

AN ANALYSIS OF THE USAGE OF OLD AGE PENSION IN MAFIKENG

BY

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DECLARATION

I, SARAH KIBOWA, do hereby declare that this dissertation is the result of my own investigation and research through the professional guidance of the recognized supervisor whose name appears on the front page and that it has not been submitted in part or full for any other degree or to any other University.

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SIGNATURE	DATE

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ABSTRACT

This research was conducted in Mafikeng, North West Province of South Africa. The aim of the study was to look into the issue of old age pension and analyse its usage, and to come up with recommendations on possible strategies of assisting old people live a better life.

A descriptive questionnaire survey was carried out on a representative sample of 100 pensioners in Mafikeng for which 90 percent of the selected pensioners participated. Cluster and stratified sampling methods were used to select the sample. Descriptive data analysis was done.

The pensioners spend their money on a wide range of goods and services – including groceries, rent, fuel and power, transport, funerals and insurance.

It has been revealed that many pensioners depend only on pension money with no other source of income and yet they have to take care of their adult unemployed children together with their generations, which is really a big challenge for them.

According to the respondents, the money they receive is insufficient due to rising prices - especially for food and medicine and/or medical treatment. The old people in Mafikeng are targeted as a source of support according to the results of the study. Many pensioners do not have happiness as they live with their adult children and grand children who are not employed and depend on them for their upkeep in all respects. The average number of dependants is three, and the maximum number is 13. The study found that the dependants include children, grand children or great grand children.



The basic needs of 49 percent of the pensioners are not satisfied. Most respondents said that their basic needs were not satisfied. They gave reasons like: -the pension money not being enough for why they were not satisfied. Using US \$1 per day as the

poverty line, it was estimated that 91 percent of the pensioners live in absolute poverty.

The South African government is providing the elderly with a means- test non-contributory old age pension, which was intended to be a poverty relief programme for the aged. However, it has turned into a poverty alleviation programme within the households, targeting older people but also benefiting the younger generation. Nevertheless, it has not proved to be enough to alleviate poverty in households. A better solution for reducing poverty amongst households should be explored. However, new measures should not be taken at the expense of old age pension, as this social programme is at present the most effective means of targeting and reaching economically vulnerable groups.

Job creation would assist some of their children to move out of pensioners' homes and create their own, thus releasing the burden of dependency; they will also be able to look after their children.

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CHAPTER ONE

INTRODUCTION

1.1 ORIENTATION

Old age pension is given to old people by government for several reasons that will be discussed later in the study, the main reason being to make sure that pensioners enjoy a decent and comfortable life. In South Africa as of today, the old age pension is granted to all South African citizens from the age of 60 onwards for women and from the age of 65 and above for men regardless of race, skill, qualification, etc. There must however, be some requirements to be fulfilled. The requirements are as follows:

The applicant:

- ❖ Must be a South African citizen/ permanent resident
- ❖ Must be resident in South Africa at the time of application
- ❖ Must not be maintained or cared for in a State Institution
- ❖ Must not be in receipt of another social grant
- ❖ Must submit a 13 digit bar coded identity document

The issue of retirement has now become of considerable concern to government, employers, and financial institutions and, of course, to the increasing proportion of the population which expects to enjoy a decade or more of active independence after ceasing full- time employment; these are the people who are said to be in the new “third age”. It is also one of the social issues, which have been gaining increasing attention with the European community (now known as the European Union). Old age pensioners are experiencing many problems and challenges. With their little pension they receive, they tend to take care of and give financial assistance to grand and great grand children. The HIV/AIDS pandemic, which is killing parents leaving destitute children behind, exacerbates the problem. They are also experiencing problems in accessing and collecting the grant money and might be having serious challenges in coping with the ever changing

or dynamic society of today. For example, some pensioners send their relatives to collect the grant money from the pay points only to find that the money never reaches them.

This study was intended to analyse the usage of old age pension and subsequently come up with recommendations of how the lives of old age pensioners can be improved in Mafikeng Local Municipality. Mafikeng, the capital city of the North West Province, is situated about 20 kilometers from the Ramatlabama - Botswana boarder and consists of a large population of black people. North West Province is one of the nine provinces of South Africa. The province is flanked by the Magaliesburg Mountains and the Kalahari Desert in the north. Domestically, it borders with Limpopo Province, Gauteng Province, Free State Province and Northern Cape Province.

1.2 BACKGROUND INFORMATION

The notion of old age pension started in Europe. In December 1982 the European Community (EC) (now European Union (EU)) adopted a council recommendation on the principles of a European community policy on the issue of retirement age. This invited member states to acknowledge flexible retirement for employees as an aim of their social policy. The recommendation also established a number of important principles relating to the concept of retirement flexibility. These provided certain rights for workers including the ability to:

- Choose the retirement age, subject to a specified minimum and possibly a maximum age
- Reduce working hours in the years preceding retirement
- Continue in paid employment while in receipt of a retirement pension
- Have the benefit of retirement preparation programme

Other nations including South Africa copied the idea. In the past, the old age pension was subject to a means- test and an eligibility age of 65 years and over (Van der Berg, 1998; Devereux, 2001). The ratio of payment was nearly 2:1 in favour of Whites, the maximum payment per annum being 30 pounds for Whites and 18 pounds for Coloureds (Devereux.

2001:2). Blacks, Indians and all residents of Namibia were not included in the Old Age Pension Act of 1928. The view of policy makers was that welfare measures on behalf of the Blacks would discourage them from seeking employment and would also be unaffordable, as Blacks did not pay taxes (Sagner, 2000:531). Blacks were also excluded from receiving the pension on grounds of their cultural customs. The 1926 Pienaar Commission believed that traditional sources of social security were still effective in African communities. In 1944, through the approval of the Pension Laws Amendment Bill, the Smuths Government extended the social pension to all South Africans, including the Black population for the first time (Sagner, 1998:12). Nevertheless, the amount paid to each racial group was still racially discriminatorily based. Pensions were to be paid in the ratio of 4:2:1 to Whites, Coloureds and Indians, and Blacks. According to Devereux (2001), this discrimination was wider in practice.

In 1958, the percentage had risen to 60% but Blacks were only receiving 19% of the whole budget for pension provision (Van der Berg, 1998:6). During the 70s take up rates increased for the Blacks and differences in payment rates started to shrink (Bhorat, 1995; Ferreira, 1999; Devereux, 2001). Van der Berg (1999) notes that, since the mid- 1970s, attempts to give the homeland system and later the three- chamber parliament political legitimacy led to a rapid increase in the funds for social assistance, especially for the elderly.

The Social Assistance Act of 1992 provided the steps and measures to deracialise access to state grants (Vorster, 2000:1). By 1993, pension parity was achieved and discrimination was eliminated. In 1994 the newly elected democratic government had the task of reforming apartheid- created structures by amalgamating the 14 separate social security systems into one (Department of Social Development, 2002:20).

In South Africa, the pension or grant is drawn by individual pensioners or disabled people. But the majority of elderly and disabled people in poverty live in families with three or more generations, and the money is largely pooled as household income (Moller and Sotshongaye, forthcoming). Poorer households have more people in them; the 20%

poorest households in South Africa contain 29% of the population thus the pension “trickles down” to too many more people than the individual beneficiary.

Le Roux (in the Smith Committee, 1995: Annexure S1:7), estimates that of the approximately 16 million poorest South Africans, nearly one third of 5 million are in households receiving pensions. The author states that in the bottom quintile of Africans: the average increase in the per capita income of all the pensioners is more than double (206%) the original per capita income. If one only considers households actually receiving pensions, the average increase in per capita income is nearly six times the per capita income without pensions (573%) (Le Roux in the Smith Committee, 1995: Annexure S1:7).

1.3 PROBLEM STATEMENT

The pension money is supposed to help the old people to live a comfortable life. It is commonly known that in South Africa, normally, children take their young ones to their parents for care without supporting them financially. The pensioners therefore use some of their pension money to look after their grand children. For example, they pay their grand children’s school fees and also feed them. They end up not having enough money to take care of themselves. The pension money may even not be enough for them to sustain themselves. It is also not known for sure whether the money always reach the pensioners. The focus of this study was to analyse the usage of old age pension and identify the problems and challenges faced by the pensioners in Mafikeng.

1.4 AIM AND OBJECTIVES

Aim

The aim of this study was to analyse the usage of old age pension money in Mafikeng, identify the problems and challenges faced by the pensioners and then come up with recommendations of improving the standard of lives of the pensioners.

Objectives

The specific objectives that drove the study are:



- To find out how old age pensioners use their money in Mafikeng.
- To identify and describe the problems and challenges faced by old age pensioners in Mafikeng.
- To find out whether the old people are targeted as a source of support for the grand children in Mafikeng.
- To find out whether the pension money is enough to cater for the needs of old age pensioners in Mafikeng.
- To come up with possible strategies of assisting pensioners in Mafikeng to live a better life.

1.5 RATIONALE

The study aimed to investigate and describe how old age pension is spent, which is a concern to government and other stakeholders. An understanding of the problems and challenges of old age pensioners and knowing whether the money they receive is enough for them or not is imperative. Such an understanding might further enlighten on the challenges government has in this regard.

1.6 METHODOLOGY

1.6.1 Target population

Population

The target population for this study is “all old age pensioners residing in Mafikeng Local Municipality”. An old age pensioner will be defined as a South African citizen from the age of 60 onwards for women and from the age of 65 and above for men regardless of race, skill and qualification who is receiving an old age pension from government. The population of old age pensioners in Mafikeng is 13,485.

1.6.2 Research Procedure

The research entailed two research procedures, namely, the historical procedure and the survey procedure.

i. Historical procedure

In the historical procedure (literature review), the focus was on previous research that had been done on old age pension. Although it is seemingly a subject that has been under researched, the following databases were consulted: internet, journal articles, books and research studies (e.g., publications and reports by government departments and/or other organizations). Thorough reviews of the critical concepts and examination of international best practices on conceptualization was done.

ii. Survey

A survey was conducted in Mafikeng. Data were collected by means of a questionnaire (see Cooper and Schindler, 2001). The quantitative approach of doing research was employed in this study. Probability sampling was employed. Using stratified random sampling, a representative sample of the target population was selected to be studied. A sample of 100 participants which is 0.7 percent of the population, was used. The reason for choosing this sample size is given in chapter three. Co-operators to this study included extra interviewers and translators. Personal interviewing with a structured questionnaire was employed. The questionnaire contained both closed and open- ended questions.

1.6.3 Data analysis

Quantitative data analysis was done by statistically analysing information obtained from questionnaires with the help of a computer program like SPSS (Statistical Package for the Social Sciences). Frequencies and percentages were calculated. The results were in some cases represented by histograms and charts/ bar charts.

1.6.4 Ethical considerations

The following ethical considerations were always kept in mind while conducting the research:

- **Voluntary participation** (no participant was forced to take part in the research and participants were free to withdraw from the research at any moment).

- **No harm to participants** (the researcher ensured that no physical or psychological harm was done to the participants as a result of the study).
- **Anonymity and confidentiality** (all information gathered during the study was handled confidentially and permission from the participants was obtained for all information to be shared publicly).
- **Not deceiving the subjects** (participants were informed about the aim, the purpose and the procedures of the study and were not deceived in any way).
- **Privacy of participants** (the privacy of the participants was respected).

1.7 SIGNIFICANCE OF THE STUDY

The study was important as it aimed to analyse the usage of old age pension and come up with policy implications and strategies intended to address the challenges and problems of the pensioners. The elderly are in most cases living a miserable life just because the financial assistance given to them by government to cater for their own needs ends up supporting their generations instead. Furthermore, the study makes a contribution to theory and the body of knowledge regarding old age pension. It deepens the methodological understanding of the social and economic problems of the pensioners.

Apart from letting policy makers and other stakeholders (such as non-government organizations (NGOs)) know more about the phenomenon, the study will be beneficial to social scientists, academics and researchers of old age pension.

1.8 SCOPE

This study was done in the Mafikeng Local Municipality – including all residential areas of Mafikeng. As such, the results only apply to Mafikeng Local Municipality. They therefore cannot be generalized to the whole of the North West Province and South Africa.

1.9 LIMITATION OF THE STUDY

Normally, obtaining accurate information on financial matters from people is difficult since it is sensitive. This therefore may bias the results of a study. However, care was taken to make sure that valid and reliable data were collected and the data were cleaned and the researcher checked for consistency before data analysis was done.

In conclusion, chapter one introduced the topic. The problem statement, aim and objectives, the rationale, methodology, scope and limitations of the research were also presented. Chapter two presents the relevant theories and literature review.

CHAPTER TWO

THEORY AND LITERATURE REVIEW

2.1 INTRODUCTION

This chapter presents some theories relating to poverty and presents the views of different researchers about old age, the old age pension and its usage. It also seeks to discuss government issues concerning the administration of old age pension, and other social welfare grants in South Africa, and other nations of the world.

2.2 THEORETICAL PERSPECTIVE

Relevant theories that focus on the main causes of the research problem, for example poverty. Poverty theories are discussed below.

2.2.1 Culture of Poverty Theory

This theory was developed by Oscar Lewis, an anthropologist in 1959. According to Lewis (in Horton, 1984), a specific syndrome that grows up in some situations requires an economic setting of cash economy, a high rate of unemployment and underemployment, low wages and people with low skills. In the absence of voluntary or state support and stable family, the low-income population tends to develop the culture of poverty against the dominant ideology of accumulation of the middle class. The poor realize that they have a marginal position within a highly stratified and individualistic capitalistic society, which does not offer them any prospect for progressing. In order to survive, the poor have to develop their own institutions and agencies because the larger society tends to ignore and bypass them. Thus the poor come to form a common set of values, norms and pattern of behaviour, which are different from the general culture as such. The poor has a way of life- a specific type of life (that is, a subculture). Lewis found 70 traits that underlay this subculture. He classified these traits into four types.

i. **Relationships between the subculture and the larger society (Lewis in Horton, 1984)**

Poor people either withdraw or keep a distance from the larger society. They do not belong to the labour unions or political parties, go to banks or hospitals or enjoy leisure facilities of the city. They have a high mistrust of the dominant institutions of the society.

ii. **Nature of the slum community (Lewis in Horton, 1984)**

The slum community is characterized by poor housing and overcrowding and minimum of organizational structure beyond the space of family. Their institutions grow up mainly to meet their minimum needs. The slum economy is inward looking. It is embedded in pawning of personal goods, informal credit and use of second hand goods.

iii. **Nature of the family: Bilateral kinship system, unstable marriage, matrifocal family (Lewis in Horton, 1984)**

iv. **Attitudes, values and personality of the individual (Lewis in Horton, 1984)**

The individual has a 'strong feeling of fatalism, helplessness, dependence and inferiority', a weak ego tuned to the gratification in the present and a strong preoccupation with masculinity.

Once the subculture is formed it tends to be perpetuated. It is transmitted from one generation to another through socialization. The theory of culture of poverty has been greatly misunderstood and misused. Lewis saw it as an extreme form of adaptation that the poor are forced to make under certain circumstances and in certain places. The poor rejects the dominant culture and its institutions because they do not serve them. Their own subculture grows out of despair and protest. This theory was found particularly influential in the study of the low class people (Myrdal, 1962). According to Myrdal (1962), the low class became an increasingly important section of people in the west living off welfare or crime in the past. Murray (1984) argues that welfare dependency leads to the breakdown of the nuclear family and formation of a counter culture that encourages dependency and criminality.

The theory of culture of poverty suggests that the norms and values of the poor can be distinguished as a subculture of a larger society and characterized by a distinct way of life, including a usual worldview and low aspirations (Lewis, 1968; Moynihan, 1965). The poor form a subculture in which, as a result of their common experiences, develop certain attitudes and behaviour patterns, which are transmitted from parents to the child. These include extended families, the casual resort to physical aggression, an inability to plan for the future, a seeking of immediate gratification, weak impulse control and fatalistic attitude toward the future. This culture is said to perpetuate itself from generation to generation. The culture of poverty concept has been supported by many social scientists that see it as realistic (Karbo, 1980). The theory is criticized for being too deterministic, blaming the victim, and diverting attention away from the structural causes of poverty (Gursslin, 1967, Glazer and Moynihan, 1971). They say that the theory does not apply equally to all ethnic groups, and the behaviour patterns may not be so many norms or ideals as simply an adoption to what appear to be unavoidable circumstances (see Emassy, 1975, 604).

This theory can be applied to the South African situation. Black Africans were denied social- economic opportunities including education and land through apartheid. By denying the black people educational opportunities, blacks were destined for failure in life, especially those in rural areas. After South Africa had become a democratic country, many slums mushroomed in cities as poor people migrated from rural areas to urban areas to look for better life. This increased the problem of children leaving their young ones with their old parents to care for them while looking for jobs in the urban areas and in the end could not secure wage employment. According to this theory, children behave in the same way as their parents. Summer (in Martindale, 1981) states that the poor are poor because they do not work hard; that they do not have ambition, they squander money, drinking, among others. The theory warns about welfare dependency. Many people in Mafikeng who stay with pensioners depend upon them for the pension grant and thus are lazy to find work or create their own work as self-employed. In turn many children because they come from poor families, tend to struggle in life to find work in order to make ends meet. They tend to depend on people for survival.

2.2.2 Situational Theory of Poverty

According to Kerbo (1996), the situational theory of poverty holds that the poor behave differently because they do not have the resources and opportunities for adopting the middle class life styles. Young people have few opportunities to go to college and so they drop out. Women prefer a matrifocal family because it allows them to have a greater claim upon their children.

2.2.3 Social Stratification Theory

Social stratification theory is associated with Karl Marx (see Brym and Lie, 2005). It states that a social stratum is made up of families or individuals at the same level of income, wealth, power, prestige, among others (Gibney, 1987; Broom, 1990). Social stratification influences an individual's life chances for education, health and happiness and it also contributes to social conflict or harmony. In society, everyone wants to maximize his/her income, which in turn would maximize his/her happiness but in reality, the majority of people like in South Africa are poor. This inequality breeds misery and may even force some people into crime. Inequality can be defined as the extent to which some groups or individuals in a society receive different amounts of income, wealth, prestige or power. Resources or income is determined by sex, age, ethnicity, skill, party membership, religion, inheritance or other criteria that are culturally valued (Lensik, 1996). For example, according to the literature, men are normally richer than women. Inequality causes poverty among people, which in turn causes misery and conflicts within societies or families. In South Africa, the majority of households are poor as result of the legacy of apartheid.

Structural theories of poverty (such as Social Stratification Theory) state that poverty is caused by the structure of the larger socio-economic order. It is the macro structure of the society that produces inequality and consequently poverty. A key phrase that has become very popular in recent years is "social exclusion" (Friedman, 1996). Social exclusion means that some sections of the society are marginalized and as a result, they are denied easy access to educational and opportunities. They do not have adequate basic needs of life such as electricity, sanitation and water. They are not included in the main stream of

the society. Gore (1995) argues that the process of exclusion that occurs through the institutions of the market, state and civil society can be understood in terms of the following phenomena:

1. Rapid globalization of the economy, modernization of the society and the decreasing role the nation state.
2. The change in supply and distribution of the economic, political and cultural assets in the context of unpredictable economic change.
3. The social and political structures through which power is exercised and relationships among groups and individuals are defined.
4. The nature of the state and its role in the process of allocation and accumulation.

The advantages of the social exclusion approach of explaining the impoverishing of certain sections of the population are obvious. Haan (1998) argues that the social exclusion approach has many advantages over others related terms. It gives us a broader view of deprivation focusing upon societal mechanisms, institutions and strategic actors causing it. Thus the term can be used to link up macro and micro processes. Rodgers (1996) that the term social exclusion offers a multi-dimensional and multi-disciplinary view of poverty. It allows us to view poverty as a process. The impact exclusion can be seen at various levels. It can highlight the relationship between structure and agency. This perspective allows for the development of a sociologically grounded analysis of poverty. It makes it possible to look into the causes, processes and consequences of poverty as well as the way the discourse of poverty is constructed and deprived people react in a variety of ways to the existing situation of their life.

2.3 LITERATURE REVIEW

2.3.1 Introduction

This section discusses the literature related to old age pension. It also discusses the South Africa's Social assistance system and how one can apply and qualify for old age pension. Hulley and Hulley (1997:110) pointed out; literature review must display a competent examination of earlier research and work in the field of a dissertation topic and a comprehensive review of recent, relevant literature. It must contain a synthesis of relevant literature and must simultaneously be critical analysis of earlier work. It should also;

- Demonstrate how the literature is related to the current study
- Identify any deficiencies and omissions in earlier research
- Include all major studies and writers in the fields

2.3.2 Poverty, Inequality and Population in South Africa

i. Poverty

Poverty is usually defined either in absolute or relative terms. In absolute terms, poverty reflects an inability to afford an adequate standard of consumption. In this event, one would use a poverty line, reflecting an income level sufficient to afford adequate consumption, as a point to determine who is poor and who is not. This definition overlooks the distribution of resources in society that often underpins absolute poverty. Thus "relative poverty" refers to the individual's or group's lack of resources when compared to that of other members of that society (Consolidated Report, Transforming the present- Protecting the Future: 15).

For middle –income country, the levels of poverty in South Africa are rather high. When all relevant measures of social and economic deprivation are taken into account, the rate of poverty (which measures levels of absolute poverty) stands at about 45 percent (Olivier, et. al., 2005:8). The percentage of population living in poverty also differed markedly from province to province and may be summarized as follows:

Table 1: The percentage of the population living in poverty as per province

Province	Percentage
Limpopo	78
Mpumalanga	64
Northwest	61
Free state	54
Western Cape	29
Eastern Cape	74
KwaZulu- Natal	63
Northern Cape	58
Gauteng	32

Source; Olivier, et. al. (2005: 8)

Consequently, the sad truth is that overall, an estimated 18 million persons- out of a population of roughly 42 million- have been found to live in absolute poverty. Levels of poverty were generally higher in rural areas for example Mafikeng (71 percent) than in urban areas, and such levels were also found to be much higher among Africans (61 percent) than among Whites (only 1 percent). Poverty also has a clear gender- dimension, with 60 percent of female-headed households- compared to 30 percent of other households- living in absolute poverty (Olivier, et. al., 2005: 8). A significant number of South Africans live in poverty, or are highly - vulnerable to being poor (The poverty and Inequality Report of 1998).

ii. Inequality

According to the *Consolidated Report on Transforming the Present-Protecting the Future* (2000:14), inequality is referred to as the unequal benefits or opportunities for individuals or groups within a society. Inequality applies both to economic and social aspects, and to conditions of opportunity and outcome. Social class, gender, ethnicity and locality generally influence inequality. Inequality between races is a striking feature of South Africa. In 1996, 61% of Africans lived in poverty, compared with only 1% of whites. While this figure has probably changed somewhat since then, the continued stark

contrast contributes to a perpetuation of apartheid- style prejudice, where notions of an “underclass” are carried over into the post apartheid era. Flowing from this there is also a stark race differential in terms of who accesses private services (catering for the better off) and who accesses public services (catering mainly for the poor).

The *Report* further indicates that during the periods 1991- 1996, while inequality between races decreased, intra- racial (that is, class) inequality increased. This suggests that the racial divide of the apartheid era, if left to its own devices, could become entrenched as a deep class divides in the post – 1994 transformation period. The *Report* makes it clear that; in designing a comprehensive conceptual framework for social security, the key issue is to ensure that those who are currently excluded are given a stake in the present, and that those who have benefited from past privileges promote a level of solidarity.

Table 2: Declining household incomes and growing inequality (1991- 1996)

	African	White	Coloured	Asian
Poorest 50 per cent	- 11 per cent	- 16 per cent	0 per cent	- 5 per cent
Richest 10	17 per cent	-0.3 per cent	16 per cent	28 per cent

Source; Consolidated Report; Transforming the Present- Protecting the Future, 2000:17

Considering the point of inequality, many people especially in the rural areas lost out on their chances to explore as what the future held for them. With reference to Mafikeng area, which is mainly rural, people lost direction, especially young ones who were always hindered from exploring their potential and the education was very poor in the rural areas.

iii. Unemployment

South Africa is characterized by high levels of long-term or structural unemployment. According to the expanded definition of unemployment, the unemployment rate hovers around 37 percent. There is some evidence that formal sector employment has declined both in real and relative terms over the period 1996 to 2001 (Olivier et. al., 2005: 301). In

addition, informal employment has grown rapidly. The combined effect of all of this has been a dramatic rise in workerless households, in particular amongst Africans. The 1999 OHS, shows that the unemployment rate stood at 25 and 35 percent for African males and females respectively, 13 and 18 percent for coloured males and females respectively, 15 and 17 percent for Indian males and females respectively, and at only 4 and 5 percent respectively for White males and females Olivier, et. al. (2005:5). The unemployment Insurance Fund for various reasons not well - suited to reach these marginalized persons. In the first place, the Fund only pays out benefits for a limited period of time Secondly; many of those who may work under these circumstances are not in formal employment and are therefore excluded from the ambit of the Act. The Act makes provision for coverage of workers and their dependants against temporary unemployment arising from termination of service, illness, maternity, and adoption. Initially, Blacks were excluded, as was the case with several other categories of workers. However, while the racial distinction has been removed, and domestic and seasonal workers covered in terms of the most recent version of the statutory enactment, several categories of workers notably civil servants, and no-citizens working on a temporary basis remain excluded (Olivier, et. al., 2005: 301-302)

Because of the high unemployment in South Africa with special reference to Mafikeng, pension recipients are often the main income earner in their household. Unemployment levels have risen almost without pause for the past decade. Apparently accompanying this, at least until fairly recent times, has been a steady loss in formal sector jobs. The loss of a job, or the inability to find one, has a devastating impact on individuals and their dependants. This goes beyond the loss of income and what it can buy, to questions of social participation and personal identity.

There are two widely used definitions of unemployment: a "strict"/official and an "expanded" one, with the latter including "discouraged workers" who have given up looking for work. South Africa is characterized by a labour surplus economy that is unlikely to change in foreseeable future. A labour surplus economy with high skills'

deficits at the lower end has significant implications for the design of a comprehensive social security system in the short to medium term.

The lack of education among the disabled, especially in rural areas, has contributed to their unemployment. There are insufficient educational facilities for disabled children, thereby resulting in them being cared for at home. This prevents mothers from seeking employment, which in turn affects household income and increases stress in families.

iv. Education

The levels of education attained by individuals and groups have a bearing on their potential for employment and income- generation in the economy. By the same token, a lack of education or low levels of education tends to be associated with higher degrees of social- economic vulnerability.

The 1999 October Household Survey (OHS) showed that 79 percent of White males and 42 percent of Indian males have passed matric and attained higher levels of education, while only 22 percent of African males and 24 percent of Coloured males have reached these levels of education. The 1999 data show, furthermore, that 36 percent of African males and 27 percent of Coloured males did not complete primary school, while only 7 percent of Indian males and less than 1 percent of White males fell into this category (Olivier, et. al., 2005:4).



2.3.3 South Africa's Social Assistance System

Following the 1994 elections, the Government committed itself to a number of specific goals in the area of social policy, including;

- The elimination of poverty and the establishment of a reasonable, and widely acceptable, distribution of income.
- The provision of a reasonable income in old age
- The provision of affordable, decent and effective healthcare for all
- Full employment, or if this proves not possible, an adequate mechanism to deal with poverty.

The Constitution of the Republic of South Africa (1996)

The above are reflected in the Constitution where, as stated in Chapter 2, section 27 (1), everyone has the right to have access to social security, including appropriate social assistance, which is part of a publicly funded social security system. (Transforming the present- protecting the future consolidated report, pg 9).

South Africa's social assistance system of grants is important in addressing income poverty. Moreover, social assistance can address the fact that low or non- existent incomes contribute directly to poor access to healthcare, education, housing, and social infrastructure.

In April 2001 an estimated 3.5 million South Africans received social assistance through some form of income grant. The state old age pension (SOAP) is the largest social assistance programme with about 1.9 million beneficiaries. The important redistributive impact of this programme has been recognized by Government, labour and academia.

Extending the social pension to the entire population took several years, and the program was fully operating in all areas only at the beginning of 1993. The benefits for Africans rose gradually in the 1980s- from R 1,555 a year in 1980 to R2,096 in 1990 (both in 1990 rands)- while those for whites declined rapidly.

The impact of the social assistance system as a poverty alleviation measure should not be underestimated. The old age grant, for example, which is the largest social assistance programme in South Africa, reduces the poverty gap for pensioners by 94 percent. Different social, economic and political factors interact to create underdevelopment, marginalization, unequal access to resources and lack of service provision for this sector of the population, MP Olivier, N Smit, ER Kalula, G Mhone, 2005:223.

Household structure and social security reform

A number of household structural characteristics are important when considering social security reform. South Africa's household structure was analysed using the best available data, and the results showed the following:

- ✦ Most pensioners (84%) live in households with non- pensioners, so it is likely that most old age pensions support living standards beyond their immediate beneficiaries.
- ✦ Nevertheless, most adults (81%) and children (76%) live in households with no pensioners, so they are less likely to benefit from any grants paid to pensioners. It becomes clear that while pension money benefits many of the poor, pensions alone are wholly inadequate at targeting them as a group.
- ✦ Households with only of working age adults comprise 10% of all households, or over 4.6 million people. The poor in these households are excluded from a social security system that protects children and pensioners.
- ✦ Most South Africans live in large households (more than six people). Since larger households tend to be poorer, a fixed grant to each household will not be efficient in targeting the poor – larger per capita benefits will accrue to wealthier households.

2.3.4 Old Age

Old age is socially and often rigidly defined by retirement but obviously no radical changes take place at the age of 65 that change an individual from 'being middle aged 'to 'being old '. One common view of old age represents older people as the victims of our society in which a number of conditions exist and which affect the ways in which older people are perceived. It is suggested that there are limited opportunities for learning how to behave as an old person and since little value is placed on the skills and wisdom of the older worker (except, perhaps, in political roles!) – in contrast to pre- industrialized societies – there is little suggested that although older people do have some opportunities to interact with others of their own age they are much more likely to identify their peers as old than they are to see themselves as old. The more active they remain the less likely they are to identify themselves as old, but the less active they are the fewer opportunities they have for learning how to behave as old. Rosow (1967) argues that the result of the various pressures on the older person is a confusion about how older people should behave in the minds of all concerned and this role- ambiguity may lead many people to fall back on stereotyped attitudes.

Some common stereotypes are easily identifiable: older people are rigid and inflexible; older people are irritable and self – centered; older people are self – assertive and dominating; older people tend to return to the past and refuse to try new things. There are also more positive stereotypes: patience, tolerance, an ability to listen, wisdom, loyalty, hard work and restraint are all suggested as stereotyped ideals of what old people ought to be able to give (Gilhorne, 1974). The danger of these stereotypes is that people who grow older may have no other yardstick of behavior and accept the stereotyped expectations. They may feel that to try out new things is undignified, or that they have a right to be self- centered or controlling. Some of these behavior patterns will be found in some older people. What is clear is that all people have a right to grow old in the way that they have grown up- in an individual way in response to their own genetic inheritance and internal environment against their own individual, particular, environmental background of experience.

One view of old age sees it as social deprivation (Harris, 1972): the older person is deprived of his economic portion in society and his work- related roles and he is deprived of an active family role. Instead of being the breadwinner he becomes dependent: a recipient rather than a provider. He loses the authority that his social knowledge gave him as he is left behind by social changes. The greater dependence on the family and the wider social deprivations are unwelcome. Harris suggests that the position of the old can be ‘understood in terms of their participation in exchange relationships in both society and family. Whether or not deprivation occurs depends on the extent to which, in both spheres, the old can continue to give as well as to receive. Loss of opportunity to give is itself a deprivation.

A rather similar approach sees the problems of ageing as problems of decreasing power resources (Dowd, 1975). Older people are represented as increasingly unable to enter into balanced exchange relations with other groups with whom they interact: the power of the older person relative to exchange partner increasingly deteriorates. In this imbalanced exchange relationship the older person is compelled to exchange compliance for continuing sustenance. Stereotypes may be common but research findings suggest that

the majority of older people are closely involved with other people in their social environment and locality. On the other hand for fairly substantial minority problems arise as a result of their being demonstrably less involved than when they were younger.

There is a gap between the needs of older people and the availability of social services. A good deal of effort in recent years has been devoted to the increase of resources to meet the need and especially the need for domiciliary resources. In addition to the increase in availability of resources it is also important to think about improving the use of existing resources. If all the caring resources can be seen as a continuum or interlinked circle of provision, each individual can then be fully assessed and placed according to his need (Routledge and Kegan, 1981, 12-13).

According to Rowlings (1981:29), the process of growing old involves changes that take place over time, at varying speeds and on several dimensions. These will not necessarily occur at the same time as each other; a newly retired man, receiving his old age pension, may have difficulty in accepting this social definition of himself as aged when his interests, state of health and life-style have far more in common with those of a younger rather than an older age-group. The whole process of ageing is a highly individual one which as yet has received less attention than the physical and psychological development of children.

Brearily (1981:34) considers ageing as a process in which we are all involved to a greater or lesser extent. Chronological events during this process cannot effectively be related to normality in the current state of knowledge but only to statistical and numerical frequency. Ageing involves the continual interaction of a great many variables, physical, social, intellectual and emotional and it difficult to identify what is natural or normal during ageing because of the range of variables. It is perhaps easier to identify what is 'common' or usual, but that can sometimes be misleading (Hall, 1972).

The concept of ageing as a process implies that the individual has to negotiate a series of transitional phases of life during his progress through a life- cycle or in negotiating what

Bromley (1974) has called the life path. To pass successfully out of one of these stages of development or ageing is to pass into a new phase of life.

The main implication of this is that growing old involves continually progressing to something new (Brearly, 1981:34-35)

2.3.5 Old Age Pension

i. Old Age Pension: The World View

There is considerable variation in the financial and administrative detail of the different national systems for the transfer of resources from productive workers to non-productive pensioners, but they have tended to follow similar trends since the Second World War (for long-term comparative accounts see Flora, 1986b; Conrad, 1998; and Schulz and Myles, 1989). The case of the United States, considered by Andrew Achenbaum serves as an illuminating example. In the immediate post-war period the proportion of the workforce covered by the US contributory state pension scheme- Old Age and Survivors Insurance (OASI) - grew rapidly, and the real value of the pension payment rose sharply. These developments appeared to be costless because expanding the coverage of the scheme brought in new contributors who would not be entitled to draw pensions until the 1980s or later. Revenue rose more rapidly than expenditure and it therefore seemed appropriate to increase pension payments for retirees to a level far above that which could be justified on an actuarially fair, but they did seem to be morally fair at the time, because they allowed older people who could no longer participate in the productive economy to enjoy a share of the rapid economic advances experienced by workers in the 1950s and 1960s (Johnson, et. al., 1990: 5-6).

The way welfare and pension systems reacted to the similar range of problems they faced in the 1970s has led David Thomson to argue that welfare states may be one-generation phenomena. Any tax-funded welfare system operates on the basis of an implicit contract between generations which involves people paying contributions during productive phases of their life retirement (Johnson, et. al., 1990:6).

Benefit Entitlement of Old Persons

In the years following World War 11, a great number of welfare entitlements were made available to elderly people. Since the birth of the Welfare State, they have consistently been by far the largest group of consumers of benefits. Despite this, there is no doubt that many old people fail to claim all the benefits to which they are entitled. There are several reasons for this: the large number of benefits is confusing and there has been poor publicity in the past. Attitudes towards benefits being charity and the pride that most old people take in being financially independent have deterred some from claiming. Again general practitioners, who are often the only source of advice to old people, have themselves been ignorant as to benefits and have sometimes been resistant to giving certificates of illness and disability. For this reason it is essential for health and social workers to have an idea of the benefits available (Williams, 1995:37).

Basic retirement pension

The basic retirement pension is paid to women over 60 and men over 65, providing they have satisfied National – insurance contribution conditions and have retired from regular work, retirement pension, which is taxable, is then granted to them. Five years after these dates the basic pension is paid whether or not the individual is working. Retirement pension is paid to married woman on her husband's contributions when he retires, providing that she is over 60 and has retired from regular work or has reached the age of 65. If a woman qualifies for a pension in her own right, as well as her husband's, she receives whichever pension is higher. Four months before a man's sixty- fifth birthday and a woman's sixtieth birthday, the DSS sends out a form to allow individuals to claim their pension. Pensions are normally paid weekly by an order book, which is cashed at a post office, but pensions can be paid directly into a bank or building- society account as well as by book. For the housebound, a neighbour or relative can cash a pension on their behalf. The value of the pension is reviewed and usually increased yearly (Williams, 1995: 36).

ii. State Old Age Pension in South Africa

Women over 60 years of age, and men over 65 years of age receive a monthly payment from the government called an old age grant. This grant is the largest current social security transfer in the country, and, for those elderly persons who receive it, the grant plays a pivotal poverty alleviation role for the entire household. Only people whose financial situation is below a certain level can get the grant. The test to decide this is called a means test.

The means Test

The means test changes every year and for the old age grant this depends on your income, whether or not you are married, and on the income of both you and your spouse if you are married. In 2006 the means test for the old age grant person who is not married said that you cannot get the grant if your assets are worth more than R295 200 (the value of your home is not taken into account, as long as you are living in the dwelling). Your income must also be less than R20232 per year.

How to apply for old age grant

Old age grant can be applied for by filling in an application form at the nearest District Welfare office or counter service point of a District office. No payment is done to make the application.

The application process should not take longer than two hours. The applicant will be interviewed, have the fingerprints taken, and given information on whether he / she qualify for the grant. The individual will also need to show certain documents and provide some information, including;

- ❖ The South African Identity document (ID), which must be bar- coded.
- ❖ Information about the marital status:
- ❖ If single, an affidavit stating that you are single
- ❖ If married, the marriage certificate is required
- ❖ If divorced, the divorce order is presented
- ❖ If the spouse is dead, the spouse's death certificate

2.3.6 Some Other Social Grants

i. The Disability Grant (DG)

For medically diagnosed disabled persons over the age of 18 is the second largest programme in Rand terms, but smaller than the Child Support Grant (CSG) in terms of beneficiaries. This grant is a *de facto* poverty grant as 77% of recipients are also in poverty. Those with chronic illness who do not meet the strict medically based criteria are excluded. DG beneficiaries numbered 643107 in April 2001.

ii. Child Support Grant

The introduction of the CSG represents an important reform introduced by the government since the transition to democracy. In April 2001, 800476 caregivers received grants with an estimated value of R 120 million. This grant has been affected by a slow take- up rate, with only 25% of the targeted group receiving the grant three years after its implementation. However, the take- up rate has recently accelerated significantly, contributing to the figure of over 4 million beneficiaries of social grants in the year 2001/2002, and the figure of 5, 6 million reported in March 2003. Other programmes include the Foster Care Grant (FCG) for foster families caring for children under 18 years of age, and the Care Dependency Grant (CDG) for parents of a disabled child (1-18) who requires care at home by another person. At the age of 18, the disabled individual can apply for a DG. In terms of numbers of beneficiaries, the SOAP, the DG and the CSG are the largest social assistance programmes within the Government funded social security system.

2.3.7 The Role of the Old Age Pension on Poverty Alleviation

i. Poverty amongst the Old: Other Parts of the World

An example of Great Britain

The association between old age and poverty, as defined by the level of supplementary benefit (SB), is by now well established. Layard, et. al. (1978), writing a background paper for the Royal Commission on the Distribution of income and Wealth, made the point succinctly (p.114): 'More than half the poor are elderly.... A half of the elderly are living close to the SB level.'

Pensioners are the largest single group of claimants of supplementary benefit (in the form of supplementary pensions) 58% of the total number of claimants in 1977 (Report of the Supplementary Benefits Commission, 1978). It is estimated that about a quarter (26 per cent) of old people who would be entitled to receive a supplementary pension do not, in fact, apply; perhaps because of ignorance of what is available, a dislike of the stigma, as they perceive it, of receiving charity, or resignation to a limited standard of living (Bosanquet, 1978).

Another aspect of the poverty of old people can be found when comparing their housing and their amenities with those of the rest of the population. Again, this is complicated by the expectations of old people: washing machines or fridges, for example, were not part of their youth and may therefore not be wanted or they may be regarded with some suspicion. But leaving aside the comparatively low level of possession of consumer durables to be found amongst the elderly population, the standard of housing occupied by a significant number of elderly people is a cause for concern. Very old houses may well be occupied by very old people; this increases the likelihood of an outside lavatory, no running hot water, and inadequate forms of heating and poor insulation. Although just over 40 per cent of the elderly population in England own their house this does not mean that the owner-occupiers necessarily have an easier time; the ongoing cost of the upkeep of the property may be prohibitive for elderly persons on a minimum income and those who receive a supplementary pension may be unaware that it is possible to claim an Exceptional Needs payment for major repairs (Age Concern, 1974; Bosanquet, 1978).

The prevalence of poverty amongst the old- and the oldest also tend to be the poorest- indicates that many old people are perforce dependent on public sector services if they require assistance in daily living; to buy in private domestic help or to purchase private chiropody, for example, is beyond their means. When the private market is unavailable, the impact of restricted growth or cuts in social service expenditure must be severe; indeed, at a time of writing the press has contained a number of accounts of closure of old people's homes, cuts in the budget for home helps and the like. And this at a time when

that section of the elderly population known to be likely to need help (that is, those aged Over 75) is increasing both numerically and proportionally, (Rowlings, 1981:32-33).

ii. South Africa

South Africa together with Brazil is one of the countries with the most uneven distribution of incomes in the world. According to Census data analysed by WEFA, the poorest 40% of the population get less than 3% of the national income, while the richest 10% enjoy more than 50% (SARPN, 2002). Around 18 million people (45% of the population) live on less than 2\$ a day, sixty per cent of the poor get social security transfers, ten per cent of South Africans are malnourished and twenty- five per cent of African children are stunted (Committee of Inquiry, 2002). Linked to South Africa's apartheid past, poverty is heavily concentrated among Black South Africans representing 61% of the poor people, whilst poor whites only represent 1% (Priscilla Reddy, 2202; Vorster, 2000).

The Old Age Pension has been confirmed by academics to have an important redistributive effect in the South African population. It is the most effective social programme in targeting and reaching economically vulnerable groups (Ferreira, 1999; Case and Deaton, 1996; Ardington and Lund, 1995). According to the Committee of Inquiry into Comprehensive Social Security, the old age grant is the primary source of income for older persons who would otherwise be living in abject poverty and is estimated to reduce the poverty gap for older people by 94 per cent (Committee of Inquiry, 2002). This was also one of the results obtained in a reanalysis of the 1995 Western Cape Community Housing Trust data files. According to this research, in about 2/3 of African households where a pensioner resides, the pension appears to be the main source of income (Sagner, 2002).

Ardington and Lund (1995) analyse the role of the pension in house holds situated in Kwa-zulu Natal. Their results show that more than 60% of the households studied contain three or more generations. Elderly people are found in 23.7 per cent of households and 85.5 per cent are in receipt of a pension. The pension represents 17.7

percent of income in rural areas and 5.5 percent in metropolitan areas. According to their estimates, pensions make a substantial difference to the levels of living in households in poverty, except for the very poorest. They claim this is the case because the poorest have no access to the pension money. The authors acknowledge that households with pensioners are more likely to be able to survive, even though there is no member of the household with employment. Ardington and Lund, based on their empirical research, conclude that 'pensions are a significant source of income, with marked redistributive effects, they are the of credit facilities in local markets, further contributing to food security; they deliver cash into remote areas where no other constitutions do, they are gender sensitive towards women; and they reach rural areas as few as other services do' (Ardington and Lund 1995:571).

Anne case and Angus Deaton (1998) look at the redistributive consequences of the transfers to the elderly and the levels of living of households with a pensioner. One of the aims of the paper is to investigate the nature of the correlation between age and poverty, including the poverty of those who live with elderly recipients. The first conclusion that becomes evident from their research is that the pension is an effective tool of redistribution, reaching poor households. Case and Deaton observe that children are also benefiting from the pension, as older people are supporting them economically. In their findings they note that the most benefited fraction of children is those living with a pensioner in households where par capita incomes are the lowest. Therefore, the children who benefit most from the pension are the poorest. They also look at some of the behavioral responses on the allocation of the pension. Their results show that pension income is spent in much the same way as other income. Nevertheless, the authors find evidence that expenditure patterns are different for different types of households. Female-headed households spend less on alcohol and tobacco. And, surprisingly the presence of elderly householders turns expenditure away from transportation and from schooling. The authors based on their coefficient estimates conclude that the evidence is stronger the view that the elderly favor educational expenditure over other uses of funds. Moller and Sotshongaye (1996)

2.3.8 South Africa's Demographic Challenge

Demographic trends are important in determining the direction of a country's social security system. In countries where population growth outstrips economic growth, the pressures on state centered social protection tend to increase. However, population change itself is not the problem, but rather the manner in which the population changes (Transforming the Present- Protecting the Future, 2000:18).

In many OECD countries, for example, declining population growth with increasing numbers concentrated in the higher age groups have placed pressures on health and retirement cover among others. Where social security benefits systems are designed in part on inter- generational solidarity, such trends raise concerns. Governments' responses to these vary with some encouraging birth rates through family and children's allowances and other measures. However, population trends and features that characterize countries in the South (less industrialized countries) differ. In the south, growth trends are higher, populations are concentrated in the younger age categories and life expectancy is relatively low.

Over the past five years, the South African population has grown at an average rate of 2.2 percent (Consolidated Report on Transforming the Present-Protecting the Future, 2000:18). According to the Report HIV/AIDS has affected population trends and dynamics such as the size, growth and age structure of the population. HIV/AIDS is having a profound impact on fertility and mortality rates in South Africa. Life expectancy at birth is also declining. Available information indicates that the average life expectancy at birth in South Africa has already declined from about 63 in 1996 to about 55 in 1999. It is expected to decline even further. There will also be a decline in the number of people in specific age groups, namely 0-4 year olds and 25-34 year olds. The proportion of women in the total population will decline, as women are more vulnerable to HIV infection due to their lower social and economic status, and because of physiological reasons.

As a result of the above, it is expected that HIV/AIDS will impact upon dependency ratios in South Africa. The projected age structure of the population shows that the proportion of population in dependent age groups, both children and elderly people, will increase considerably in relation to the potentially economic active proportion of the population. This, in turn, means that the dependency rate will increase substantially during the coming years, and there will be proportionally fewer people to care for children and elderly people.

In short, HIV/AIDS will continue to challenge the capability of existing social security programmes to address the increased impoverishment and vulnerability of people. According to the Transformation Report, an important consideration in the design of comprehensive social security for South Africa is the extent to which social security can promote prevention and mitigate the impacts of HIV/AIDS and other chronic illnesses. Critical in this is the increased vulnerability and risk experienced by many because of poverty. The impact of HIV/AIDS in Mafikeng area is becoming an alarming issue; many young people, especially mothers have died due to this disease leaving their young ones in the care of the old grandparents who only depend on the government for financial assistance.

Economic Status

Retirement marks the point when most people stop earning and come to depend upon pensions and benefits, either from the State or private schemes to which they have been contributing during their working lives. They also, to some extent, depend upon their savings. In accessing the economic position of pensioners, it is necessary to take account of these aspects and also the changes that have occurred both in the actual levels of economic provisions and how these have changed relative to non- pensioners.

Disposable Income

There are problems in calculating disposable income that result in conflicting data. Two recent papers give details: Abrams (1983) and Fiegehen (1986). Fiegehen gives information that covers everyone over pension-able age. Abrams, on the other hand,

refers to a subset of persons in what he terms 'special pensioner households' who had at least 75% of their income from National Insurance, retirement or similar pension and/or supplementary pension. There are other complicated differences in the way in which the economic status of elderly persons is presented and this means it is difficult to make broad generalizations about disposable incomes. The overall figures inevitably hide the plight of subgroups that for one reason or another are disadvantaged.

However, the figures quoted by Fiegehen do give an idea of the trends. The calculated disposable income of pensioners is made up of all income, including investment, savings, pensions and other social- security benefits. It is a net figure representing the spending power, after deductions for income tax, National Insurance and occupational pension contributions. These deductions are relatively low amongst pensioners.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter describes in detail the research methodology that was employed to achieve the objectives listed in the introduction chapter. It shows how the respondents in a survey were selected and how the collection of data was done. It also shows the type of instrument used to collect the data and how the data was analysed.

A thorough methodological foundation directs the whole study with respect to its planning, organizing, analyzing and interpretation of data to ensure the validity and reliability of all recommendations and conclusions.

3.2 RESEARCH PARADIGM

According to Newman (2001), a paradigm is seen as basic orientation to theory. This research study followed a quantitative approach in design. Creswell (in Saunders, et. al., 2000) identifies three approaches to research, namely: deductive approach, inductive approach, and a combination of inductive and deductive approaches.

3.2.1 Deductive approach

This approach is one where the researcher proceeds from general rules of logic. It enables the researcher to organize grounds into patterns that provide conclusive evidence for the validity of a conclusion (Ary, et. al., 1996). Further it can organize what is already known, and can point out new relationships as one proceeds from the general to the specific but it is not sufficient as a source that entails truth. The deductive approach entails the development of a conceptual and theoretical structure prior to its testing through empirical observation. It begins with an abstract conceptualization and then moves to the testing through application of theory so as to create new experiences or observations.



3.2.2 Inductive approach

An inductive approach focuses on developing premises that are true. One must begin with true premises in order to arrive at true conclusions (Ary, et. al., Al.1996). According to authors, the task of a researcher is to interpret and analyse gathered data with the aim of formulating a theory. In this approach, theory follows data rather than vice versa as in the deductive approach. The deductive approach was applied in this study.

3.3 RESEARCH DESIGN

3.3.1 Introduction

According to Saunders, et. al. (2000), a research design is a general plan of how the research objectives that has been set will be achieved. It should contain the sources from which data is to be obtained and considers the constraints which the researcher will inevitably have. There are three main research strategies as identified namely: a case study, a survey, and an experiment. A case study is the study of a person, a small group, a single situation, or a specific case, which involves an in-depth and extensive research. An experiment, according to Saunders, et. al. (2000) is a classical form of research that owes much to the natural Sciences, although it features strongly in Social Sciences research, particularly psychology. It normally involves studying the effect of a particular explanatory variable on a dependent variable while controlling the effects of all the other variables that affect the dependent variable or the variable of interest in a laboratory situation. In this study, the survey method was used. This research strategy is discussed in detail below.

3.3.2 The Survey Method

In surveys, we normally collect data by asking questions to people who are referred to as respondents. Surveys involve collection of data from a sample in preferably a highly economical way. The advantage of using a survey is to provide a speedy and economical means for determining facts about our knowledge, attitudes, beliefs, expectations and behaviours. Surveys provide an important source of basic scientific knowledge. The survey's intent is not to describe particular individuals who by chance are part of the

sample but to obtain a composite profile of the whole population – in this particular case, all the old age pensioners in the Mafikeng Local Municipality (Serumaga-Zake, 2007: 49) The survey method is usually associated with the deductive approach.. For a survey research, there are two additional considerations that are very crucial, namely: designing a representative sample and a questionnaire to be used to collect data.

By a representative sample, we mean an accurate proportional representation of the population under the study. In this sample, every characteristic in the population should be well or fairly represented. In other words, to obtain reliable results on the characteristics of interest of the population, a sample, through the process of generalization, should in all relevant respects be a true image or reflection of the population. Members of the population should be randomly selected into the sample to ensure that a representative sample is obtained for a study.

3.3.3 Types of surveys

There are two types of surveys: cross-sectional surveys and longitudinal surveys. *Cross-sectional surveys* are used to gather information on a population at one point in time. An example of a cross-sectional survey is using a questionnaire to collect data on annual household expenditure in a country at a given time of the year. *Longitudinal surveys* gather data over a period of time. The researcher may then analyse the data to study changes in the population and attempt, for example, to explain them. The cross-sectional survey was used in this study. The survey involved collecting data from a sample of 100 old age pensioners in Mafikeng. Interviewers asked questions to the old age pensioners as respondents.

3.4 DATA COLLECTION

3.4.1 Sampling Method

The main aim of sampling is to gather information on a rather small number of individuals or entities, which can be generalized, to a large aggregate from which the sample was sourced (Mouton and Marais, 1995). There are two types of sampling designs. These are probability sampling, which is based on the concept of random.

selection - a controllable procedure that assures that each population element is given a known non-zero chance of selection, and non probability sampling, which is arbitrary and subjective, that is each member does not have a known non-zero chance of being included in the selected sample.

The sampling method used in this research involved both stratified sampling and cluster sampling. For stratified sampling, the population is divided into various clearly recognizable non - overlapping sub - populations (e.g., groups of residential areas) according to particular independent variables that are associated with the variable being studied (i.e., the dependent variable). In cluster sampling, sampling units are grouped to form clusters, then, a few clusters are randomly selected for the study. The final sample of sampling units (i.e., households of old age pensioners in this case) is chosen from these clusters to be studied.

For this study, the households of old age pensioners were treated as sampling units and were therefore sampled. The researcher divided the residential areas of Mafikeng (i.e., Riviera Park, Golf View, Leopard Park, Unit 1, Unit 2, etc) into three groups (i.e., strata), namely, A, B and C according to social - economic status as follows:

Groups of Residential Areas of Mafikeng

GROUP A

Serial No.	Residential Area
1.	Unit 1
2.	Unit 2
3.	Unit 5
4.	Unit 7 + Unit 4
5.	Unit 8
6.	Unit 9

..... **Group A continues on Page 37**

.....Continuation of Group A

	Unit 10
	Unit 12
7.	Unit 13
8.	Unit 14
9.	Unit 15 + Ext. 39
10.	Montshioa
11.	Imperial Reserve
12.	Motlhabeng

GROUP B

Serial No.	Residential Area
1.	Riviera Park + Riviera Park North
2.	Golf View
3.	Unit 3
4.	Unit 6
5.	Unit 11 (Leopard Park)
6.	Danville

GROUP C

1.	Signal Hill
2.	Lonely Park

The residential areas within each group (i.e., stratum) formed clusters. Proportional representation was then used to choose the number of residential areas (i.e., clusters) to use in the study from each group. From Group A, three residential areas were randomly selected, from Group B, one residential area was randomly selected and from Group C one residential area was randomly selected. The selected residential areas were: Unit 1 + Monthioa, Unit 10 and Unit 13 randomly selected from Group A, Unit 6 from Group B and Lonely Park randomly selected from Group C. A sub-sample of households of old age pensioners (i.e., sampling units) was finally randomly chosen from each selected

residential area (i.e., cluster) and pensioners in these households were interviewed. Systematic sampling was used to select the households.

Practical considerations of time and cost determined the sample size and the challenge was to design the best sample with this size. Efficient stratification of the target population helped the researcher to come up with the best sample. One hundred pensioners were to be interviewed. Statistical theory dictates that in order to make valid statistical inferences, the sample must be at least 30 (Wegner, 2006). The distribution of the households of the interviewed old age pensioners was as follows:

No.	Area	No. of pensioners
1.	Unit 1 + Montshioa	24
2.	Unit 6	10
3.	Unit 10	22
4.	Unit 13	22
5.	Lonely Park	22

The residential areas had different sub-sample sizes depending on their relative population sizes. To interview the respondents, an interviewer went to the selected residential area and randomly chose the street and household to start with. After interviewing the pensioner in that first household, he used systematic sampling to select the second household, then the third, etc, until the number of old age pensioners to be interviewed in that residential area was reached. If there was no old age pensioner in a selected household, the interviewer went to the next household.

3.4.2 Method of Data Collection

i. Introduction

Normally, to collect data from the sampling units, several data collection methods are available to researchers. These methods can be divided into two approaches (Cooper and Schindler, 2001:295). The first one is “observation approach” and the second one is “communication approach”. According to Cooper and Schindler (2001:370) the

observation approach of research qualifies as a scientific enquiry when it is conducted specifically to answer a research question. It is systematically planned and executed, uses proper controls and provides a reliable and valid account of what happened. The authors argue that many academics have a limited view of observation, relegating it to a minor technique of field data collection, thereby ignoring its potential for forging decisions and denying its historic stature as a creative means of obtaining primary data. Besides collecting data, usually observation involves listening, reading, smelling and touching.

Saunders, et. al. (2002:218) argues that observation involves a systematic observation, recording descriptions, analysis, and interpretation of people's behaviour. The authors advise that if research questions and objectives are concerned with what people do, an obvious way in which to discover about a phenomenon is to watch them do it.

The communication approach involves questioning or surveying people and recording their responses for analysis. The great strength of questioning as a primary data collecting technique is that it does not require that there is a visual or other objective perception of the information sought by the researcher. Abstract information of all types can be gathered by questioning another. According to Cooper and Schindler (2001:295), there is not much that can be learnt about opinion, attitudes, intentions and expectations of others except by questioning. The authors argue that questioning is more economical and efficient than observation. A few well chosen questions can yield information that would take much more time and effort to gather by observation. The communication approach has its weaknesses too (Cooper and Schindler, 2001:295). The quality and quantity of information secured depends on the ability and willingness of respondents to co-operate. This unwillingness to co-operate may be due to people failing to see any value in participation and they may fear the interview as potentially embarrassing or intrusive. Even if the respondents do participate (Cooper and Schindler, 2001:295), they may not have the knowledge sought or even have an opinion on the topic of concern. However, too often, they feel obliged to express some opinion even if they do not have one. In such cases it is difficult for the researcher to know how true or reliable the answers are. Also,

the respondent may intentionally mislead the researcher by giving false information which is difficult for the researcher to identify.

For this study the communication approach was used since the research objectives, apart from collecting data on expenditure and income, they required gathering of information about opinions, attitudes and expectations of the members of the target population. This information would be difficult or even impossible to obtain through the observation approach.

The common types of data collection methods include personal (or individual) interviews, mail survey and telephone survey. The method of personal interview (which is of the communication approach of doing research) was used in this study. Telephone survey was not used for the following reasons: all respondents must be available by phone which was not the case for this study, some household phones could have been unlisted, there was a limit on interview length and the degree of this limitation would have depended on the respondents' interest in the topic. Also, normally, the response rate in telephone studies is lower than for comparable personal interviews. Mail (or post) survey involves sending the questionnaire by post and the respondent fills it by himself, after which he sends it back to the researcher. This method was also not used in this study because there is normally a tendency of respondents not to participate in the survey. If they do it, it normally takes a long time for them to send the questionnaire back to the researcher. The researcher has, from time to time, to remind respondents to fill in the questionnaire. The personal interview method is discussed in detail below.

ii. Personal Interviewing

Personal Interviewing is a two- way conversation initiated by an interviewer to obtain information from a respondent. The respondent is asked to provide information and has little of receiving any immediate or direct benefit from this cooperation. But this technique has its advantages and disadvantages, which are discussed below, as stipulated by Cooper et al (1998);

Advantages are:

- Interviewers can note the conditions of the interview, probe with additional questions, and gather supplemental information through observation.
- Interviewers also have more control than with other kinds of interrogation.
- They can prescreen to ensure the correct respondent is replying and they can set up and control interviewing conditions.
- Interviewers can also adjust to the language of the interviewee because they can observe the problems and effects the interview is having on the respondent.

Disadvantages are:

- The results of personal interviewing can be affected adversely by interviewers who alter questions asked or in other words biased the results.
- Many people have become reluctant to talk with strangers or permit visits in their homes.
- Costs are particularly high if the study covers a wide geographical area or has sampling requirements, which are not easy to get.



In statistical surveys, missing data occur and they occur for two reasons: noncoverage and nonresponse. Noncoverage occurs in situations where some units in the target population have no chance of being selected into the sample, this is when the sample frame is not complete. Two types of nonresponse can be identified. These are: 1) Unit nonresponse, which occurs when a sampled unit (person or household) fails to participate in the survey, for example, because the sampled person cannot be located, refuses to participate or is too ill to participate, and 2) item nonresponse which occurs when a sampled unit participates in the survey but fails to provide responses to one or more of the survey questions, for example, because they are too sensitive or personal, he or she does not know the answers, when an interviewer fails to ask a question or record the answer, or when recorded responses are deleted in editing a questionnaire because the response is inconsistent with the answers recorded for other questions.

Major limitations concern the type and amount of information that can be secured.

Kahn and Cannel (in Saunders et.al.2000:264) define an interview as a purposeful discussion between two or more people. They categorize interviews as:

- Structured interviews
- Semi- structured interviews
- Unstructured interviews

Structured interviews use questionnaire based on predetermined and standardized or identical set of questions, usually with pre-coded answers. In semi-structured interviews, however the researcher has a list of themes and questions to be covered although some questions may be omitted in some interviews depending on the flow of the conversation (Saunders, et. al., 2000:246). Unstructured interviews on the other hand are informal. They can be used to explore in depth a general area in which the researcher is interested. There is no predetermined list of questions to work through although the researcher needs to have a clear idea about the aspects he/she wants to explore. A structured interview with a questionnaire was employed in this study.

3.4.3 Questionnaire

A questionnaire is a document, which contains a set of pre- determined questions to be posed to survey respondents. Primary data were sought for this study and the data were gathered through questionnaires.

Questionnaire relevance

The questions that were asked in the questionnaire had to be relevant in terms of the study's goals and to the individual respondents' situation. In the interests of being unambiguous and precise and pointing to the relevance of the issues, the researcher used short and precise questions. The questions were easy to be read quickly and to be understood thereby putting the respondents at ease to provide answers. These questions included open-ended, multiple choice, dichotomous, scaled-response, closed questions, ranking questions as well as free choice questions. Closed questions served a multiple purpose namely:

- To simplify the communication of the information due to the respondents expected level of education;
- To make the answering of the questions less time consuming, and
- To make analysis process less complex due to time constraints

The problem with closed questions is that the researcher limits the respondent only to those possible answers listed by him in the questionnaire. The questionnaire also included a few open – ended questions. These questions accommodated those respondents with unique experiences or situations they were in; the respondents were given freedom to express themselves according to their experiences. The questionnaire consisted of six sections. Section a of the questionnaire consisted of questions on household aspects, section b, personal questions, section c, questions on employment and earnings, section d, other household income, section e, questions on household expenditure and section f comprised questions on poverty per se.

Covering letter

A covering letter is the most logical vehicle for persuading individuals to respond (Cooper 1998:306). In this study, a covering letter was attached to all questionnaires. The main purpose of doing this was to introduce the topic of study to the respondent, to explain why the study is important and should be conducted, and to stipulate why it is important that the respondent should complete the questionnaire. Other reasons why a covering letter was attached to the questionnaire were to let the respondent know the focus of the questions, to request the respondents to be honest and critical in selecting the best answer and to assure them that their responses were strictly confidential and for academic purposes only.

3.5 DATA ANALYSIS

3.5.1 Descriptive Data Analysis

Descriptive statistics including frequencies, percentages and measures of central tendencies or averages (i.e. summary of raw data) were computed. This was the most appropriate data analysis technique since the questionnaire consisted of questions of the

descriptive type of data. A computer aided statistical analysis was employed with the SPSS programme. Average values were calculated in terms of arithmetic mean. So, the results in this study entail statistics like frequency distribution and tables and charts or histograms (depending on the nature of the data and outcome of the study). A frequency distribution and a histogram are described below.

i. Frequency Distribution or Frequency Table

A frequency distribution is a summary table in which the data are arranged into conveniently established numerically ordered class groupings or categories (Berenson and Levine, 1996: 62). Frequencies are generally obtained for nominal demographic variables such as age, years of service, education and others. Alternatively, a frequency table or frequency distribution is an arrangement of data by classes together with their corresponding class frequencies. The classes are sequence intervals defined by lower and upper limits. A class frequency is the number of observations whose values lie between the lower and upper limits (the class limits may be included). The problem with a frequency table is that by grouping the data like this, much of the original detail is lost. The advantage of frequency table is that one obtains a clearer “overall” picture of the data by summarizing discrete or continuous data into class intervals each with the corresponding frequency. In this study, the frequencies of the respondents’ biographical data and some other data were depicted in a summary table. Frequencies were converted into percentages.

ii. Histogram and Bar chart

A chart or histogram is a graphical representation of a frequency distribution. A histogram is a set of rectangles with bases on a horizontal axis with centres at the class marks and base lengths equal to class interval sizes. The areas of rectangles are proportional to class frequencies. If all the class intervals have equal sizes then the heights of rectangles will also be proportional to the class frequencies. When the data is discrete, a bar chart may be used (Wegner, 2006). For the bar chart, the bar width is not important, only the bar length (or height) is used to indicate the frequencies.

3.6 CONCLUSION

The success of any research study depends entirely on the research methodology employed, the quality of data gathering strategies and the validity and reliability of the instrument used. The research methodology employed in this study has been discussed in this chapter. The personal interviewing method for data collection and the descriptive data analysis technique, which includes frequency distribution and percentages were used in this study. These have been discussed. The next chapter deals with data analysis and presentation of the results.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.1 INTRODUCTION

The purpose of this chapter is to present the results of the study. A sample of 100 old age pensioners was selected in Mafikeng to be studied. Ninety pensioners were actually interviewed – giving a response rate of 90 percent. Seventy nine percent of these were heads of households.

In this chapter, section 2 presents personal and demographic information on the respondents, section 3 household aspects, section 4 talks about how the pensioners in Mafikeng expend their money, section 5 income, section 6 poverty and section 7 gives a discussion on the results and concludes.

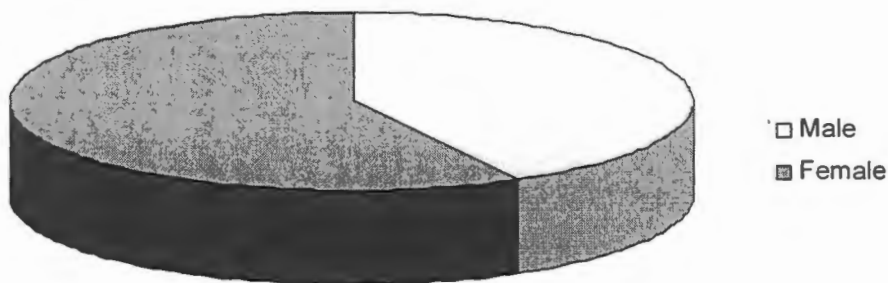
4.2 PERSONAL AND BIOGRAPHICAL INFORMATION

In this section the personal and biographical data of the respondents is discussed. The results include: gender, age, race, family type, marital status, education, health and past occupation.

4.2.1 Gender and Age

Out of the 90 respondents, 38 (42.2%) were males. Figure 4.1 illustrates this more clearly. The respondents were between 60 and 94 years of age.

Figure 4.1: Gender of Pensioners



4.2.2 Race

Out of the 90 respondents, 82 (91.1%) were Blacks, 3 (3.3%) were Coloureds, 1 (1.1%) was Asian and 4 (4.5%) were White.

4.2.3 Family Type

Out of 76 respondents who provided information on their family type, 47 (61.8%) lived in households of the extended family type, 16 (21.1%) were associated with a nuclear family type and 13 (17.1%) of them lived in households of the single family type. According to the American Heritage Dictionary of the English language, “extended family” is defined as a family group of parents, children and other close relatives often living in close proximity.

4.2.4 Marital Status

Table 4.1 shows the results on marital status. Column one shows the marital status of a pensioner, column two the frequency and column three the percentage of respondents falling in a given category. According to the results, the majority (42.5%) of the respondents were either married or living together with partners, 31 (35.5%) were either widows/widowers or divorced/separated and 19 (22.0%) were single. Three respondents did not divulge the information.

Table 3: Marital status

Marital Status	Frequency	Percent
Single	19	22.0
Married or Living together	37	42.5
Widowed/Divorced	31	35.5
Total	87	100.0

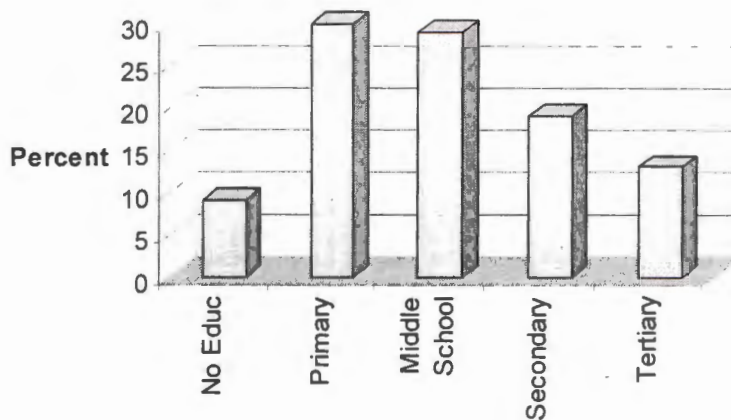
4.2.5 Education

With regards to education (see Table 4.2), the majority of the respondents (87.4%) studied up to grade twelve (matric). About nine percent of the respondents did not go to school. Figure 4.2 illustrates this more clearly.

Table 4: Education levels of Pensioners

Education level	Frequency	Percent	Cumulative Percent
No Education	7	8.9	8.9
Primary	24	30.4	39.3
Middle School	23	29.1	68.4
Secondary	15	19.0	87.4
Tertiary	10	12.6	100
Total	79	100.0	

Figure 4.2: Education level



4.2.6 Health

According to Table 4.3, out of the 87 respondents who answered the question on health, 33 (37.9%) had poor health. The health of 5 (5.8%) of them was very poor.

Table 5: Health of Pensioners

Health	Frequency	Percent
Excellent	4	4.6
Good	23	26.4
Average	22	25.3
Poor	33	37.9
Very Poor	5	5.8
Total	87	100.0

4.2.7 Past Occupation

The results indicated that the respondents who worked, occupied different job positions in society - ranging from domestic workers and cleaners (about 35%) to medical doctors and directors (about 5%). Some of them never worked. So, the pension money they receive differs - depending on how they contributed to the pension funds when they were working. The respondents worked in different industries and for different employers.

4.3 HOUSEHOLD ASPECTS

4.3.1 Household Size and Dependants

It was found that 97 percent of the households in which the respondents lived had a household size of 1 to 9 people. The maximum size was 14 and the average was about 5. About 10 percent of the respondents did not have dependants. The number of dependants ranged between 1 and 13. The average was 3. It was found that the dependants included children, grand children and great grand children as expected.

4.4 HOW PENSIONERS EXPEND THEIR MONEY

4.4.1 Total Household Expenditure

Table 4.4 shows the total household expenditure of the respondents. Six respondents (6.7%) said that they spend between R0 and R300 per month in total and 49 (55.1%) said that they spend over R600 per month. This might imply that the majority of pensioners in Mafikeng spend more than R600 a month.

Table 6: Total Household Expenditure

Total Expenditure (in Rands)	Frequency	Percent	Cumulative Percent
0 - 300	6	6.7	6.7
301 - 400	4	4.5	11.2
401 - 500	10	11.2	22.4
501 - 600	20	22.5	44.9
601 +	49	55.1	100
Total	89	100.0	

**NWU
LIBRARY**

4.4.2 Groceries

Table 4.5 indicates that 64.0 percent of the respondents spend between R0 and R600 per month on groceries. Groceries include only food and drinks. This also includes eating away from home, for example, at work or in a restaurant.

Table 7: Expenditure on Groceries

Expenditure (in Rands)	Frequency	Percent	Cumulative Percent
0 - 300	18	20.2	20.2
301 - 400	13	14.6	34.8
401 - 500	7	7.9	42.7
501 - 600	19	21.3	64.0
601 +	32	36.0	100
Total	89	100.0	

A large number of households (that is, $14.6\% + 7.9\% = 22.5\%$) spend between R300 and R500 per month on groceries.

4.4.3 Alcohol and Gambling

According to Table 4.6, 73.0 percent of the respondents did not spend money on Alcohol. The number of respondents who gambled was very small (7.0%).

Table 8: Expenditure on Alcohol

Expenditure (in Rands)	Frequency	Percent	Cumulative Percent
0	65	73.0	73.0
1 - 100	18	20.2	93.2
101 +	7	6.8	100
Total	89	100	

4.4.4 Public Transport

The data showed that the maximum amount of money spent on transport in general was R1500 per month and the average was R135 per month. Table 4.7 shows that 21 (23.3%) out of 90 respondents did not spend money on public transport. This number included respondents who used their own cars. According to the column of cumulative

percentages. 64.4 percent of the respondents spent between R0 and R50 per month on public transport.

Table 9: Expenditure on Public Transport

Expenditure (in Rands)	Frequency	Percent	Cumulative Percent
0	21	23.3	23.3
1 - 50	37	41.1	64.4
51 +	32	35.6	100
Total	90	100	

4.4.5 Rent

Out of 84 respondents who provided information on 'renting', only 23 (27.0%) reported that they rented the houses they were living in. According to the information provided by the respondents, the average rental was about R300 per month and the maximum was almost R3000.

4.4.6 Fuel and Power

Fuel and power means energy for cooking, heating and lighting. Seventy - nine (92.0%) of 86 respondents said that they spent money on fuel and power. It was indicated that 87.0 percent of the respondents spent less than R500 per month on fuel and power. On average, they spent about R315 per month.

4.4.7 Clothes

Out of 83 respondents, 42 (51.0%) said that they spent money on clothes every month. It was revealed that the maximum amount of money spent was R800 per month. About 80 percent of them spent less than R200 per month. The average expenditure on clothes was R220 per month.

4.4.8 Cosmetics

Very few respondents spent money on cosmetics. Only 12 out of 73 respondents said that they spent money on cosmetics. The money they spent ranged from R20 to R500 per month. The average was R35 per month.

4.4.9 Telephone

Twenty - six (32.5%) of 80 respondents said that they spent money on telephone. It was indicated that they spent between R2 and R1200 per month. About 97 percent of them spent less than R500 per month. On average, they spent R90 per month.

4.4.10 Wedding and Funeral

Twenty - one (27.0%) out of 77 respondents reported that they spent money on either wedding or/and funerals. One respondent said that he spent up to R13 000 on a funeral.

4.4.11 Remitting and Other expenditures

It was revealed that a few respondents (10%) remitted money to relatives. The amount of money remitted ranged from R150 to R1500 per month. The average value was R65 per month. Fourteen (26%) out of 54 respondents (who gave information on other expenditures) said that they had other expenditures such as those of insurances.

4.4.12 School Fees

Only 20.0 percent of the respondents spent money on school fees or tuition fee (for tertiary education) for their children and grand children. The amount ranged from R40 to R600 per month. A few of these respondents spent between R100 and R300 per month on school transport and spent between R20 and R600 per year on other things like school books.

4.5 INCOME

4.5.1 Total Income

It was revealed that apart from the pension, some pensioners have other sources of income, such as selling of a property and renting out a house. From these sources,

pensioners earn extra money ranging from R150 to R150 000 (as a once off payment). Eighteen (21%) out of 85 respondents (who provided information on 'remittances or payments from relatives living elsewhere') said that they received money sent by relatives. The amount ranged from R50 to R12 000 per year. Table 4.8 shows the distribution of total income for the respondents.

Table 10: Total Income

Total Income (in Rands)	Frequency	Percent	Cumulative Percent
0 - 300	3	3.4	3.4
301 – 400	1	1.1	4.5
401 – 500	0	0	4.5
501 – 600	4	4.5	9.0
601 +	81	91.0	100
Total	89	100	

The results indicate that the majority (91.0%) of respondents earned more than R600 a month.



4.5.2 Pension

Table 4.9 shows the percentage distribution of old age pension money that was received by the respondents.

Table 11: Old Age Pension

Income (in Rands)	Frequency	Percent	Cumulative Percent
400 - 900	28	43.8	43.8
901 – 1000	24	37.5	81.3
1001 +	12	18.7	100
Total	64	100	

The results indicate that the majority (that is, $43.8\% + 37.5\% = 81.3\%$) of the respondents earned between R400 and R1000 per month.

4.6 POVERTY

4.6.1 Basic Needs of Pensioners

The respondents were asked to list their basic needs. The major basic needs mentioned were: food, shelter, water and electricity - in that order. When they were asked whether their basic needs were satisfied or not, out of 85, 43 (51.0%) respondents said that they were satisfied.

Most of those who said that their basic needs were not satisfied, said that, this was because the pension money was not enough.

4.6.2 Subjective Poverty

The respondents were asked to rank or categorize themselves on the Rickert Scale from poor to Non-poor. Table 4.10 shows that out of 86 respondents, 25 (29.1%) regarded themselves as poor. Most of them regarded themselves as “average”. Seven (8.1%) respondents did not know where they fell. Figure 4.3 illustrates this more clearly.

Table 12: Subjective Poverty

Poor	Frequency	Percent	Cumulative Percent
Poor	25	29.1	29.1
Average	42	48.8	77.9
Non-poor	12	14.0	91.9
Don't know	7	8.1	100
Total	86	100	

4.6.3 Objective Poverty

Using US \$1 per day per person as the poverty line (that is, the amount of money an individual requires to live out of poverty), it was estimated that 82 (91.0%) out of the 90 respondents were poor. This might mean that most of the old age pensioners (i.e., 91.0%) in Mafikeng live on less than US \$1 (i.e., R7.5) a day.

4.6.4 Problems of Pensioners

According to the respondents, the problems old age pensioners face are mostly due to insufficient pension money and rising prices - especially for food, medicine and medical treatment. One respondent said that the problem of insufficient funds is aggravated by dependants, for example, grand children, who cannot find work to fend for themselves. Another one said "things have changed, we hardly know what is going on; we lack knowledge of how things work these days". There is one who said that she had to do all things alone - all the other people around her were gone.

4.7 CONCLUSION

Based on this research and sample, it can be stated that 61.8% of the pensioners in Mafikeng live in extended families. The majority (42.5%) are either married or living together with partners and 35.5 percent are widowed. About 44 percent have poor health.

According to the data the pensioners have 3 dependants on average. The study has found that the dependants include children, grand children and great grand children.

It has been found that the majority (55.1%) of pensioners in Mafikeng have a total household expenditure of more than R600 and about 43 percent spend between R300 and R500. Only 27.0% of pensioners rent the houses they are living in. Average rental is about R300 per month.

The results have indicated that the majority (92.0%) of pensioners in Mafikeng earn more than R600 a month. It was also revealed that apart from the pension, some pensioners have other sources of income such as selling of a property and renting out a house.

The study has found that the basic needs of about a half of the pensioners are not satisfied. These include food, shelter, water and electricity. The major reason why the needs are not satisfied is because pension money is not enough. The study has found that about 91.0 percent of old age pensioners in Mafikeng are poor.

CHAPTER 5

SUMMARY AND RECOMMENDATIONS

5.1 Introduction

Chapter five presents a summary of the study and recommendations. Section 5.3 gives the summary and section 5.3 presents the recommendations

5.2 Summary

5.2.1 Aim and Research Methodology

The purpose of this study was to investigate the usage of the old age pension in Mafikeng Local Municipality. Survey methodology was employed. Cluster sampling and stratified sampling were used to select the random sample of 100 pensioners to be studied. The personal interview method with a questionnaire was employed to collect data. Descriptive data analysis was done in order to achieve the objectives of the study.

5.2.2 Results

In this section, the objectives of the study are looked at one by one to find out whether they have been achieved or not.

- The first objective of this study was: to find out how old age pensioners use their money in Mafikeng.

According to the sample and data collected in this study, the majority (55.1%) of pensioners in Mafikeng have a total household expenditure of more than R600 per month. A large number of households (about 43%) spend between R300 and R500 per month and 94.0 percent spend less than R1000 per month on groceries. The average expenditure on groceries is R580 per month. Twenty – seven percent of the pensioners in Mafikeng spend money on Alcohol. It was found that the number of pensioners who gamble is very small (i.e., 7%).

About 77 percent of pensioners spend money on public transport. The majority spends between R0 and R50 on public transport. The average is R135 per month.

Only 27.0% rent the houses they are living in. Average rental is about R300 per month. Rentals go up to almost R3000 per month.

It was indicated that 87.0 percent of the pensioners in Mafikeng spend less than R500 per month on fuel and power. On average, they spend about R315 per month.

Fifty – one percent of the pensioners spend money on clothes every month. About 80.0 percent of them spend less than R200. On average, pensioners spend R220 on clothes per month.

Very few pensioners (16.0%) spend money on cosmetics. The money they spend ranges from R20 to R500 per month. The average is R35 per month.

About 33 percent of the pensioners use a telephone. They spend between R2 and R1200 per month on telephone. On average, they spend R90 per month. Twenty – seven percent spend money on either wedding or/and funerals.

A few pensioners (10.0%) remit money to relatives. The amount of money remitted ranges from R150 to R1500 per month. The average value is R65 per month. Very few pensioners (26.0%) have other expenditures such as those on insurances.

Only 20.0 percent of the pensioners in Mafikeng spend money on school fees or tuition fee for tertiary education for their children and grand children. The amount ranges from R40 to R600 per month.

- The second objective was: to identify and describe the problems and challenges faced by old age pensioners in Mafikeng.

It has been discovered that many pensioners depend only on pension money with no other source of income and yet they have to take care of their adult unemployed children together with their generations, which is a big challenge for them.

According to the respondents, the money they receive is insufficient due to rising prices - especially for food, medicine and medical treatment. One respondent said “things have changed, we hardly know what is going on; we lack knowledge of how things work these days”. There was an isolated case of a respondent who said that she had to do all things alone - all the other people around her had gone a way.

- The third objective was: to find out whether the old age pensioners are targeted as a source of support for the grand children in Mafikeng.

“Indeed” is the word to use, the elderly in Mafikeng are targeted as a source of support according to the results of the study. Many pensioners do not have happiness as they live with their adult children and grand children who are not employed and depend on them for their upkeep in all respects. The pensioners have 3 dependants on average. The average number of dependants is three, and the maximum number is 13. The study found that the dependants include children, grand children and great grand children.

- The fourth objective was: to find out whether the pension money is enough to cater for the needs of old age pensioners.

It was estimated that the basic needs of 49 percent of the pensioners in Mafikeng are not satisfied. These include food, shelter, water and electricity. Most of those respondents who said that their basic needs were not satisfied, said that, the major reason for the dissatisfaction was because the pension money was not enough. Only 29 percent of the respondents regarded themselves as poor.

Using US \$1 per day per person as the poverty line, it was estimated that 91 percent of the pensioners in Mafikeng live in absolute poverty. This means that the overwhelming majority of old age pensioners in Mafikeng live on less than US \$1 (i.e., R7.5) a day.

- The fifth objective was: to come up with possible strategies of helping old age pensioners in Mafikeng to live a better life. This objective is discussed in section 5.4.

5.3 Conclusion

Based on this research study, it has been found that the majority (55.1%) of old age pensioners in Mafikeng has a total household expenditure of more than R600 per month. The average expenditure on groceries is R580 per month. The average expenditure on public transport is R135 per month.

Only 27% of the pensioners rent the houses they are living in. Average rental is about R300 per month. It was indicated that pensioners in Mafikeng spend R315 on fuel and power on average. They spend R220 on clothes per month on average. The average expenditure on cosmetics is R35.

About 33 percent of the pensioners use a telephone – spending R90 per month on average. A few pensioners (10%) remit money to relatives, the amount of money remitted ranging from R150 to R1500 per month. The average value of remittances is R65 per month. Very few pensioners (26%) have other expenditures such as those on insurances. The money they spend is between R44 and R5500 per year.

Only 20 percent of the pensioners in Mafikeng spend money on school fees or tuition fee for tertiary education for their children and grand children, the amount ranging from R40 to R600 per month.

It has been revealed that many pensioners depend only on pension money with no other source of income and yet they have to take care of their adult unemployed children together with their generations, which is a big challenge for them.

According to the data, the money old age pensioners receive is insufficient due to rising prices - especially for food, medicine and medical treatment. The elderly in Mafikeng are targeted as a source of support. Many pensioners do not have joy as they live with their adult children and grand children who are not employed and depend on them for their upkeep in all respects. The average number of dependants is three and the maximum number is 13. The study found that the dependants include children, grand children and great grand children.

The basic needs of 49 percent of the pensioners in Mafikeng are not satisfied mostly because the pension money is not enough. Using US \$1 per day per person as the poverty line, it was estimated that 91 percent of the old age pensioners in Mafikeng live in absolute poverty.

5.4 Recommendations

The South African government is providing the elderly with a means - test non-contributory old age pension, which was intended to be a poverty relief programme for the aged. However, this has turned into a poverty alleviation programme within the households, targeting older people but also benefiting the younger generation.

It is the old age pensioners' wish that jobless people (including their dependants) will be helped to be employed or to create their own jobs so that they (i.e. the pensioners) will be relieved of the burden of looking after their relatives.

The recommendation is that the government of South Africa should increase the pension money to enable old age pensioners to live a decent and comfortable life. Alternatively, something should be done to relieve the pensioners of the burden of looking after their relatives.

AN ANALYSIS OF THE USAGE OF OLD AGE PENSION IN MAFIKENG

Questionnaire No. ..

Date of the Interview

1. Are you a pensioner? If no, discontinue.

2. Personal Information (please Tick)

- a. Gender male Female
- b. Race Black Coloured Indian White
- c. Family type: 1. Traditional, extended family 2. Nuclear family
 3. Single-unit family
- d. Are you the head of the house?..... If not Relationship with the
head
- e. How old are you?
- f. What is the highest standard (class) you finished in
school?.....
- g. Nationality
- h. What is your current marital status? 1. Single/never married.....2. married 3.
Living together (with partner) 4. Widower /widow/Divorced/separated
- i. Health 1. Excellent.....2. Good.....3. Average.....4. Poor.....5.
Very Poor

3. Dependency

- a. How many people live in your home?.....
- b. How many dependants do you have?.....



Type of dependants

Relationship	Number
Children	
Grand children	
Great Grand children	
Other (Specify).....	

4. Expenditure

a. What was your total expenditure in the last month?

Include everything that you spent money on, including food, clothing, transport, rent and rates, alcohol and tobacco, school fees, entertainment and any other expenses

0 - 300	300 - 400	400 - 500	500 - 600	More
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b. What was the expenditure on groceries (*excluding non-food*) last month? Do not forget expenditures when people eat away from home, e.g. at work or in a restaurant.

0 - 300	300 - 400	400 - 500	500 - 600	More
---------	-----------	-----------	-----------	------

c. What was the household's expenditure on alcohol (*excluding soft drinks*) last month? Do not forget expenditures when people drink away from home, e.g. in a bar/shebeen.

0	1 -100	More
---	--------	------

d. What was the household's total expenditure on public transport (train, bus or minibus taxi) last month?

Do not include money spent on holiday travel.

0	1 -50	More
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e. Gambling

Do you spend money on Gambling? 1. yes 2. no . *If yes, how much money did you spend on gambling in the past month?* R

Other Expenditure

In this section, I am going to talk about all the expenses (including those already covered in the previous sections) which were incurred by you during the past month.

a. How much money (approximately) did you spend, during the past month towards:

item	Yes	No	Rands
1 House (a) Rent (b) Other (including repairs)			
2 Groceries (including toiletries and household essentials)			
3 Fuel & power (for heat & light energy, i.e. electricity, paraffin & gas)			
4 Clothing & footwear (including payments on accounts)			
5 Cosmetics			
6 Imputed value for consumption of household produced food and drink			
7 Telephone			
8 Weddings and funerals etc.			
9 Transport			
10 Remittances			
11 Other (Specify			

b. What did you spend on education tuition fees for scholars/students? (Past month)

Type of Education	Fees	Transport	Other (e.g. books,school uniform,boarding
1. Primary Education			
2. Middle School			
3. High School			
4. Tertiary Education			

5. Income

a. What was the total income in the last month, including government grants, private pensions and all other sources of income?

0 – 300	300 - 400	400 - 500	500 - 600	More
---------	-----------	-----------	-----------	------

b. Did you receive cash loans or buy on credit from any of the following in the past 12 months?

Yes	No	Cash loan received from
1	2	Family member
1	2	Neighbour
1	2	Local dealer/shop, Commercial farmer
1	2	Bank, building society, Non-governmental organization (NGO)
1	2	Stokvel
1	2	Money lender/mashonisa
1	2	Other, specify
		
		.

Other Income

c. Is there any additional money that you generate, and that has not been included in the previous questions (e.g. the sale of home, grown produce or sale of beer or the rental of property)? If so, please indicate this total amount, if anything, during the past year. (1 January, 2007 - 31 December 2007). If none, enter "0".

R for the year

d. If you receive any remittances or payments (e.g. money sent back home by someone working or living elsewhere or alimony), please indicate the total received during the past year. (1 January 2007 - 31 December 2007).

R ... for the year

e. Are you producing any goods for home consumption or are part of the goods produced by the household, if any, consumed at home? 1 Yes 2

No

If 'Yes', what is their total monthly value?

Rands

f Here, we are going to talk about any other money or any other form of assistance you or other members of the household may have received from sources which do not involve employment of some kind. There are many ways in which the household can receive money without being employed. For example, pension payments, charity, unemployment insurance fund, etc. You are kindly requested to indicate in the list below whether any member of the household did, in fact, receive such assistance or not.



	Source	Yes	No	How much in total was Received by the household last month (Rands)
1	Old age pension/social pension			
2	Private pension/private provident fund			
3	Government civil servants pension			
4	Government disability grant			
5	Government poor relief			
6	Government workmen's compensation			
7	Interest earnings including dividends from savings, loans			
8	Unemployment insurance fund			
9	NGO food or meals			
10	Other NGO transfers			
11	Government supplementary food scheme			
12	Other (describe)			

g. Is there any one in the household who is employed or working? 1. Yes.....2. No

If Yes, how many?, what is the total monthly income received?

.....

c. What was your occupation?

d. What was your industry?

e. For which employer did you work for?

f. Are (Were) you self-employed (i.e., owning a business)? 1. Yes.... NO...

6. Poverty (People's perspective)

a. What are your basic needs?

List (*in order of preference*)

b. Are your basic needs satisfied? 1. Yes 2. No

c. If the answer to Q b is No, why?

.....

d. How do you categorize yourself? 1. Poor 2. Average 3. Non-poor

4. Don't know

e. What do you think is keeping you in this poverty situation? What is really the problem?

Explain

f. What do you think can be done, maybe by the government, NGOs, the community, yourself or any other organization, to effect poverty reduction?

Explain

g. Apart from being in this (poverty) situation, do you have any other problem – regarding the pension?

1. Yes.... 2. No...

If Yes, explain

h. Any suggestions regarding the problems encountered.....

CODE LIST

1 Employer

- 1 = Central Government
- 2 = Provincial Administration
- 3 = Local Authority or Regional Authority town
- 4 = Public Corporation
- 5 = Private Sector Employer
- 6 = Non-Profit Institution
- 7 = Self-employment
- 8 = Household
- 9 = Other (Specify)

2 List of possibilities

- 1. selling on the street
- 2. begging
- 3. helping with packing cars in
- 4. ..

3 Sector/Industry

- | | |
|--|---------------------------|
| 01 = Agriculture/Fishing/Forestry | 09 = Finance |
| 02 = Mining | 10 = Educational Services |
| 03 = Manufacturing | 11 = Medical Services |
| 04 = Electricity & Water | 12 = Legal Services |
| 05 = Construction | 13 = Domestic Services |
| 06 = Wholesale & Retail | 14 = Armed Forces |
| 07 = Restaurant & Hotels/Entertainment/Sport | 15 = Other Services |
| 08 = Transport & Communication | 16 = Other (Specify) |

10. Occupations

- 1 = Agricultural/fisheries and other mobile operators or tractor drivers, farm workers and mining labourers
- 2 = Bus, track and taxi drivers
- 3 = Railway trackers, shunters and related workers
- 4 = Machine operators, mechanical/equipment assemblers, earth-moving and related plant operators

- 5 = Ship's deck crews and related workers
- 6 = Elementary occupations, e.g. shoe cleaners
- 7 = Sales and service workers
- 8 = Street vendors and related workers
- 9 = Domestic workers, cleaners, launderers and other related helpers
- 10 = Messengers, porters, door keepers, attendants, watchmen/women and related workers
- 11 = Garbage collectors and related labourers
- 12 = Manufacturing/transport and construction labourers
- 13 = Faith healers and Sangomas
- 14 = Other, specify
- 99 = Unspecified

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