



# SOCIAL WORK'S RESPONSE TO THE FINANCIAL CAPABILITY OF VULNERABLE HOUSEHOLDS: AN INCONVENIENT TRUTH

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Engelbrecht, L.K. 2010. Social work's response to the financial capability of vulnerable households: An inconvenient truth. *Joint World Conference on Social Work and Social Development*. Hong Kong.

## Available at:

<http://scholar.google.co.za/citations?user=YUORtfMAAAAJ&hl=en>

# RATIONALE



- The impact of the global financial crisis on poverty is likely to grow and to aggravate households' financial vulnerability in terms of income, savings, expenditure and debt.

# RATIONALE



- For developing economies, the evolving financial crisis means impeding progress in human development.



# RATIONALE

- The impact of the global financial crisis on social protection responses towards poverty is thus felt in different ways across different countries but is felt mostly on household level in developing countries which are already struggling to maintain existing commitments.




# **RESEARCH QUESTION**

**As social work is traditionally primarily concerned with a response to social risk issues: what is the response of social work to the deficient financial capability of vulnerable households within a social development context?**

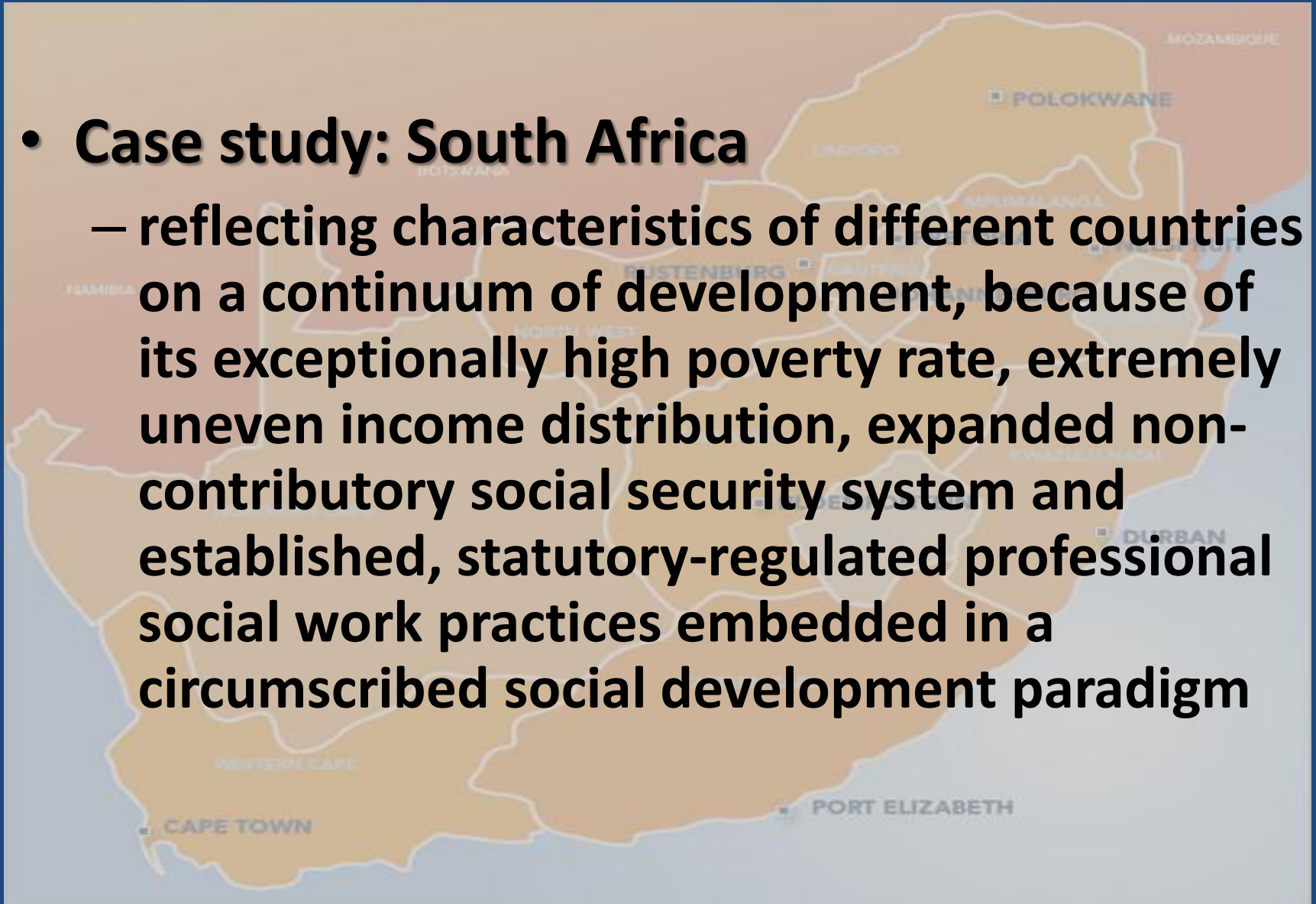


# RESEARCH METHODOLOGY

- **Topical secondary analysis**
  - **Exploratory and descriptive**
  - **Qualitative and quantitative**
  - **Case study: South Africa**
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# RESEARCH METHODOLOGY

- **Case study: South Africa**
  - reflecting characteristics of different countries on a continuum of development, because of its exceptionally high poverty rate, extremely uneven income distribution, expanded non-contributory social security system and established, statutory-regulated professional social work practices embedded in a circumscribed social development paradigm





# CENTRAL CONCEPTS



- **Financial capability/financial literacy** means having the knowledge, skills, values and habits needed to successfully manage money for earning, spending, saving, borrowing and investing.

# CENTRAL CONCEPTS



- **A social development approach** to social welfare transcends a residual approach and instead proposes a welfare system that facilitates the development of human capacity and promotes both social and economic inclusion.

# CASE STUDY: SOUTH AFRICA

- South Africa accepted the challenge to translate policies into practice by adopting a social development approach to social welfare after the country's democratisation in 1994.



## CASE STUDY: SOUTH AFRICA

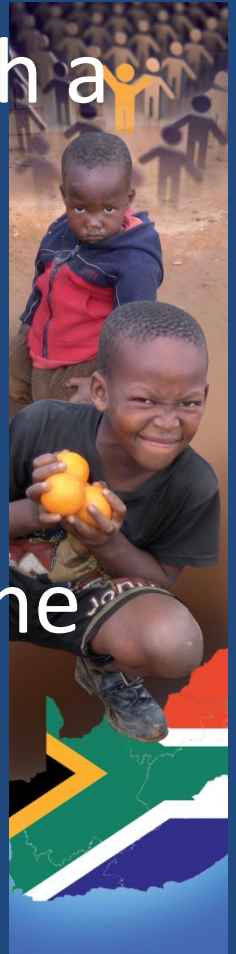


- The most visible impact of the South African government's social expenditure is that the disposable income of welfare recipients has risen considerably.
  - An increase of 1% in social welfare grants could cause a rise of 0.6% in household expenditure.



# CASE STUDY: SOUTH AFRICA

- For every 100 South Africans to reach a working age:
  - 35 would be employed;
  - 10 would stay unemployed;
  - 55 would prefer not to be part of the formal labour force.



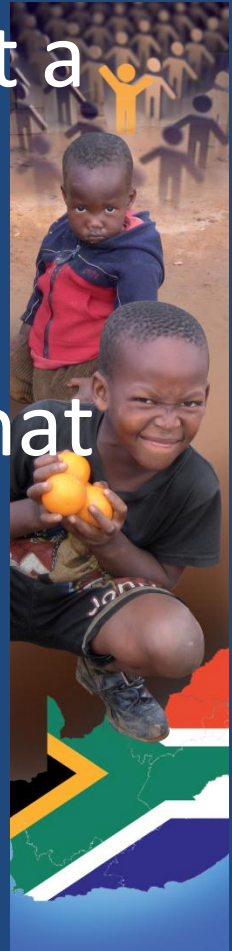
# CASE STUDY: SOUTH AFRICA

- $\pm$  26% of South Africans receive social welfare grants:
  - every South African tax payer is responsible for the equivalent of 2 social welfare grants recipients.



# CASE STUDY: SOUTH AFRICA

- Financial planning for the future is not a priority for almost 60% of the population:
  - 46% of citizens are of the opinion that they need not save money, as the government would care for them eventually.



# CASE STUDY: SOUTH AFRICA

- Households spend 60% to 70% of their income on repayment of debt:
  - more than half of low-income households are in arrears with debt repayment.





# CASE STUDY: SOUTH AFRICA

- Ironically, there are more mobile phones in South Africa than citizens (108% of the population)



# CASE STUDY: SOUTH AFRICA

- 57% of financially vulnerable social work service user households do not receive any direct social work assistance regarding their over-indebtedness.



# CASE STUDY: SOUTH AFRICA

- Consumer Financial Vulnerability Index (based on a 10-point scale):
  - SA score 5.17 = significantly vulnerable;
  - deteriorated since 2001 with 2.8 points.



# CASE STUDY: SOUTH AFRICA

- UN Human Development Index:
  - SA has dropped 36 places since the country's democratisation in 1994.





# CASE STUDY: SOUTH AFRICA

- Only 0.8% people who are typified as poor could migrate to a higher income group in 2009.



# KEY FINDINGS: RESPONSE OF SOCIAL WORK

- Social welfare grants are the main mode of intervention to alleviate poverty.



# KEY FINDINGS: RESPONSE OF SOCIAL WORK

- Social workers do not have clarity on their role and place in a social development paradigm



# KEY FINDINGS: RESPONSE OF SOCIAL WORK

A hand holding a fan of US dollar bills, symbolizing money or economic development. The background is a light gray gradient with a dark blue border on the left and bottom.

- The underlying social development theory of “marrying” social and economic development goals does not figure ultimately in social work practice.

# KEY FINDINGS: RESPONSE OF SOCIAL WORK

- Social workers are so caught up in their service users' psycho-social problems to the extent that sustained services directed at promoting vulnerable households' financial capability are negated.





# CONCLUSION

Although the financial capability/literacy of vulnerable households plays a central role in social well-being, it is generally not a mainstream issue in social work.

# CONCLUSION

- From the research results the following question arise and are posed to social workers throughout the world:

*are front-line social workers in a circumscribed position willing and able to respond to enhance the financial capability of vulnerable households on a micro level and beyond by challenging personal, political and prevailing ideological discourses impeding service users' well-being?*