They will grumble and say you expect them to go to school and yet you don't give them any money. If they know, then they can accept that you don't have any. (Rural Fathers-Magaliesburg)

We do talk to our young children about money, especially if they won't eat the food that you give them and tell them that if they don't eat the food will be wasted and there won't be enough left until the end of the month. They will survive on samp only. (Rural Fathers-Magaliesburg)

I think children mostly learn about the value of money from the parents. Sometimes they ask for things and I tell them it's too expensive. I think they quickly start to learn from that kind of thing. Or when they get a bit of pocket money. You will see they gradually start spending it differently, to make it last. But usually we just tell children this or that is too expensive. Or that favourite saying, "Money doesn't grow on my back" (Indian Fathers-Gauteng)

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You must not tell your child you cannot buy him such and such, you should tell him mommy does not have the money now, I'll buy it for you when I am ready. The child should understand that if my

mother has money she will try and buy the bicycle or such thing. The child must understand that if money is available some things can be bought but if it is not then it is not possible. So you teach your child that tantrums won't help if you don't have money. (Rural Teachers-Vereeniging)

The discussion depends on the age of the child

Well. Your children are old enough to understand. Really, I don't think it is fair to sit down with an eight or a twelve year old child and say I earn such and such and this how I am spending it. (Rural Teachers-Vereeniging)

Other parents said that they do not discuss money with children, but rather inform them about the situation.

No, not really. No, we just buy what we need. Only if there's a birthday coming up do you discuss a few options with them. Don't just ask what they want. Yeah, my daughter wanted a castle. (Laughter). I always say they shouldn't choose something too expensive because there's still Christmas and whatever. If you say it like that it helps sometimes. (Laughter). Not really, no. Not really.

They often hear me when I complain to their mother to go and find a job to augment my salary- where she can at least earn R300.00. All I earn is R600.00. Then they (children) say - they (employers) are cheating you how can they pay you so little money when you have worked for them for such a long time? Our children are aware that we don't earn much. (Rural Fathers-Magaliesburg)

Teach them to be responsible

Parents try to teach their children to be responsible with money.

We have to talk to them to teach them to be responsible. Even school clothes they have to look after them. They should not lose them or wear them out carelessly. For instance, you buy a pair of shoes for him/her and the next thing he/she comes home with one shoe or you buy him/her the school tracksuit and he/she loses the top. You are bound to make them realise that it is difficult to obtain them and if they are lost then there will no longer be money to buy others. (Rural Fathers-Magaliesburg)

Pocket money

Many parents did give children pocket money:

She has to work for it No, I have an agreement with my children. When they help with emptying out the games machines, he supervises. He works for his money. And he gets wages from me. (White Parents)

Educate about finances

Parents also attempt to educate their children about finances

I do and I taught him to use a bank book and ATM card from the post office. (Mothutlong Mothers)

I would tell my child to always think about tomorrow. You don't know what's waiting around the corner, so be prepared for what you're not sure of. I think we should tell children that every cent helps. You'll be amazed at how much money you can save if you do it bit by bit.

(Indian Fathers-Gauteng)

My wife opened a savings account for our daughter. She normally puts all her birthday and Christmas money into it. And all the little bits she gets in between – you know, from the grandparents or aunties. But the problem is now she just wants to save her money but she keeps on asking us for money to buy this and that. Yeah, I can believe that. So, she knows how to save hers and she knows how to spend others' money. But I'm kind of glad she's like that. She's only nine but she says she's saving for a car. I would also encourage my children to think about the next day. There might be some emergency and you need money fast. And we all know how much interest banks charge for even a small loan.

(Indian Fathers-Gauteng)

Foster the entrepreneurial spirit

Some parents try to foster an entrepreneurial spirit with their children, linking work to money as with pocket money or encouraging them to sell things:

My 12yr old sells sweets for pocket money and he spends it on himself when he has to. (Mothotlung mothers)

Difficult to save

Many parents said that they found it difficult to save for various reasons the predominant one is that they do not have enough money to see them through the month, let alone save. This relates to a number of factors:

Unemployment

I can't save. I am unemployed. (Rural Fathers-Eastern Cape)

We just have to work. Then we would be able to save. If work could be created for us, we would be able to save. But now all the projects are for women. We don't have work. The women have more privileges. (Rural Fathers-Eastern Cape)

Food is expensive

Food is expensive and once you buy food, there is nothing left.

*We don't work for much. We work to feed the stomach only
(Magaliesburg Fathers)*

When you go to the shop to buy food, and you come out there, you don't even have 5cents left. You don't even get that cent change that you used to get.(Rural Mothers-Eastern Cape)

We can't even buy clothes. Everything just goes to food. (Rural mothers-Marapiyane)

Earn too little

It's because we don't earn much money so we cannot save. We work very hard but we don't earn much. What can you do with eight hundred rand (R800, 00)? We pay rent for the houses (two rooms) that we live in- R80.00 a month. (Rural Fathers-Magaliesburg)

If you say that one has to budget, you get... okay, like this man. He doesn't know if this month he'll get anything from what he sells. Maybe he sells one load, and then for a while nothing. And then maybe six or seven. How can you budget when you have to eat in between and your debt just gets more and more? You need to have food for your people. (Rural Fathers-Eastern Cape)

Sometimes you just don't have anything over when you've paid bills and bought groceries and stuff. I don't know when last we saved something. (Indian Fathers-Gouteng)

One other thing you cannot save because the money you are getting is from hand to mouth... in other word you are earning less. Another thing is debts, because if you have more debts and then the money that you get you are going to pay your accounts and the like, so you can't save. (Soweto Teachers)

If you have a bond and you have a car and on the other hand you are taking your child to the multi-racial school. So if you look at your salary after paying everything I don't think you will have money to save. (Soweto Teachers)

I am also a mechanic. Therefore, within the month, I fix people's cars. The money that I earn at work is not enough. (Rural Fathers-Magaliesburg)

You know, when you've got children it's very hard to save. It's always "Daddy I need this" or "Daddy I need that". They always need this and that for school. And then there's still school fees, which are so expensive. There's always things around the house to buy or fix or see to. Sometimes I start saving nicely but then I find I start using the money after a while because I need this or my wife needs that (Indian Fathers-Gouteng)

Pressure from wife/family to spend

You also get pressure from the wife you'll find that she is insisting that you need to buy for kids whether she knows your budget or not. But when the time comes you are going to get pressure from the wife and even from the kids saying that its winter now you need to buy jerseys and so on. (Soweto Teachers)

Yeah we do discuss with the family my kids and my wife, like look this is what I get and for this month we are going to buy A, B, C, D. But they don't seem to understand sometimes. (Soweto teachers)

Credit is expensive

Yeah with me, I do... it all depends, credits are the one who kill people. The more credits you accumulate the least you save. (Soweto Teachers)

Debts

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Restaurants waste of money

What I have realized with us teachers, when it is month end we become crazy you think of fancy things, you think of restaurants. I hate restaurants because I'm going to spend hundred rands for a meal and after that my stomach is not full. Unlike if I have bought myself the food that I usually eat meat and pap (laughter). Yeah I spend less than R20 and I'm full almost the whole day. (Soweto Teachers)

What can facilitate saving?

Parents discussed what could help them to save or facilitate the saving. They talked about products on the market such as policies and bank accounts and really felt they helped by "forcing" them to save. Other mechanisms like saving small amounts, being disciplined and saying no to children were techniques they used.

policies

Some people have like trust funds or investments as well. Yeah. They put money away for a number of years and they get returns on it. Or when a policy pays out or something. But saving is basically putting away small amounts of money over a period of time. (Indian Fathers-Gauteng)

Though it seemed some parents did not really understand the policies and often felt that they were paying too much for them:

I'm not good in managing money I hardly save..... The reason is that with us teachers once they raise an increment there are these guys coming to us from Old Mutual, Metro and so on. So we become crazy like they say if you die we you are getting so much from us and your loan...you know I write a paragraph in my salary advise(laughter) they are so many. Once I cannot save, what can I give to the bank there is nothing in the bank even now the balance says zero, zero. (Soweto Teachers)

fixed deposits / call accounts

But there's that fixed deposit account, I think they call it. Where you put money away but then you need to give them a month's notice before you can get it. Oh, that call account story? Yeah. Ooh, I had that but I went into the bank and begged for my money. I said it was very urgent and they gave it to me that same day. I think they charged me a small penalty or something.

I have a 32-day call account and that forces you to save. You also don't have quick and easy

access to your money. I do. It's not a massive or significant amount but I do. Monthly we set aside money. And with our year-end bonus we try and put it into our home loan – it's sort of saving. Yes, sometimes. Not all the time. It depends.

Can save little bits

And one other thing that I understand towards saving, it doesn't necessarily mean that you have to save thousands, R20 is saving. (Soweto Teachers)

Takes discipline to save

It takes discipline, I mean if you look at your fingers they make you beautiful by not being equal. So if you start the life by looking at your five fingers which are different in sizes then you will be able to win this problem. Eh... we come from different backgrounds with different demands so if ever I want to compare myself with teacher x who comes from a background like this I will automatically crash, I'm not going to come all right. You have to bite what you can chew, you can't actually be in competition because the minute you are in competition you are likely to crash. So it depends on your discipline and your objective of wanting to use money. (Soweto teachers)

Say no to children

It's a question of having a backbone, you have your budget and you know that at the end of this month at least I must have an x amount of money so that I can look after myself. But because you don't have a backbone you are easily convinced by your child who want to buy him some takkies you end up may be tempering with the money that you intended to save. So in a nutshell I'm trying to say you need to be cruel in order to correct the situation. Cruel in the sense that you ignore what your child is coming up with but you also need to be tactical... (Soweto teachers)

You don't have to give in. You should make your children understand that they cannot have what they want when they want it. Sometimes they have to wait and they will soon know that when you have the money, they do get some of the things they ask for. (Rural Teachers-Vereeniging)

I must spend my money on my child, I'd rather get things for her than me. I only think about her even when I need a pair of shoes. (Mothotlung mothers)

Ways that parents have involved children in their finance

Parents have tried a few strategies to help children understand finances one parent shows their child their salary slip, another feels that taking them shopping helps them to understand the cost for things.

show children salary slip

I just wanted to say that I have two grown up boys whom I used to give everything they asked for until one day everything changed and I became a single parent. Then I could not afford the life style that they were used to. When children are used to getting everything they want when you tell

them you can't afford it, they would literally and it was painful and I did not know how to confront them. I would close myself into my room when after they had gone to bed and cried. I took a while before I sat them down and showed them my salary slip and invited them to help me plan the budget. Then they understood. It took me a while to change the situation and to admit to myself that I spoiled them. You know, sometimes we give our children love in a wrong way. Children do understand and will not make undue demands if you involve them. (Rural teachers-Vereeniging)

Involve children with shopping

You should involve the children when you do your shopping so that they know the value of things.

Who Controls Household Budget?

Mothers are experts

Oh, Wathintha imbokodo! (You have struck a rock). It's us women because your husband will give you two hundred Rand and expect it to last a month. From that R200.00 he will expect you to buy mealie-meal, rice; all the grocery. Then the money gets finished in the middle of the month because things are expensive these days. When that happens, it's the woman's responsibility to see to the family needs until the end of the month. Women are good budgeters. (Rural teachers-Vereeniging)

When I earn my money I give all the money to my wife at home and she gives me my pocket money for the month and that's the end, I don't go back for more because we will run short of the money for the children's food. (Rural Fathers-Magaliesburg)

In my house, it's my wife, because she's more careful with money. She knows. With me... when a man is drunk, he doesn't think about anything else. He just wants more drink. That's why you have to have someone who is more responsible than you. (Rural Fathers-Eastern Cape)

Yes, in the house, the woman knows what goes on in the kitchen and for food. She knows what is needed. A man can't know. (Rural fathers-Eastern Cape)

Both parents control

I usually control the budget. My wife and I control the budget. Yeah, we both control the budget. I like to control it but my wife doesn't let me. Or if she lets me then she doesn't stick to it. She just buys things when she wants to. (Laughter). I try to control it but sometimes what looks good on paper doesn't work in reality. Yeah, and there are also unforeseen expenses sometimes.

We normally sit down and discuss what we're going to buy and so on. Or we discuss how much we have to spend. I think it's both of us – myself and my wife. Because what we do every month is sit down and discuss how much we have. This is how we're budgeting. And the extra money – what are we going to do with it.

With me we share responsibilities. He has his, that I don't want him to know about and I have my own. He also does not interfere in my area. That's how we budget. He pays the bond and the major expenses. There are other areas where there's no clear demarcation.. For instance with the children, I see to their needs but if I don't have I send them to their father.
(Rural teachers-Vereeniging)

In my family after getting my salary at work, I show it to her but I keep it and then we share it according to the needs, she gets her pocket money and I get mine, then there is money for household needs and then we put aside some money for emergencies. (Rural Fathers-Magaliesburg)

Man ultimately in control

Yes, it's very controlled. With me, it has to be very controlled. (Laughter). My wife is very lavish – she spends on whatever. If I don't check on her she will just buy anything. (Soweto Teachers)

Myself and my wife, but then as you know women will always be women even if set your budget once there is a little bit extra she says how about spending this on this. (Soweto Teachers)

We share and among other things I pay the telephone bill, but I don't have free access to it because he keeps the telephone key. He uses it and I pay. That's unfair.
(Rural teachers-Vereeniging)

When it is an area of conflict in the family

*I don't agree with that in some homes the women keep all the money and not give you any money at all. How is it that you can work for the whole month and get nothing out of it?
-Yes. Some men are unable to even pay their debts at the shebeen because the wives won't release their money.*
(Rural Fathers-Magaliesburg)

*Another thing about our wives is that they want us to account for every cent that we have earned; yet, what they earn is never accounted for, and we don't complain. Why is that?
- It's true we give our money to our wives but they don't show us what they earn. Also, when you have given her your earnings when you go and ask for more pocket money it becomes a problem.* (Rural Fathers-Magaliesburg)