

**AN EXPLORATORY STUDY INVESTIGATING A GROUP OF
SOUTH AFRICAN CHILDREN'S ECONOMIC SOCIALIZATION
AND UNDERSTANDING: A COMPARISON BETWEEN TWO SOCIAL CLASSES.**

BY

CHERYL-ANN POTGIETER

**This thesis submitted to the Department of Psychology at the
University of Cape Town, in fulfilment of the requirements for
the Degree of Master of Arts in Psychology.**

Supervisor: Dr Ann Levett

September 1990

The University of Cape Town has been given
the right to reproduce this thesis in whole
or in part. Copyright is held by the author.

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

ACKNOWLEDGEMENTS

I wish to extend my appreciation to the following people who have helped me, emotionally and practically to complete this dissertation.

Dr Ann Levett, my supervisor, her guidance, critical interventions and trust in me have been a continuous source of encouragement.

The teachers at the schools in Manenberg and Heathfield.

Keith Smith and Tyrone Pretorius for statistical advice.

Leswin Laubscher for assisting with the assessment of inter-rater reliability.

Carol Dean, for typing the dissertation. If it was not for her "extraordinary" skills and patience it would have looked very different.

My husband, Evan Theys, for his encouragement, patience and support during this study.

Michelle Williams, a friend and comrade who rushed to me, a "computer illiterates" aid at any time of the day or night.

My colleagues in the Psychology Department of the University of the Western Cape for their practical and moral support.

My mother, Madge Potgieter and sisters, Hilary and Merle for their various forms of support.

Comrades and friends from Woodstock United Women's Congress who freed me from my secretarial duties.

To friends who have shown an interest in the research and have supported me in various ways, particularly, Urin Ferndale and Kevin Naiker for their "contacts".

Lastly, but most importantly the children who participated in this study.

Financial assistance from the Human Sciences Research Council and the University of Cape Town towards the costs of this research is acknowledged.

Opinions and conclusions expressed are those of the author and are not to be regarded as those of the Human Sciences Research Council or the University of Cape Town.

CONTENTS

	<u>Page</u>
ACKNOWLEDGEMENTS	i
TABLE OF CONTENTS	iii
LIST OF TABLES	xii
LIST OF FIGURES	xiii
ABSTRACT	xiv
<u>CHAPTER 1:</u>	
REVIEW OF THE LITERATURE AND THEORETICAL APPROACHES REGARDING ECONOMIC SOCIALIZATION	
1.1 INTRODUCTION	1
1.2 THEORETICAL APPROACHES TO CHILDREN'S ECONOMIC DEVELOPMENT	2
1.2.1 Introduction	2
1.2.1.1 Structuralists position with specific emphasis on Piagetian Theory	3
1.2.1.2 Social learning theories	5
1.2.1.3 Systems approach to development	7
1.2.1.4 Neo-Marxists perspective	8
1.2.1.5 Overview of Neo-Marxist theorists	10
1.3 Theoretical foundations of present research	11
1.4 Selected review of literature pertaining to children's economic socialization	12

1.4.1	Developmental levels in acquiring an understanding of economic phenomena	17
1.4.1.1	Problems with developmental stages research	18
1.4.2	The development and understanding of explicit economic concepts	18
1.4.3	Children's understanding of the origin and functions of money	18
1.4.4	Summary of children's understanding of money	21
1.4.5	Children's conceptions of buying and selling	21
1.4.6	Children's conception of ownership	26
1.4.7	Children's perception of economic inequalities	30
1.5	APPROACHES TO COGNITIVE DEVELOPMENT WITH SPECIFIC REFERENCE TO CROSS-CULTURAL STUDIES	31
1.6	THE RELATIONSHIP BETWEEN SOCIAL CONTEXT AND COGNITIVE DEVELOPMENT	33
1.7	CONCLUSION	34

CHAPTER 2: AIMS AND METHODOLOGY

2.1	INTRODUCTION	36
2.1.1	Design	36
2.2	AIMS AND OBJECTIVES	38
2.3	HYPOTHESES	40

2.3.1	Hypotheses regarding shop-profit	40
2.3.2	Hypotheses regarding understanding of the bank	41
2.3.3	Hypotheses regarding children's explanations for poverty	42
2.4	RESEARCH APPROACH	42
2.5	DEFINITION OF SOCIAL CLASS AND CULTURE	45
2.6	OVERVIEW OF SELECTED AREAS	47
2.6.1	Introduction	47
2.6.2	Manenberg	48
2.6.3	Heathfield/Elfindale	48
2.7	Procedure	49
2.7.1	Establishing a relationship with participants	49
2.8	PRELIMINARY WORK	50
2.8.1	Funny-story device	50
2.8.2	Role playing study	52
2.8.3	Semi-structured interview	54
2.8.4	Inter-rater reliability	55
2.8.5	Overview of preliminary research	56

2.9	SELECTION AND BACKGROUND OF PARTICIPANTS	56
2.9.1	Correspondence with parents	56
2.9.2	Participants	57
2.9.3	Experimental situation	59
2.9.4	Categorisation of responses relating to shop-profit	60
2.9.4.1	Level 1: Ritualised transactions - function of money not understood	61
2.9.4.2	Level 2: Generalised system of payment inferred	61
2.9.4.3	Level 3: Change understood	62
2.9.4.4	Level 4: Relationships between customer's money and shop's money understood	62
2.9.4.5	Level 5: Profit understood	63

CHAPTER 3: **QUANTITATIVE RESULTS RELATING TO SHOP-PROFIT**

3.1	INTRODUCTION	64
3.2	AGE EFFECTS ON LEVEL OF UNDERSTANDING	64
3.3	SCHOOL ACHIEVEMENT AND LEVEL OF UNDERSTANDING	67
3.4	CLASS AND LEVEL OF UNDERSTANDING	69
3.5	EFFECT OF GENDER ON LEVEL OF UNDERSTANDING	72
3.6	EFFECT OF TRADE INVOLVEMENT ON LEVEL OF UNDERSTANDING	72

3.7	AGE, SCHOOLING ACHIEVEMENT, CLASS POSITION, TRADE AND GENDER AS PREDICTORS OF UNDERSTANDING	73
-----	---	----

3.8	CONCLUSION	74
-----	------------	----

CHAPTER 4: QUALITATIVE FINDINGS REGARDING SHOP-PROFIT

4.1	INTRODUCTION	75
-----	--------------	----

4.2	THE RELATIONSHIP BETWEEN AGE AND LEVEL OF UNDERSTANDING	75
-----	--	----

4.3	CLASS AND LEVEL OF UNDERSTANDING	83
-----	----------------------------------	----

4.4	SCHOOLING ACHIEVEMENT AND LEVEL OF UNDERSTANDING	86
-----	---	----

4.5	INVOLVEMENT IN TRADE AND LEVEL OF UNDERSTANDING	87
-----	--	----

4.6	GENDER AND LEVEL OF UNDERSTANDING	88
-----	-----------------------------------	----

4.7	CONCLUSION	88
-----	------------	----

CHAPTER 5: CHILDREN'S IDEAS REGARDING THE BANK

5.1	INTRODUCTION	89
-----	--------------	----

5.2	PROCEDURE AND PARTICIPANTS	89
-----	----------------------------	----

5.3	INTERVIEW SCHEDULE	90
-----	--------------------	----

5.4	CATEGORISATION OF RESPONSES	91
5.4.1	Level 1: No knowledge of interest	92
5.4.2	Level 2: Interest on deposits only	92
5.4.3	Level 3: Interest on both, but more on deposits	92
5.4.4	Level 4: Interest same on deposits and loans	93
5.4.5	Level 5: Interest higher for loans - no initial evidence for understanding	93
5.4.6	Level 6: Interest more for loans - correctly understood	93
5.5	INTER-RATER RELIABILITY	94
5.6	CONCLUSION	94

CHAPTER 6: QUANTITATIVE RESULTS RELATING TO CHILDRENS UNDERSTANDING OF BANKS

6.1	INTRODUCTION	95
6.2	AGE EFFECTS ON LEVEL OF UNDERSTANDING OF THE BANK	95
6.3	SCHOOL ACHIEVEMENT AND LEVEL OF UNDERSTANDING	98
6.4	EFFECTS OF CLASS ON LEVEL OF UNDERSTANDING	100
6.5	EFFECT OF GENDER ON LEVEL OF UNDERSTANDING	101
6.6	EFFECT OF TRADE INVOLVEMENT ON LEVEL OF UNDERSTANDING	102

6.7	LEVEL OF UNDERSTANDING FOR AGE GROUPS ACROSS CLASS	105
6.8	AGE, SCHOOLING ACHIEVEMENT, CLASS POSITION, GENDER AND TRADE INVOLVEMENT AS PREDICTORS OF UNDERSTANDING OF THE BANK	106
6.9	CONCLUSION	107

**CHAPTER 7: QUALITATIVE FINDINGS REGARDING CHILDREN'S
UNDERSTANDING OF THE BANK**

7.1	INTRODUCTION	109
7.2	THE RELATIONSHIP BETWEEN AGE AND LEVEL OF UNDERSTANDING	109
7.3	THE RELATIONSHIP BETWEEN CLASS AND LEVEL OF UNDERSTANDING	115
7.4	SCHOOLING ACHIEVEMENT AND LEVEL OF UNDERSTANDING	116
7.5	INVOLVEMENT IN TRADE AND LEVEL OF UNDERSTANDING	117
7.6	CONCLUSION	118

CHAPTER 8: CHILDRENS' EXPLANATIONS FOR POVERTY

8.1	INTRODUCTION	119
8.2	PSYCHOLOGICAL THEORIES FOR THE CAUSES OF POVERTY	120

8.2.1	Locus of control theory	120
8.2.2	Just world theory	121
8.2.3	Achievement motivation theory	121
8.2.4	Time orientation and immediate gratification theory	122
8.2.5	Overview of theories	123
8.3	PROCEDURE FOR EXPLORING CHILDREN'S IDEAS	123
8.4	CODING AND CATEGORISATION OF RESPONSES	124
8.5	STATISTICAL ANALYSES UTILISED	125
8.6	RESULTS REGARDING EXPLANATIONS FOR POVERTY	127
8.7	VERBATIM EXCERPTS	128
8.7.1	OVERVIEW OF VERBATIM EXCERPTS	129

CHAPTER 9: CONCLUSION AND DISCUSSION

9.1	INTRODUCTION	130
9.2	CHILDREN'S UNDERSTANDING OF SHOP PROFIT	130
9.2.1	Age effects of level of understanding of shop profit	130
9.2.2	Effect of school achievement and understanding of shop profit	133
9.2.3	Effect of class on level of understanding of shop profit	134
9.2.4	Effect of trade on level of understanding	136

9.2.5	Effect of gender on level of understanding	136
9.3	CHILDREN'S UNDERSTANDING OF THE BANK	137
9.3.1	Effect of age on level of understanding of the bank	137
9.3.2	Effect of class on level of understanding of the bank	138
9.3.3	Effect of trade on level of understanding of the bank	139
9.3.4	Effect of school achievement on level of understanding of the bank	140
9.4	CHILDREN'S EXPLANATIONS FOR POVERTY	140
9.5	LIMITATIONS OF THE PRESENT STUDY	142
9.6	AREAS FOR FURTHER INVESTIGATION	144
10	REFERENCES	146
 <u>Appendices</u>		
Appendix 1		157
Appendix 2		158
Appendix 3 (a)		159
Appendix 3 (b)		160
Appendix 4 (a)		161
Appendix 4 (b)		162
Appendix 5		163

LIST OF TABLES

		<u>Page</u>
Table A	Preliminary samples characteristics	51
Table B	Sample characteristics	58
Table 3.2.1	Age effects on level of understanding of shop profit	65
Table 3.3.1	Schooling achievement and level of understanding	67
Table 3.4.1	Class and level of understanding	69
Table 3.5.1	Effect of gender on level of understanding	72
Table 3.6.1	Trade involvement on level of understanding	73
Table 3.7	Age, schooling achievement, class position, trade and gender as predictor of understanding	73
Table 6.2.1	Actual age and level of understanding of the bank	96
Table 6.3.1	Schooling achievement and level of understanding	98
Table 6.4.1	Class and level of understanding	100
Table 6.5	Gender and level of understanding	102
Table 6.6.1	Trade involvement and level of understanding	103
Table 6.8.1	Age, schooling achievement, class position, gender and trade involvement as predictors of understanding of the bank	106
Table 6.8.1.1	Analysis of variances table for regression equation	107
Table 8.5.1	Variables in the equation	126
Table 8.5.2	Variables not in the equation	126
Table 8.5.3	Analysis of variance for regression equation for profit and class.	127

LIST OF GRAPHS/FIGURES

		<u>Page</u>
Figure 3.2.1.1	Mean level of understanding for age groups	66
Figure 3.3.1.1	Mean level understanding for school achievement	68
Figure 3.4.1.1	Mean level of understanding for class position	70
Figure 3.5	Mean level of understanding for age groups across class	71
Figure 6.2.1.1	Mean level of understanding for age groups	97
Figure 6.3.1.1	Mean level of understanding for school achievement	99
Figure 6.4.1.1	Class and level of understanding	101
Figure 6.6.1.1	Trade involvement and level of understanding	104
Figure 6.7	Mean level of understanding for age groups across class	105
Figure 8A	Achievement motivation related to poverty.	172

ABSTRACT

The purpose of this study was to collect data pertaining to South African children's economic socialization. A paucity of systematic and comprehensive work exists in this field in general, and as regards South African research, the only attempt to investigate children's economic socialization is an unpublished honours thesis (Robinson, 1983). For this reason broad aims and exploratory research hypotheses were formulated.

A total of 108 children took part in this study. (Fifty-four were from a working class background and 54 were from a middle class background). An equal number of children were selected from the following age groups: 4-4 years and 11 months; 5-5 years and 11 months; 6-6 years and 11 months; 7-7 years and 11 months; 10-10 years and 11 months; and 11-11 years and 11 months. As regards the school going children an equal number were selected from the above average, average and below average level of schooling achievement. Children were classified into one of the latter three categories on the basis of their performances in their two most recent school examinations.

The study is divided into three parts and the children's ideas are explored by means of a semi-structured interview schedule. All interviews were tape recorded and transcribed verbatim. Before the interview schedule was presented to the pre-school children a mock-shop situation was created, the intention being, that it would serve as a focusing and anxiety reduction technique in preparation for the interview.

CHAPTER ONE

REVIEW OF THE LITERATURE AND THEORETICAL APPROACHES REGARDING CHILDREN'S ECONOMIC SOCIALIZATION

1.1 INTRODUCTION

In comparison with the amount of research related to children and adolescents political understanding, moral development, race socialization and various aspects of social cognition the study of economic socialization is not only underdeveloped but also an almost unknown area of research (Stacey, 1982).

The broad aim of this work is to provide empirical evidence on a range of issues pertaining to South African children's economic socialization. In this first chapter the author will discuss the theoretical perspectives from which the majority of studies dealing with children's economic development and understanding have been approached and will then proceed to review in detail the work which has been carried out in this area. The writer will also focus on certain shortcomings of the existing research.

1.2 THEORETICAL APPROACHES TO CHILDREN'S ECONOMIC DEVELOPMENT

1.2.1 Introduction

In discussing theoretical approaches to childrens' development in essence, what is being addressed is the relationship between learning and development in children. Vygotsky (1979) contends that this basic and important issue is methodologically not very clear and needs sound theoretical clarification.

Many of the studies dealing specifically with children's economic socialization fall mainly within a Piagetian or neo-Piagetian framework (Berti & Bombi, 1981; Berti & Bombi & Lis, 1982; Danzinger, 1958; Furth, 1976 & 1980; Strauss, 1952).

In this section the primary focus will be on the various psychological perspectives relating to children's learning and development. The writer believes that many existing notions attempting to understand the relationship between learning and development in children fall within the following theoretical paradigms: structuralist, social learning theory, systems approach and the Marxist tradition. Although most studies dealing with children's economic socialization fall within the latter four theoretical paradigms, the majority draw heavily from the structuralist paradigm and for this reason Piaget's theory will be dealt with in more detail than any of the other theories.

1.2.1.1 Structuralists position with specific emphasis on Piagetian Theory

According to Vygotsky (1979) one of the theoretical positions within psychology views child development and learning as two separate processes. Cognitive processes for these theorists would be viewed as developing independently of social or environmental influences. (Vygotsky, 1979).

According to Vygotsky (1979) Piaget's theory of intellectual development could be classified with this school of thought. The writer is aware that the above is a controversial statement as there is a lot of controversy regarding the interpretation of Piagetian theory. (Crain, 1985; Flavell, 1985; Rotman, 1978).

The nature of a thesis of this kind precludes detailed discussion of Piagetian theory and debates regarding Piagetian theory. What follows is a simplified synopsis of Piagetian theory.

Piaget (1963) has described changes in the child's intellectual functioning in terms of four major periods. The first, which extends from birth to approximately 2 years of age, is termed sensorimotor. During this period the child forms primitive concepts that centre on motoric actions and on the resulting sensory experience. According to Piaget, motor control evolves from an infant's tendency to repeat behaviour that brings unanticipated changes in the environment.

This tendency is termed a circular reaction. From these sensorimotor experiences, the child learns perceptual accuracy. The child thus treats certain environmental stimuli as constant despite the fact that the retinal images of each stimulus vary in different viewing positions and according to the surrounding context.

The second stage, termed the pre-operational period, extends from approximately 2-7 years of age. During this period, the child learns to form symbols such as language, numbers and letters. Piaget believed that the child possessed only limited logical skills, and was capable of treating only one stimulus dimension at a time. It was also concluded that the child could not mentally manipulate symbols. The child's thought is described as transductive, meaning that he is not capable of reasoning from the particular to the general, since this involves manipulating more than one thought. Instead, the child reasons from particular to particular in an intuitive fashion.

At approximately 7 years of age, a child enters the third stage of cognitive development, the concrete operations period. He can now logically manipulate symbols, he can reason inductively and deductively, he can reason backward as well as forward, and he can mentally deal with more than one stimulus dimension at a time. According to Piaget, thought is limited in only one respect: He cannot reason logically about phenomena he has not directly experienced, he cannot test hypotheses about potential explanations for an event in a systematic way. These latter accomplishments designate the final period of mental

development termed the formal operations period. Children generally enter this period at around 11 years of age. Thus, in Piaget's theory, the evolution of thought is characterized by four qualitatively distinct periods.

The Piagetian tradition which Vygotsky (1979) classified as a structuralist perspective assumes that learning cannot take place without the child being at a specific stage of development. This approach assumes that learning is always preceded by development. Implicit in this approach is the belief that learning plays a minimal role in the maturation process. Development is never viewed as a result of learning, learning always trails development. (Vygotsky, 1979).

Reviewing the research related to children's economic understanding which has been carried out within a Piagetian framework (Berti & Bombi, 1981; Furth, 1980; Strauss, 1952), it does appear that Piagetian theory has contributed to the developmental/learning debate, although it is not the only theory which needs to be given attention.

1.2.1.2 **Social learning theories**

According to learning theorists children's economic understanding would be determined by the process of socialization (Tyson, 1987). According to Tyson the traditional learning theorists viewed reinforcement of utmost importance in the maintenance, modification and acquisition of behaviour. This view is very simplistic and does not take into account

people's cognitive abilities (Tyson, 1987). Bandura suggested that both the effect of the environment on individuals and individuals effect on the environment affect people's learning.

No detailed discussion of Bandura's social learning theory will be given but the basic tenets of the theory need to be stated as important research into children's economic socialization draws on certain aspects of social learning theory as a philosophical base, without the researchers explicitly stating this. (Danzinger, 1958; Jahoda, 1983; Leahy, 1981; Ng, 1983).

What follows are the basic tenets of social learning theory as explained by Tyson (1987).

- The individual's cognitive abilities should be recognised.
- Behaviour is regulated mainly by anticipated consequences - as a result of previous experience persons will know whether their behaviour would result in positive consequences or negative consequences.

Although anticipated consequences influence behaviour all behaviour is not uniform as humans are active beings and they influence the environment just as they environment influences their behaviour. This is Bandura's concept of the reciprocal determinism.

Self reinforcement and modelling are also central concepts in social learning theory (Bandura, 1977). Bandura in essence emphasizes the relationship which the individual has on society as well as the effect which society has on the individual.

In light of certain studies which have been carried out (Danziger, 1958; Jahoda, 1983; Leahy, 1981) it seems safe to conclude that certain aspects of social learning theory do contribute positively in helping researchers understand the relationship between children's learning and development.

1.2.1.3 Systems approach to development

Bronfenbrenner (1979) proposes an ecological model of development in which the concept of environment is broadened from that of the immediate stimulus situation, which learning theorists traditionally studied, to one which encompasses the wider society to which the person belongs and the social forces in that society.

According to Bronfenbrenner, there are four systems. The microsystem is the immediate situation in the home and the classroom as experienced by the individual. The mesosystem is the relationship between elements of the microsystem, such as parent-teacher relations. The exosystem includes a structure that affects the individual although she or he does not participate in them, such as e.g., television. The macrosystem is the pattern of culture, the politics and economy of the society in which the person lives.

Bronfenbrenner's systems approach stresses the importance of looking at the person in all the complexities of the real life natural environment. It also holds the position that changes in the larger systems of society affect the smaller systems.

Researchers such as Jahoda (1979) have drawn on certain aspects of this theory when carrying out research. It should be noted that many of the researchers looking into children's economic socialization seemed to draw on a number of theoretical positions and their work can thus not be classified as falling within the realms of a single theoretical position.

1.2.1.4 Neo-Marxist perspective

A minority of researchers studying economic socialization have approached their studies from a neo-Marxist perspective. Vygotsky's (1979) approach to development falls within the latter perspectives.

Vygotsky theorized that the developmental process does not take place simultaneously with the learning process of children. The learning process precedes the developmental process. Vygotsky argues that this sequence then results in zones of proximal development.

Vygotsky differs radically from the classical developmental theorists regarding the start and completion of development. A traditional theorist would view a child who has mastered a certain mathematical concept as having completed a particular developmental phase. Vygotsky and other neo-Marxists would see this mastering of a concept as the beginning of a developmental process.

The neo-Marxists recognise that learning is directly linked to children's development, but stress that learning and development are not accomplished in equal measure.

Vygotsky identified two developmental levels, namely an actual developmental level and what he termed a zone of proximal development. According to Vygotsky the actual developmental level reflects the level of a child's mental functions. It in essence reflects completed developmental cycles. Vygotsky believed that tasks which children could carry out independently, that is, without the assistance of adults or peers does not reflect real developmental level. He was of the opinion that tasks which children carry out with the help of others is more indicative of their mental development. He called this the zone of proximal development. It is "the distance between the actual developmental level as determined by independent problem solving and the level of potential development as determined through problem solving under adult guidance or in collaboration with more capable peers." (Vygotsky, 1979, p. 86). The zone of proximal development encompasses abilities that are in the process of maturation, but have as yet not fully matured.

Vygotsky suggests that the zone of proximal development should lead researchers to re-think the role which imitation plays in the learning process. Vygotsky mentions that people can only imitate that which is in their developmental level.

Linking the above idea to childrens economic understanding it would mean that if a child for example is having difficulty with the idea of a shop-keeper needing to give him the change, an adult or peer could possibly explain it to him/her taking into account his/her

mathematical ability and his/her ability to imitate and the child may then grasp the concept. But if the adult were to explain the link between change, profit and the economic system the child would not be able to grasp this idea no matter how many times he imitated it, as this potential understanding does not as yet fall within his developmental level.

The researcher has seen the necessity to explain Vygotsky's theory in some detail as she believes that this theory takes into account children's internal developmental levels as well as the role which adults, peers and in essence the environment can play in children's economic development.

1.2.1.5 Overview of the Neo-Marxist theorists

The most important idea of the neo-Marxist theorists is the view that the child's developmental processes do not coincide with his/her learning ability. The learning process according to neo-Marxists precedes the developmental process.

They acknowledge that learning and developmental processes are linked and emphasize that research needs to indicate how external knowledge and abilities in children become internalized.

It should be noted that although a minority of researchers have approached their research from this theoretical basis the theory itself should be seen as making a valuable contribution to the learning/development debate.

1.3 **THEORETICAL FOUNDATION OF PRESENT RESEARCH**

Before reviewing literature related to children's economic socialization it is necessary to attempt to clarify the theoretical foundations of the present research.

In carrying out this research, the researcher has not attempted to test any specific theory. An attempt was made to enter the real world of the child without treating the children purely as subjects, in the traditional experimental sense. This idea will be more clearly explained in Chapter 2 which deals amongst other things with the ethical approach of the research.

1.4 **SELECTED REVIEW OF LITERATURE PERTAINING TO CHILDREN'S
ECONOMIC SOCIALIZATION**

1.4.1 **Developmental levels in acquiring an understanding of economic phenomena**

The following two characteristics very clearly dominate the initial research which attempts to explain children's economic socialization.

- (1) Most of the work has been carried out within a Piagetian framework.

- (2) Most of the research gives accounts of distinct developmental levels (stages) through which children progress in their quest for economic understanding.

"Developmental and transformation of monetary meanings in the child" was the title of Strauss' (1952) investigation. Strauss's sample consisted of 66 children (5 female - 5 male at each age), between the ages of 4 years and 6 months and 11 years and 6 months. All the children were presented with 7 structured money related questions. The final results led him to devising nine categories through which children progress in their understanding of monetary meanings.

Children in stage number 1 (4,8 - 5 years 11 months) had a notion that money can somehow buy certain commodities. More coins to the children meant that they could

obtain more goods but no concrete reasons could be given. In stage number 2 (6 - 6,8 years) the children knew that the shopkeeper also had to pay for the goods but no connection could be seen between the money which the customers had to give and the shopkeeper buying the goods. In stage number 3 (age 5,9 - 7,2 years) they realized that money was not always given back to the customer, that is, change was only given in certain instances. In stage number 4 (6 - 6 years and 11 months) they understood that customers have to pay the shopkeeper for goods bought in order for the shopkeeper to earn money. The children also knew that the money which is given for the goods is more than what the shopkeeper gives back as change. In stage number 5 (6 - 8 years and 9 months) the concept of change was partially understood, but on a personal level only. A person whom the shopkeeper likes will receive more change than the person whom he dislikes. In stage number 6 they had an idea that the shopkeeper uses the clients' money to buy the shop's commodities. They understand the numerical value of change and are aware that it is not related to whether the shopkeeper likes or dislikes the customer. Children in stage number 7 (6,8 years - 10 years) understood that the shopkeeper pays less for the articles in comparison to his selling price. Children had not yet reached a level to provide reasons for this practice. Children in stage number 8 (8,4 - 11 years) could explain in simple, easy terms the concept of profit. The average age of children in this group was 9 years and nine months. Children from the age of 11 years and 6 months (stage number 9) understood the importance of profit and they also understood that in certain instances shopkeepers were dishonest in order to increase their profit. †

Strauss argued that a single variable was not responsible for the children's understanding of profit, but suggests that a combination of factors are responsible. He indirectly suggests that material conditions, exposure to money matters and maturational factors all contribute to children's understanding of profit. Strauss, however, did not explicitly suggest which of the above factors contribute to children progressing from one stage to the next.

Six years after Strauss' study Danzinger carried out research in Australia. He was of the opinion that the Piagetian theoretical model was not wholly suitable for explaining children's acquisition of social concepts. "It is possible that the development of social concepts may follow paths of its own that may not fit in with the theoretical model elaborated in connection with physical concept." (Danzinger, 1958, p. 239). The ideas of children (5 - 8 years old) about the uses and functions of money, their understanding of rich and poor and their concept of "what is a loss" was elicited. Four developmental stages were identified after codifying their answers. An initial precategory stage is present when the child is devoid of any economic categories of thought. There is no clear domain of economic concepts distinct in character from social concepts.

At the second stage, the child's understanding reflects a reality in terms of separate acts which are explained by a moral or voluntaristic imperative. At the third stage the child has the ability to conceptualize relationships, mainly due to the fact that an interchange is established between prior unrelated acts. These stage three relationships are, however, isolated and are not explained in terms of other relationships. Ultimately at the fourth

stage these separate relationships are linked to form a system of relations. Children are at this stage able to give rational explanations which reflects their broader understanding of the economic system.

Danzinger believed that these stages of development did not owe their appearance simply to internal maturation but depended on the "intellectual materials" or on the environment of the child. Danzinger differed radically from fellow researchers of this period in his view that class, national and regional difference would be likely to contribute to certain differences in conceptual development. Unfortunately most subsequent researchers did not pay much attention to these variables.

Research related to children's economic understanding in the 80's has become more methodologically and conceptually complicated. Children have been asked more in depth questions and techniques such as role playing have been used in order to elicit children's economic understanding.

Leiser (1983), in an Israeli study of children between ages of 7 to 17 years, questioned them about prices, salaries, strikes, savings and investments, factories and banks and the mint. He found that children from 8 - 9 years understand economic exchanges from a position we can term egocentric understanding. Economic transactions were interpreted from the perspective of free, independent, individual participants having no awareness of economic forces. Older children are to a limited extent aware of economic forces but have as yet not much knowledge relating to economic 'rules.' This leads to conflicts which children

attempt to deal with. Certain children believed simultaneously that the government determines all the prices and at the same time that shopkeepers are free to change them.

Once children realize the concept of profit on a fair transaction, they are able to resolve the apparent contradiction between buying as an exchange of money for something of equivalent value and selling goods as a way of earning a living. When asked how a shopkeeper would feel about a drop in the prices of his goods, all the children realized that the profit margin would be reduced, yet only 25 percent of the youngest but 75 percent of the oldest realized that this would probably be accompanied by an increase in sales. The results show that the more abstract and complex the phenomenon are, the more difficult it is to personify, the less children (even adolescents up to the age of 15) understand them.

The results seem to suggest that children have less knowledge or understanding of phenomenon which does not affect them directly. They understand the reasons for individuals behaviour, but not the cumulative effect of peoples' economic actions. It is only when children have some idea of the structure of society do they begin to understand macroeconomic changes.

In a similar study Burris (1983) interviewed 30, 4-5, 7-8 and 10-12 year old American children who were seen to be representative of the Piagetian developmental stages. The children were interviewed with regard to six basic economic concepts: the commodity (products exchanged in the market place), value, (that which governs the product and circulation of a commodity), exchange (economic transaction in the market economy)

property (the nature and ownership of property) work (social relations at work) and income (payment from work). The results reflected qualitatively different types of responses and significant levels of association between types of response and age levels of the children.

The results indicate that the younger children tended to understand social phenomena in terms of physical categories: value is identified with physical size, income with the physical quantity of labour. The younger children do not understand the conventionality related to social institutions - they are accorded the same status as physical objects.

1.4.1.1 **Problems with developmental stages research**

The research related to the developmental stages shows certain patterns but lacks an explicit, sophisticated theory. Furnham & Cleave (1988) identify four problems with research in this area. Firstly the children's age range are restricted. They suggest that if Stacey's (1982) suggestion, that economic concepts develop later than many other social concepts, then the age range of the subjects need to be extended. Secondly a large number of studies have concentrated on a restricted range of economic concepts. Some have only considered money while more recent studies have looked at concepts such as banking, market forces, etc. The precise relationship of these concepts needs to be specified. Thirdly most research has relied on self-report studies using interviews. Fourthly most of these studies have been conducted in western industrialized, capitalist countries.

Added to the above shortcomings is the fact that most of the research has used homogenous cultural and class groups. Different classes and culture, as Danzinger (1958) suggested, could also possibly yield different results.

1.4.2 **The development and understanding of explicit economic concepts**

A large number of studies in this field have tried to sketch the development of explicit economic concepts. These include buying, selling, banking, profit, rich, poor, and money. Review of the literature suggests that these studies fall into three categories: (1) Research relating to childrens' understanding of money, (its origins, functions, etc.); (2) Research related to concepts linked to exchange (profit, banking, etc.); (3) Research related to what can be termed economic inequalities.

The following sections will attempt to review and discuss the latter three categories.

1.4.3 **Children's understanding of the origin and functions of money**

To a large extent, the beginning of economic understanding occurs when a child first uses money (Polis & Craig, 1973). Initially a large number of psycho-physical studies was carried out related to children's perception of money (Bruner & Goodman, 1947; Lambert, Solomon & Watson, 1949; McCurdy, 1956).

These studies did not disclose much about children's understanding of the origins and functions of money. However, indirectly, they did lead to studies like that carried out by Sutton in 1962. Sutton interviewed children from different classes of the American society (aged 6 - 12) about accumulating money and obtaining money. He found that at first children do not have any idea about money and its functions, that is, no understanding relating to money exists. At about the age of four they realize that money is necessary in order to purchase certain goods. Between the ages of 7 and 9 the children understood that a certain amount of money bought them certain items, "but not any item." Later they became aware of the concept of profit. He found that age, intelligence and socio-economic background variables did not significantly discriminate between the child's stage of understanding. Sutton argued that external stimuli and experiences influenced the child's economic understanding. Sutton, however, did not attempt to identify these variables.

Berti and Bombi and associates in several different studies in Italy (1981; 1982; 1988) noted that children's development was correlated to their chronological age - in terms of their understanding of money and other commercial transactions. The developmental sequence which they found amongst their sample of children was similar to that of previous studies. From the work of Strauss (1952) and others, they hypothesized the following stages.

- (1) No awareness of payment - children do not pay for articles and some do not even recognise money.

- (2) Obligatory payment - they know that customers have to pay for goods but are under the impression that any amount/kind of money can buy anything.
- (3) Not all types of money can buy everything. They do not consider all money to be similar.
- (4) Sometimes money is insufficient. They realise that some things are more expensive than others and that certain types of money are not enough.
- (5) Strict correspondence between money and objects - children have a correct understanding between the value of an object and its consequent price. Change is still not understood.
- (6) The correct use of change - they understand that at times the customer receives some money from the shopkeeper - "because you gave me too much." (Berti & Bombi, 1981). Berti & Bombi had concluded in their 1981 study (as cited by Furnham & Lewis, 1986, p. 38) that "the idea of payment for work emerges from a hinterland of spontaneous beliefs developed by children to explain the origin of money."

The child does not see work outside the home as "work" and consequently the child does not have any direct knowledge of payment. "In the effect the concept is acquired in a verbal way." (Furnham & Lewis, 1986, p. 38). Children initially knew that parents worked

for money, but they did not know that money was a necessity which could be obtained through work. This indicates the existence of independent systems of ideas (Furnham & Lewis, 1986).

1.4.4 **Summary of children's understanding of money**

Research in the area has shown that at an early age children do not understand the role of money in an economic system. The majority of studies have overlooked a variable such as class which Sutton (1962) suggested may have an influence on their economic understanding.

It could thus be concluded that researchers agreed that children do not understand the workings of an economic system at a very young age but that future research needs to pay attention to certain variables such as class position which the early researchers seemed to overlook.

1.4.5 **Children's conceptions of buying and selling**

Exchange is an important concept in any economic system: the exchange of money or goods and vice versa (buying and selling); the temporary borrowing of money (banking); motives for exchange (profit); ownership, etc.

Buying and selling is central to any economic activity, but for the young child these transactions are by no means easy to grasp. Furth (1980) has noted how difficult it is for the child to understand the transaction of goods, especially young children who have not yet mastered the number system. The child has to master a number of observed and non-observed transactions. He/she must understand the origin of money, and function of change, the ownership of goods. Children must also integrate the payment of wages, shop expenses and the shopowners money into the system in order to understand the pricing of goods.

Furth, Baur and Smith (1976) and Furth (1980), have undertaken quite extensive research in the field of children's concepts about society, and propose the existence of four substages of social understanding. Furth operates within a Piagetian theoretical framework (as do Berti & Bombi) with particular emphasis on the equilibrium model as the ongoing process which integrates knowledge and gradually makes sense of the world to the child.

The major thrust of Furth's investigations are based on a very broad summary of Piaget's theory of knowledge as follows:

- (1) The children's thinking and behaviour are primarily a product of their developing minds.
- (2) Children spontaneously apply their available mental framework to make sense of what they experience.
- (3) In doing this, they frequently go beyond the existing frameworks, constructing new frameworks.

Furth contends that if we postulate that understanding the social world is basically the same process as understanding the physical world, then we would expect that developmental experiences are as crucial in social as in physical understanding. Moreover, we should be able to establish developmental landmarks in the process of social thinking, as Piaget did for physical thinking.

Furth's studies do not indicate if, and when, children understand how goods are priced, the relationship between profit, pricing, sales, etc. Not much research appears to have been done in this area.

Jahoda (1979) conducted two buying/selling studies - one involving role playing and the other semi-structural interviews - in order to investigate 6 - 12 year olds conceptions of profit. In the role-playing study, children played the role of shopkeeper and the experimenter those of customers and suppliers. The critical part of the role play involved the child's realization that the price that one bought goods for was different from that one sold goods at to the customer. Where the purchasing price was consistently lower than the selling price, the child was credited with an understanding of profit, when the two prices were consistently identical, lack of such understanding was recorded and a mixture of responses was regarded as transitional. It seemed that it was not until the age of about 11 that most children began to understand the concept of profit.

The second interview study showed the child's development from no grasp of any transaction system to the development of two unconnected systems and finally to an integrated system. Younger (6 - 9 year old) children simply described events and made nonsensical answers on being questioned about profit, whereas older children tried to make sense of economic relationships but failed to arrive at the correct solution.

In 1983 Jahoda carried out a study in Zimbabwe which used the techniques of his 1979 study (mock-shop & interview). The hypothesis that he tested, was, that due to their greater exposure to "relevant" experience, that is, shopping, selling, trading, bartering, African children will understand the concept of profit at an earlier age than their European counterparts. The results supported the hypothesis: the Zimbabwean children were more advanced than the European children of the same age range. Jahoda argues that personal involvement in trading is in part responsible for their advancement in this sphere. The role played by parental models is however not very clear.

Tan and Stacey (1981) in a study of the understanding of socio-economic concepts in Malaysian Chinese school children found that the developmental trend was similar to that of western children. There thus appears to be conflicting evidence as to the universality of the development of economic concepts.

Jahoda (1981) as cited by Furnham and Lewis (1986) followed up the study on profit with a study on children's conceptions of banking - a complex and often remote economic concept for children to grasp. First 11, 13 and 15 year old children were put through the

shop transaction study in order to determine whether the subject understood the idea of profit. They were then asked a number of questions about the functions of a bank. The responses of the children fell into eight categories: no knowledge of interest (get back the same amount), interest on deposits only (get back more but pay the same), interest on both, but more on deposit; interest the same on deposits and loans; interest higher on loans - not fully understood; interest on loans - fully understood. The developmental trends were highly significant yet only a quarter of the 14 years olds fully understood the function of the bank, with no increase for the 16 year olds.

This study was replicated by Jahoda and Woerdenbagch (1982), in Holland. They found that, while primary pupils in both locations overwhelmingly saw the bank as simply a place that keeps money, twice as many of the older Dutch subjects realized that one borrowed from a bank compared with the older Scottish subjects in their 1981 study. However, the authors concluded that the socio-cognitive pattern of development for economic ideas is much the same for all modern industrial societies.

Ng (1983) replicated and extended Jahoda's (1981) study with 96 children aged 6 to 13 years old from Hong Kong. Although he found a similar developmental trend, a full understanding of the bank emerged at 10 while the idea of profit emerged at 6 years old. Thus for both concepts the Chinese children were more precocious than the Scottish and Dutch sample. As in previous studies, Ng (1983) examined the dynamics of conflict between schemes in the child. For instance, to induce cognitive conflict the interviewer deliberately asked the child to explain how the bank obtained money to pay its employees,

while having the same interest charges on money lent and borrowed. Although the impact of this conflict instruction was not significant, it seemed to be useful in examining economic development. Ng (1983) concluded that the exceptional maturity of the Chinese children most likely reflected their high level of economic socialization and consumer activity, as well as their knowledge of business.

Socially, life would be difficult for them if they did not grasp socio-economic concepts at an early age. Their maturity represent, in short a case of socio-economic reality shaping (partly at least) socio-economic understanding.

Thus it may not be valid to assume similar developmental trends across industrial societies and even within industrial societies.

1.4.6 Children's conception of owernership

Ownership is an important economic and political concept. Berti, Bombi and Lis (1982) have been particularly interested in children's conception of ownership and the means of production. They argued that children pass from an initial stage of complete ignorance about the productive function of means to recognising that various means have to do with work and money and the production of goods. Finally when a coherent and comprehensive view of the network of economic exchanges has been formed, the child will understand that the sale of the produced goods permit the owner to realize a profit and pay his employees.

More than 120 Italian children were interviewed to determine whether the child recognized the existence of an owner for various objects (e.g., a factory, a farm, etc.), who he/she was and how he/she became the owner; the existence of agricultural and industrial products of these objects and whose they were; and what advantage the child thought the owner derived from each means of production. From their extensive structured interviews five distinct levels were distinguished. The owner is the person found in spatial/temporal contact with the product means (passengers own busses). The owner is the person who exercises an appropriate use of or direct control over the producing means in question (drivers own the busses). The owner is the one who not only directly uses the producing means in question but also controls its use by others :(the boss owns the bus). The owner is clearly differentiated from the employee, in that he/she has the function of giving orders. The owner is at the top of the hierarchy of command, and the boss at an intermediate position between the owner and the worker.

The authors have also identified five different levels for the perceived ownership of the products. These include a stage where the children believe products are owned by anybody, followed by a stage where the children believe products are owned by those closest to them or using them. Yet only at the final level do children realize that products belong to the owner of the means of production and that employees are compensated for their work by a salary.

The results showed further that children's ideas about different production means develop with different speeds but through the same sequence. Furthermore, the parents also had a developmental view of their children in that parents of the youngest children said that they had not been told or asked about jobs and ownership, while the opposite was true for older children.

Distribution of wealth is linked to the concept of ownership or possession. Psychology as a discipline has not devoted much attention to the study of poverty - from its causes to its consequences (Furnham & Lewis, 1986). Even less has been done with children (Furnham & Lewis, 1986).

Siegal (1981) conducted a study to determine children's perceptions and evaluations of adult economic needs. Adolescents aged 13 - 16 years were asked to estimate how much money dolls dressed as a doctor, shopkeeper, busdriver and waiter needed to take care of their children. They were also asked whether their (unequal) distribution was fair and about the amount of effort required in the various professions. The results showed that the youngest children did not realize that unmet needs exist while older children were divided on the issue of equality - some believed that needs should be met regardless of the breadwinner's occupational efforts while other believed that inequality is fair and that effort and ability should be rewarded irrespective of need. The researcher however, failed to take into account the participants social class position in society. Research conducted by (Emler & Dickinson, 1985; Furnham, 1982) has indicated that social class background could influence children's views regarding the distribution of wealth in society.

Leahy (1981) who was interested in the development of class concepts, specifically comparisons between rich and poor people addressed the latter issue. Over 700 children were asked to describe rich and poor people and distinguish between them. These response were classified into categories of person description, including peripheral (possessions, appearances and behaviour), central (traits and thoughts) and socio-centric (life chances and class consciousness) categories. Lower and working class subjects were more likely than upper middle class subjects to mention life chances and thoughts in describing the rich and the poor, while upper middle class subjects were more likely than subjects from other classes to mention traits of the poor.

In the older subjects there was an increasing tendency to view classes of rich and poor people as not only differing in their external, observable qualities, but as being different kinds of people. As children got older, they placed more emphasis on individual differences in effort, ability and other salient personality traits.

The researchers offer two accounts for the findings: a cognitive developmental model and a general functionalist model. The above study takes into account the class variable which the majority of studies have ignored.

A minority of studies have attempted to assess children's ideas regarding political and economic justice. The research findings have generally supported the notion that as children grow older they are more likely to accept inequalities in wealth as legitimate (Emler & Dickinson, 1985).

Most of the research has focussed on children's explanations for social and economic inequalities. Researchers did not pay much attention to children's ideas about the nature of these inequalities or the amount of agreement among children from different class positions about the 'scale' of such differences (Emler & Dickinson, 1985). The latter two questions were addressed by Emler and Dickinson's (1985) investigation. They found that children from middle class backgrounds as opposed to children from working class backgrounds attributed higher overall estimated salaries for all the occupations they were asked to consider. The children from a middle class background also perceived a wider range of income distribution and for them there existed a clear division between manual and non-manual occupations.

**APPROACHES TO COGNITIVE DEVELOPMENT WITH SPECIFIC
REFERENCE TO CROSS-CULTURAL STUDIES**

The majority of cross-cultural researchers have upheld the viewpoint that cognitive processes are universal and they have also argued in favour of cultural relativism. Dasen (1974) reports that most studies point to differences in children's rates of development but the structure of thinking shows no differences. Both non-Western and low socio-economic Western children have been found to lag behind middle-class Western children in conceptual development. This lag is reduced when non-Western children have more contact with western children and thus with their western cognitive values. Dasen (1974, 1977) attributes this to the possible effect of acculturation as well as to factors such as schooling and urbanization. This cognitive development lag often attributed to "disadvantaged" individuals was not demonstrated in Leahy's (1981) study of social differentiation and development of concept of economic inequality. And there is perhaps a greater comparability than is generally recognized in the development of many other concepts. Hong Kwang and Stacey (1981) suggest that Asian Chinese children may achieve certain concepts earlier than others.

Such reported bias may have derived from the emphasis placed by comparative studies of conceptual development (based on Piaget's model), on the child's conception of the physical rather than the social world, and thus sustained a view of identical development of all concepts whether physical or social. Recent research on social cognition has focussed on

the question of whether it is useful to distinguish between social and physical cognition in contrast to general developmental process across domains of knowledge (Damon, 1979).

A related problem is whether abstract mental processes are by definition universal and free from particular social contexts or whether there is a parallel between cognitive structure and social structure. Increasing evidence indicates that underlying structures of thought might be universal, but that cognitive content and the rate at which it may become functional tend to be largely determined by cultural factors and become increasingly so with movement to higher cognitive stages (Dasen, 1974).

Berry (cited in Dasen, 1974) presents empirical evidence which points to a link between the "characteristics" of a child's environment and the child's subsequent concept formation. A different view is that of Cole and Bruner (1974) who use the "competence/performance" distinction. They urge that research on ethnic and social class differences in cognition replace a "deficit" with a different interpretation. Difference in the performance of various groups would then be considered within the context of the situations in which the competence is expressed. Cole and Bruner (cited in Dasen, 1977) found that while cultural groups show little difference in the basic components of their cognitive processes, the influence of cultural factors is expressed in the organization of the basic cognitive processes into 'functional systems' and the ways these are applied in a given situation.

Most reported studies on children's cognitive development and children's understanding of economic concepts specifically, concentrated on cross-cultural variation (western vs non-

western), rather than on intra-cultural variation such as working class vs middle class groups (Jahoda, 1983; Ng, 1983; Stacey, 1982). Thus the meaning of differential patterns of development and their relation to cultural characteristics and to differing socio-economic structures have not yet been fully explained.

1.6 THE RELATIONSHIP BETWEEN SOCIAL CONTEXT AND COGNITIVE DEVELOPMENT

A number of researchers have argued that human cognitive development interacts with social experience (Buck-Morss, 1979; Furth, 1978; Stacey, 1982). Buck-Morss (1979) considers that the form of cognition cannot be divorced from social context and must encompass a child's socio-economic reality. Stacey (1982) in a review of studies on economic socialization in the pre-adult years, reports similar arguments presented by exponents of dialectical models of socio-economic development.

Cummings & Taebel (1978) have also argued in favour of a relationship between the social context and cognitive development. The writer, however, argues in line with Stacey's (1982) observation that although research interest in economic socialization has increased there are surprisingly few data as to what extent the constructs children develop are determined by their own socio-economic backgrounds and experience.

From the literature reviewed, which extends over a thirty year period it becomes apparent that the literature on children's economic understanding is highly diffuse and of varying quality.

Most of the research has attempted to describe the stages through which children pass in their understanding of a specific concept. Researchers tend to agree that developmental stages do exist but there is a lot of disagreement about the number of stages, the points of transition and the exact nature of the understanding in each stage.

Attempts have been made to validate the results across cultures by researching and comparing non-Western children's development to that of western children. Most of the studies reviewed indicate that researchers have concentrated on cross-cultural differences and have failed to research intra-cultural differences, that is, differences prevalent amongst children from the same culture but who occupy different class positions within that society. Although researchers such as Sutton (1962) have drawn their sample from all classes of American society, the sample has been treated as a homogenous one.

The only known study regarding economic socialization in South Africa is an unpublished honours thesis completed at the University of Cape Town (Robinson, 1983). The framework used in this study was a combination and modification of those used by Furth (1976, 1980) and Jahoda (1979). The participants were 55 "white" children between the

ages of 4 years and 11 months and 11 years and 7 months. All the children attended the same school in Cape Town, but the parental occupation and home background of the children were not obtained. The results indicated that there is a steady progression in stages of societal thinking and concept formation which correlated strongly and positively with age. Robinson suggests that further research should be done which aims to establish the extent to which children's social constructs and developing thoughts about society are a function of their own social experiences. The present research attempts to address the latter issue by interviewing children from different social backgrounds.

Furnham (1986) as cited by Furnham (1987) argues that the following four questions regarding children's understanding of economic phenomena has to be given attention: (1) "Are there age, experience, gender and class differences?" (2) "What concepts are acquired early and which late in development?" (3) "Are there definable progressive stages in economic concept development?" (4) "Does living in particular societies (i.e. capitalist vs socialist) affect the development of the economic concepts?" (Furnham, 1987, p. 457).

This study attempts to address certain of the issues which Furnham has suggested.

CHAPTER TWO

AIMS AND METHODOLOGY

2.1 INTRODUCTION

In the previous chapter, literature pertaining to childrens' economic socialization and understanding has been reviewed. The present chapter sets out to elucidate the aims and methods of this study. Drawing from the literature, the aims and objectives are posed, and the research questions and hypotheses formulated. The manner in which the sample was selected, background of participants, and the design of the study is also discussed.

2.1.1 Design

In the planning stage, the researcher intended to only investigate childrens' economic socialization by examining their ideas regarding shop profit. However, during the preliminary investigation children made many remarks regarding the bank, as well as what can be termed explanations for wealth/poverty. The researcher thus decided to investigate childrens ideas regarding the bank and to also include questions which would reveal some of their ideas regarding the causes of poverty.

The study of working and middle class children's ideas is divided into the following three parts:

- (1) Part one investigates understanding regarding shop profit. The effect of age, gender, social class, schooling achievement and involvement in trading, in relation to the understanding of shop profit is examined. Results are presented quantitatively as well as qualitatively.
- (2) Part two investigates the same children's ideas and understanding regarding the workings of the bank. Questions regarding the bank are not put to the younger children (ages 4-4yrs 11 mnths). The effect of age, gender, social class, schooling achievement and involvement in trading in relation to their understanding of the bank is examined. Results are presented quantitatively and use is made of verbatim excerpts which highlight differences and similarities in level of childrens' understanding.
- (3) Part three explores childrens' explanations for poverty. Their answers are coded into categories and the results are presented quantitatively; use is also made of verbatim excerpts to illustrate their understanding.

Reviewing the literature to date regarding various aspects of children's economic socialization, it is apparent that not only is the literature highly diffuse and of varying quality but also that there are areas of controversy, as well as areas which have been paid very little attention.

Researchers tend to have reached consensus that developmental stages do exist but there is disagreement about the number of stages, the points of transition and the exact nature of childrens' understanding in each stage. Most researchers have also failed to research intra-cultural differences i.e. differences prevalent amongst children from the same culture but who occupy different class positions within that society.

It is the broad aim of the present work to collect data pertaining to South African childrens' economic socialization. The study aims to address the following questions:

- (1) Whether South African children from different social classes differ in their development and understanding of economic phenomena.
- (2) Whether there is a relationship between childrens' understanding of different economic phenomena e.g. shop profit and banking.

- (3) Whether the intra-cultural variable of class has and influence on the development and understanding of economic phenomena.
- (4) Whether there is a relationship between gender and understanding economic phenomena. Although there is no evidence from previous studies which suggests that economic understanding differs between the sexes it was decided, because of the exploratory nature of this thesis to include this variable and also because researchers have indicated that girls and boys are exposed to different socialization practices (Heath, 1982; Smith, 1985; Williams & Giles, 1978). It is thus reasonable to expect that differences in understanding could possibly exist between boys and girls.
- (5) Whether there is a relationship between schooling achievement and level of understanding.
- (6) Whether there is a relationship between involvement in trading and level of understanding.
- (7) To identify which of the independent variables, ie. age, schooling achievement, class position, gender, involvement in trade are significant predictors of children's explanations of poverty.

2.3 HYPOTHESES

2.3.1 Hypotheses regarding shop-profit

1. There is a relationship between age and level of understanding. The older the children the higher their level of understanding.
2. There is a relationship between schooling achievement and level of understanding. The above-average children of a particular age-group would have reached a higher level of understanding than children of average and below average school achievement.
3. There is a relationship between class and level of understanding. The working class children will reach a higher level of understanding at an earlier age than their middle class counterparts.
4. There is a relationship between gender and level of understanding. Boys will reach a higher level of understanding at an earlier age than girls.
5. There is a relationship between involvement in trade and level of understanding. Children who are involved in trading would reach a higher level of understanding at an earlier age than children who are not involved.

Implicit in the above hypotheses is the belief that children's social constructs and developing thoughts about society are a function of their own social experiences.

2.3.2 Hypotheses regarding understanding of the bank

1. There is a relationship between age and level of understanding. The older the children the higher their level of understanding.
2. There is a relationship between schooling achievement and level of understanding. The above-average children of a particular age-group would have reached a higher level of understanding than children of average and below average school achievement.
3. There is a relationship between class and level of understanding. The middle class children will reach a higher level of understanding at an earlier age than their working class counterparts.
4. There is a relationship between gender and level of understanding. Boys will reach a higher level of understanding at an earlier age than girls.
5. There is a relationship between involvement in trade and level of understanding. Children who are involved in trading would reach a higher level of understanding at an earlier age than children who are not involved.

2.3.3 Hypotheses regarding children's explanation for poverty

This section of the research is purely exploratory. It was therefore decided not to set any hypotheses but only to identify factors which seem to be significant predictors of the children's explanations for poverty.

2.4 RESEARCH APPROACH

The researcher believes that for research to be socially and politically useful in South Africa there are certain ethical dilemmas which face the researcher and which he\she has to deal with. What follows is a brief outline of the researcher's approach as well as ethical dilemmas which were faced and how they were managed. The researcher believes that research has to be socially and politically meaningful in the sense that the community who has been part of the research procedure benefits in some way by the completed research. This sentiment ties in with the idea that researchers should "marry" their theoretical knowledge and political understanding in order to be socially useful. These ideas regarding research are usually classified as "action research." This way of approaching research was initially discussed in the middle 1940's by Kurt Lewin, who referred to it as research carried out in the actual situation, aimed at being socially useful and theoretically meaningful, (Sarason, 1974).

The researcher became involved in the school communities where the participants were drawn in an attempt to merge theory and praxis. Reason (1981), maintained that data is enhanced by the use of a multi-paradigm approach or what they termed a multi-measurement procedure. "The researcher can use a number of different methods, a number of different perspectives, and compare views," (Reason, 1981, p. 250). When carrying out this research the researcher drew on the multi-method research approach as an attempt to hopefully gain a real and accurate perception of the childrens' experiences which have contributed to their understanding of certain economic phenomena. Action research lends itself to results which can be socially useful and scientifically meaningful. It does, however, have certain shortcomings (Sellitz & Cook, 1948). The shortcomings identified by Rappaport (1970) are difficulties/dilemmas in terms of:

- (1) ethics;
- (2) goals; and
- (3) initiatives.

(1) **Ethical Dilemmas**

The researchers have a primary obligation to respect the confidentiality of information obtained from participants in the course of their research. They should reveal such information to others only with the consent of the persons involved. Where appropriate researchers should inform the participants of the legal limits of confidentiality. The ethical dilemma of a researcher becoming a "prisoner" of one political tendency or organisation, also exists.

(2) Goal Dilemmas

Researchers have to confront the dilemma between providing a service to communities\organisations and the academic goals which they have to fulfill. Clear verbal as well as written explanations to communities\participants\organisations can help ease this dilemma. Another issue is implementing the actual recommendations\findings of the research, which is not always feasible or obvious.

(3) Dilemmas of Initiatives

The researcher when carrying out action research, usually places the initiative with the "target group" and that is the person\s needing the researchers' help. Too much client initiative might reduce the empirical goals of the research. The researcher has to therefore work with the participants to identify needs and goals and when necessary to provide his\her "expert" skills and opinions. The researcher has to be an active participant in the research setting.

In this research the ethical principle of confidentiality and the protection of the participants were seen as a principle which could not be compromised. The teachers, pupils, as well as the parents were assured that this principle would be adhered to. The researcher found the 'goal' dilemma mentioned by Rappaport to be a very real dilemma. The teachers at the schools, especially the pre-schools, expected the researcher to solve many of the problems which they as an institution and as teachers were facing. The

researcher explained the academic requirements which she had to meet but did indicate where she could be of assistance to them, for example with teaching methods, gathering of resources etc.

2.5 DEFINITION OF SOCIAL CLASS AND CULTURE

Before discussing the actual research procedures, methods and participants, the concept of working class and middle class as utilised by the study, needs to be clearly defined.

In this study the researcher has drawn on the suggestions of Schlemmer and Stopforth (1979), as well as Wright (1983) as guidelines for determining the subjects class positions. Wright (1983), sees class as determined by a person's position in the social division of labour. "This in turn determines the degree of control you have over what is produced, how it is produced and the degree of a person's control over labour power." (Wright, 1983, p.72).

An individual's position in the social division of labour will also correlate broadly with his\her income and educational qualifications. Kahl and Davis (1955) as stated by Schlemmer and Stopforth commented, "that occupation was the single index which carried most weight in modern society." (Schlemmer & Stopforth, p.3, 1979).

The working class, according to Wright (1983, p.97) "can be defined as those positions which ... occupy the working class position within the social relations of production, ie. wage labour which is excluded from control over money capital, physical capital and labour power." A worker does not have to produce surplus value to be defined as working class (Morris, 1985). Morris argues that, "a crucial defining characteristic would be the level of control the individual has over the labour process and I would add the income he\she earns. Examples of occupations in this class would be cleaners, labourers, domestic workers, drivers, factory workers.

For the purpose of this study the researcher has treated what Morris (1985) terms middle petit bourgeoisie and lower petit bourgeoisie as being synonymous with middle class. The researcher has adhered to the classification of working class as suggested by Morris (1985).

Specific examples of middle class and working class occupations are indicated in appendix 2. Appendices 2(B) or 3(B) are examples of the questionnaire which parents or guardians had to complete and in order to determine the children's class positions. It is important to mention that in terms of the participants from Manenberg there was never any dispute of them belonging to any other class except the working class.

Although the participants for the study are 'coloured' children from working and middle class backgrounds, it must be clarified that though they are politically designated as a separate ethnic group in South Africa, there are no grounds for seeing them as a

separate cultural group. The 'coloured' people are of western orientation and fall into the same cultural stream as 'white' South Africans in terms of language, housing, dress, occupations, education (Cilliers, 1963). The study focusses on social class differences and not ethnic differences.

2.6 OVERVIEW OF SELECTED AREAS

2.6.1 Introduction

Subjects for the study were drawn from two socio-economic groups - middle class and working class. All the children were classified 'coloured' in terms of South Africa's racial classification. In South African law the term coloured refers to people who are of mixed descent. The children classified as working class were drawn from the Manenberg area of Cape Town and the middle class children from the Heathfield area. The following section will provide the reader with an overview of the two areas, from which the sample was drawn. The intention here is to acquaint the reader with the conditions under which these two groups of children live.

2.6.2 Manenberg

Manenberg is situated 20km from the centre of Cape Town and it has approximately 60 000 people who have been classified as coloured by the South African government, living here. (Critical Health, no.28, Oct.1989).

In 1980 the per capita income of coloured males in Manenberg was R177,39 and R111,79 for females per month respectively. (R52,48 and R118,08) below average respectively. Of the economically active males, 57% were classified as production workers and only 2% as professional and technical staff. Only 2% of the population had any post matric qualification (Patel, 1984, p.103).

The above statistics illustrate the circumstances under which these people live and the possibility of the inhabitants not being working class is very small.

2.6.3 Heathfield/Elfindale

The Heathfield/Elfindale area of Cape Town can in terms of the statistics provided by Patel in 1984 be termed a middle class "coloured" area.

The per capita income for coloured males in the area is R600,57 per month which is the highest of all the "coloured" areas included in Patel's research. Professionals, technical

people, teachers, managers, constitute 60% of the population. All the homes in the area are privately owned or some form of ownership exists - none of the houses are rented from the state or from employers.

2.7 **PROCEDURE**

2.7.1 **Establishing a relationship with participants**

At the outset the researcher attempted to gain the trust and support of the communities which she was going to enter. A sense of distrust from the teachers at the school was not picked up at this stage as she knew many of them from her work in extra-parliamentary youth and womens' organisations. Despite the easy acceptance by the teachers this was initially not the case with the children, especially in the Manenberg area. This could be partly attributed to the fact that the children had on occasion heard her speaking English to the teachers; in a community such as Manenberg where the residents are predominantly Afrikaans-speaking, English-speakers are not seen as part of their community. This was overcome when the children realised that she could speak Afrikaans. The children also perceived her as a teacher but at times were confused as to whether she really was a teacher. The following excerpt exemplifies the children's dilemma: "If you are a teacher, why do you not wear high heels and make-up?" (Translated from Afrikaans).

In an attempt to build a mutual relationship of trust with the teachers and children, the researcher and her research assistant became part of the daily activities of each pre-school and primary school for one week. The daily activities varied from school to school and ranged from helping to distribute the daily free bread which the children from Manenberg received, to assisting with the supervision of the after school study time-table.

During this period the researcher informed the teachers about the research aims and methods which were going to be used. Afrikaans was used as the language medium in Manenberg and English in Heathfield\Elfindale. The children were addressed by their first names. However, when the tape-recordings were transcribed, each participant was assigned a fictitious name as well as a number, which is in line with the ethical principle of confidentiality.

2.8 **PRELIMINARY WORK**

2.8.1 **Funny-story device**

The preliminary work was largely modelled on the work of Jahoda (1979). The procedure consisted of a combination of a special technique with free interviews. The former, was designed to make it easier to explore, especially the ideas of the younger children. Jahoda (1979), termed this technique the funny story device.

Thirty-two children were drawn from both social classes (16 from each). The sample consisted of four pre-school children and two children from each school standard. The ages reflected the standard which children of that age should be in. Children who were repeating a standard were not included in the sample. The following table indicates the sample characteristics:

TABLE A PRELIMINARY SAMPLES CHARACTERISTICS

School Level	Working Class	Age	Middle Class	Age
Pre-school	2	5 yrs	2	5 yrs 2 mths
Sub-A	2	6 yrs 3 mths	2	6 yrs 3 mths
Sub-B	2	7 yrs	2	7 yrs 1 mth
Std 1	2	8 yrs	2	8 yrs 2 mths
Std 2	2	9 yrs 2 mths	2	9 yrs
Std 3	2	10yrs	2	10yrs 4 mths
Std 4	2	11yrs 1 mth	2	11yrs
Std 5	2	12yrs	2	12yrs 2 mths
N =	16		16	
N=32				

The child was told that he\she should listen to two brief stories; they were told that one of the stories would be funny, and their task was to indicate which was funny and explain why. The researcher began with a pair of stories, one of which described a physical absurdity, readily detected even by the youngest child. Subsequent pairs dealt with stories concerning economic transactions: example, *"I went to the shop and bought ice-cream, I paid Mr Mac and he gave me the ice-cream."*

Funny story - *"I went to the shop, I paid Mr Mac, he gave back all my money and he gave me ice-cream as well."*

Children who were totally unaware of the principles of exchange did not find either story amusing, or it was found amusing for reasons not relating to the principles of exchange. Those children who had an idea of the exchange principles readily pointed out the mistake. It was found that this procedure had advantages over a free interview with the very youngest and those who were not able to express themselves very clearly. This was similar to Jahoda's (1979) observation. The general aim at this stage was to determine what could or could not be taken for granted. Practically all the children from the age of five were aware that if you have a job and worked, you get paid for it.

2.8.2 **Role playing study**

Part of the preliminary work involved a mock-shop situation where the children took turns at being both shop-keepers and customers. The rationale for this was that children who were unable to express a concept or relationship, verbally, can at times indicate their understanding of it when presented in an action context. This is relevant especially to children from a lower socio-economic background (Jahoda, 1979).

The specific issue under investigation was the concept of profit, in the sense of a lower buying than selling price. The mock-shop situation was constructed whereby a wide

range of commodities were displayed on the counter and labelled with simple prices so that arithmetic should not be difficult. Example, a box of sweets was labelled as R1 and not R1,23. Sums of real money were made available to the children who took turns in being customers and shop-keepers. It was arranged that the second "customer" should exhaust the stock with his\her purchase, so that new supplies had to be bought. The critical part of the study started at that point:

- (1) The child was reminded of the selling price and asked how much he\she expected to have to pay for new supplies;
- (2) He\she was told to call the supplier for an order, asking first what the prices would be. (A real phone was used, but since the phone was not connected the child had to invent his\her own answer);
- (3) When new supplies arrived the child had to pay for them with the money which had been provided for them to use in the "shop".

Each child thus had three separate opportunities for considering the relationship between buying and selling prices. When categorizing responses only the ordinal relationships were taken into account, ignoring occasional changes in amounts. Where the buying price was consistently lower than the selling price, the child was credited with an understanding of profit, and when the two prices were consistently identical, a lack of

understanding was recorded, and where a higher buying price was indicated, a lack of understanding was also recorded.

From the outcome of the results it appeared that it was not until the age of ten years that there was a tendency toward the understanding of profit.

Following the above role-play, a semi-structured interview schedule similar to that of Jahoda (1979), was undertaken.

2.8.3 Semi-structured interview

The children participated in a semi-structured interview which was aimed at exploring their thoughts about money as well as the shop's business and transactions. The interview guide was translated into Afrikaans to accommodate the Afrikaans-speaking children. The rationale for including the semi-structured interview in the preliminary research was to ascertain whether the children in fact understood the questions which were being put to them.

All the questions were clearly understood by the children. While generally flexible, the interview covered several main issues as fully as possible.

The children were first of all asked to describe their most recent shopping experience. The following questions were explored:

1. *What happens to the money in the till at the end of the day\week?*
2. *Where does the shop get its goods from? Did they have to pay for them?*
3. *If so, do they pay more, or less, or the same as the customer?*
4. *Where do they get the money from to pay for the goods?*
5. *Is the shop assistant doing a job?*
6. *If so, where does the money come from to pay him\her?*
7. *Is the manager/owner doing a job? If so, where does the money come from to pay him/her?*

The interview was not rigidly conducted and at times as the interview progressed it was adapted to the level of the child. All the questions were not put to the younger children, since some of them would have been meaningless at their level. Each interview was tape-recorded and transcribed.

2.8.4 **Inter-rater reliability**

Childrens' responses were tape-recorded and transcribed verbatim. Responses were grouped under five broad levels (categories), which were proposed by Jahoda (1979) (refer section 2.9.4 for full details regarding categorization). A trained second rater independently assigned the replies to one of the levels of understanding and checked for agreement. In a few instances of disagreement consensus was reached.

2.8.5

OVERVIEW OF PRELIMINARY RESEARCH

It was observed that the pre-primary school children were very enthusiastic about the mock-shop procedure, and after playing "shop" they were very keen to answer the questions which were put to them. The primary school children were very bored and had lost interest by the time the interview schedule was presented to them. The results indicated that the role-playing exercise yielded findings which were consistent with those of the free interviews schedule. This was in line with Jahoda's (1979) findings. Having established this, it was decided to set up the mock-shop situation only in the pre-schools, purely as a focussing and anxiety reduction technique. Extensive notes were kept regarding their behaviour during the mock shop situation. This behaviour is at times referred to when the qualitative results are presented.

In the actual research the children's ideas were thus explored by means of an semi-structured interview schedule.

2.9

SELECTION AND BACKGROUND OF PARTICIPANTS

2.9.1

Correspondence with parents

A letter was sent to the selected childrens' parents explaining the role of the researcher at the school as well as a broad description of the research aims. The letter also

informed them that they would be receiving a questionnaire which they needed to complete. Parents were assured that confidentiality of information would be observed. The questionnaire included questions regarding education level of parents, income and housing. On the basis of the information provided the children were classified as being either working class or middle class.

2.9.2 Participants

A total of 108 children took part in this study. An equal number of children were selected from the following age categories: 4-4 years and 11 months; 5-5 years and 11 months; 6-6 years and 11 months; 7-7 years and 11 months; 10-10 years and 11 months; and 11-11 years and 11 months. As regards the school going children an equal number was selected from the above average, average and below average level of schooling achievement. Children were classified into one of the latter three categories on the basis of their performance in their two most recent school examinations.

The rationale for the age range selection was that it was seen to be representative of the Piagetian developmental levels. The preliminary study did not suggest a difference in understanding between children of 8 years old and those of approximately 9 years and 11 months. As the number of subjects were limited they were carefully screened for abnormalities that might affect performance. Medical records, where available, were carefully scrutinized. Home circumstances were also determined by speaking to

teachers. Teachers were asked to inform the researcher regarding any information about individual children which might affect performance. Information commonly provided by teachers in the Manenberg area related to children being absent from school as a result of hospitalisation for illnesses such as gastroenteritis and pneumonia. This information usually correlated with medical records. As illnesses are common among children from disadvantaged backgrounds, they were not excluded on this basis. It should be noted that children who participated in the preliminary research as well as children who were repeating a standard were excluded from the sample.

Table B reflects the sample characteristics.

TABLE B SAMPLE CHARACTERISTICS

Age Categories	N	Level of Schooling Achievement			Class Status	
		Above	Average	Below	W.C.	M.C.
4-4yrs 11 m	18	-	-	-	9	9
5-5yrs 11 m	18	-	-	-	9	9
6-6yrs 11 m	18	8	5	5	9	9
7-7yrs 11 m	18	6	6	6	9	9
10-10yrs 11m	18	6	6	6	9	9
11-11yrs 11m	18	6	6	6	9	9
	<u>108</u>	<u>26</u>	<u>23</u>	<u>23</u>	<u>54</u>	<u>54</u>

2.9.3 Experimental situation

The testing at both pre-schools took place in rooms commonly seen as the "playroom". The researcher and her assistant created a mock-shop situation as described in section 2.8.2. The children took turns at being both shopkeepers and customers. The procedure followed was the same as described in section 2.8.2. After the last "customer" had purchased goods the children were informed that they could continue playing "shop" but that the researcher needed to speak to them individually in an adjoining room. The researcher's assistant supervised play while the individual children were being interviewed. (See Appendix 5 for interview schedule).

On entering, each child was offered a sweet and the researcher casually asked him\her to describe their most recent shopping experience. The child was also asked whether he\she or their parents were involved in trading. Their answers confirmed the responses given by their parents to the question regarding trade involvement which was included in the questionnaire.

The child was then informed that he\she would be asked certain questions about the shop and the bank and their answers would be tape-recorded. The majority of children did not question the procedure and saw it all as part of a game. At the end of the interview many of the children requested to listen to the recording. Each interview took approximately 45-50 minutes. The interviewer allowed for an interval after each section of the interview schedule, ie., there was an interval between questions relating to profit,

bank and explanations for poverty. The child was then thanked for his\her participation and escorted to the classroom where they joined in whatever activity was taking place.

Testing at the primary school in Manenberg took place in the staff tearoom and in Heathfield in the Needlework instruction room. The researcher indicated to staff that she did not want to interrupt the normal school programme and that she would be prepared to do the testing when it was most convenient for them. Staff at both schools gave permission for testing to take place during school hours. The advantage to this was that pupils did not have to offer up their leisure intervals or stay after school hours. The researcher gave teachers prior notice as to which pupils were selected and what time they should be sent to the testing venue. Participants were not called individually from the classrooms as this would have been an inconvenience. The research assistant kept the children occupied while the researcher was conducting the interviews. Certain of the participants were concerned that the recording would be related to an examination performance. They were assured of the confidentiality of the information. Each interview was transcribed and categorized into five hierarchical levels (categories) of understanding. (Section 2.9.4). A second rater independently assigned the replies of 30 of the participants transcripts to one of the levels of understanding and checked for agreement. Consensus was reached in the two instances of disagreement which related to whether the child had attained a full understanding of shop profit or not.

2.9.4 Categorisation of responses relating to shop profit

The children's responses, after being transcribed verbatim were grouped into the following broad levels (categories) which were proposed by Jahoda (1979). It should be noted that the overall response of each child was used for the assignment to categories.

2.9.4.1 Level 1 (Approximate age of children 4-4 years and 11 months)

Ritualised transactions - function of money not understood

At this level children fail to recognise the basic function of money. There is a rudimentary grasp of system 1 (customer pays shop) and in the words of Furth (1980, p. 78) there exists a "submissive acceptance of observed experience with minimal interpretation". The children regard money as being freely available, transactions in the shop are a ritual serving no real purpose, change is the primary source of money for the customers. They do not postulate a more abstract general or societal notion of payment.

2.9.4.2 **Level 2** (Approximate age 5-5 years and 11 months)

Generalised system of payment inferred

The second level of development is characterised by the child's ability to go one step beyond the observed social event and to attempt to infer general, societal principles. Children at this level recognise a more general system of payment and a more plausible origin of goods, even though they do not yet understand the real concept of payment in the economic sense (i.e., goods have a certain monetary value and that payment of the correct amount will render possible the exchange of goods for money. They are aware of 2 separate but unconnected systems.

2.9.4.3 **Level 3** (Approximate age 6-6 years and 11 months)

Change understood

This level is marked by the understanding of the fact that change is not a form of payment, and the general concept of change is clear. Payment is seen as a specific societal action in accordance with a price, and the giving of change is different. The children no longer insist that change is always given, and know, like Thabit says "we get 'change' if we give more money than the bread costs" (translated from Afrikaans). They know that price is related to value but they do not understand that the money is used by the shopkeeper for buying other goods and for himself as well.

2.9.4.4 **Level 4** (Approximate age 7-7 years and 11 months)

Relationship between customer's money and shop's money understood

They realise at this level that the money paid by customers to the shop is the source of shopowners money from which to pay the factory. They can now mathematically calculate the change. They realise that he has to buy goods with the money but believe that the money is impersonal business money and not for personal use.

2.9.4.5 **Level 5** (Approximate age 10-->)

Profit understood

At this level the children are aware that the shopowner sells goods at a higher price than he paid for them. They are finally able to reconcile the personal and societal functions of money. The transformation of the societal money of the shop into the personal money of the shopowner no longer presents a problem, rather it is seen as a logical consequence of the totally integrated system of transactions. This exchange clearly indicates that the concept of profit has been grasped and the children are able to fully and logically integrate the three systems of payment involved in the shops business, i.e., customer - shop, shop - factory, profit. In the words of Furth: "The relative absence of inadequate thinking patterns so frequent at earlier stages, and the presence of an overall systematic understanding indicate a social reality that comes close to the adult view." (1980, p. 86).

CHAPTER THREE

QUANTITATIVE RESULTS RELATING TO SHOP-PROFIT

3.1 INTRODUCTION

In order to test the hypotheses concerning the children's level of understanding the five independent variables i.e. age, gender, class, schooling performance and involvement in trading two types of analyses were conducted.

In the first type of analyses the bi-variate relationships between the dependent variable and each independent variable were examined. In the second type of analyses the study examined the combined effects of all three independent variables on the dependent variable. Both the above analyses were thus designed to examine main effects.

All data was analysed with the aid of the statistical package for the social sciences (Nie, Hull, Jenkins, Steinbrenner & Bent, 1975).

3.2

AGE EFFECTS ON LEVEL OF UNDERSTANDING OF SHOP PROFIT

It was hypothesized that children's levels of understanding increased with age, i.e. the older the children, the higher their level of understanding.

To investigate the above hypothesis a regression analysis was conducted with level of understanding as the dependent variable and each age group as the independent variable.

The results of this analysis can be found in table 3.2.1.

Table 3.2.1 Age effects on level of understanding of shop-profit

Variable	Beta	T	Significance of T
Age	.87	18.08	P<0.000

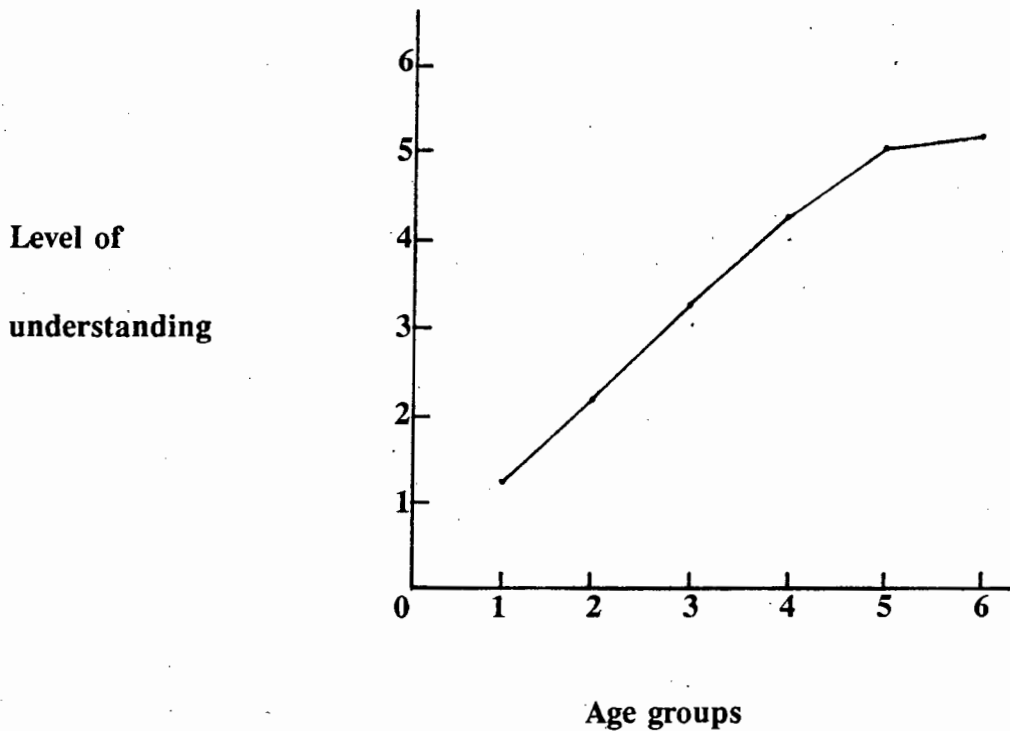
$$r^2 = 0.76$$

$$N = 108$$

As can be seen from the above (3.2.1) age does significantly predict level of understanding (Beta 0.87, P<0.000). In addition the single variable of age group explains a substantial proportion of the variance of the dependent variable. ($r^2 = 0.76$).

Figure 3.2.1.1

\bar{x} level of understanding for age groups



The above graphical representation confirms the trend for older children to be at a higher level of understanding. Although there was a consistent increase in the mean level of understanding as age increased, differences in levels of understanding were greater between children from the younger age groups (4-4yrs 11 months $\bar{x} = 1,3$; 5-5yrs 11 months $\bar{x} = 2,2$; 6-6yrs 11 months $\bar{x} = 3,2$; 7-7yrs 11 months $\bar{x} = 4,3$ while the means for the 10-10yrs 11 months and 11-11yrs 11 months was 4,8 and 4,9 respectively. Significant differences between means were not tested statistically.

3.3

SCHOOL ACHIEVEMENT AND LEVEL OF UNDERSTANDING

It was hypothesized that schooling achievement is a significant predictor of the child's level of understanding.

A regression analysis was conducted with schooling achievement as the independent variable and level of understanding of the dependent variable. It should be noted that $N = 90$ and not $N = 108$, as the younger children were not of schooling going age.

The results of this analysis can be found in Table 3.3.1.

Table 3.3.1 Schooling achievement and level of understanding

Variable	Beta	T	Significance of T
School Achieve.	0.18	1.55	$P > 0.05$ (N/S)

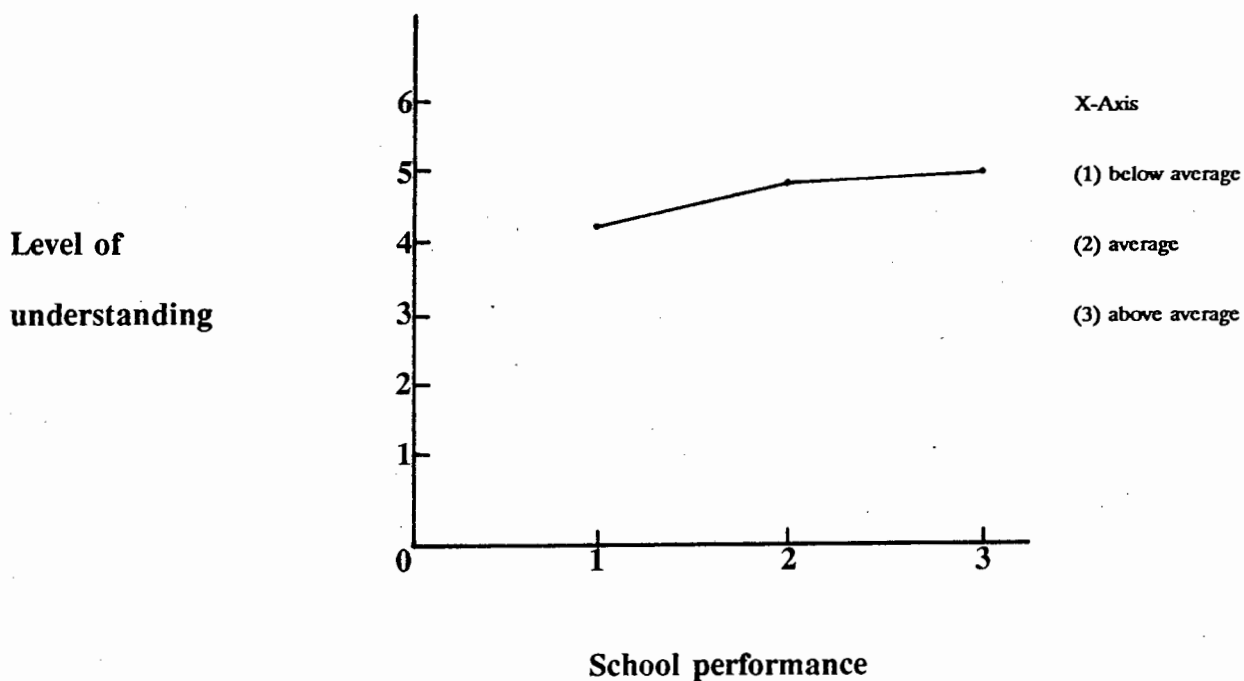
$$r^2 = 0.03 \quad N = 90$$

It is clear from the above table (3.31) that children's schooling achievement does not significantly contribute to their level of understanding of profit. (Beta = 0.18, $P > 0.05$) schooling achievement accounted for only 3% of the variation in scores ($r^2 = 0.03$).

The following figure (3.3.1.1) graphically sets out what has been revealed in table (3.3.1).

Figure 3.3.1.1 **Graphical description of schooling achievement and level of understanding**

\bar{x} level of understanding for school achievement



Although schooling achievement is not a significant predictor of level of understanding the graphical presentation does however reveal that there was a consistent increase in the mean level of understanding between the three levels of schooling achievement (below average schools performers $\bar{x} = 4.1$ average school performers 4.4; above average school performers 4.5).

It was hypothesized that children from working class backgrounds reach a higher level of understanding at an earlier age than the middle class children from the same age-group. The above hypothesis was investigated by computing a regression analysis with class as the dependent variable and level of understanding as the independent variable. The results of the analysis can be found in Table 3.4.1.

Table 3.4.1 **Class and level of understanding**

Variable	Beta	T	Significance of T
Class	-0.07	-0.67	P>0.05 (N/S)

$$r^2 = 0.04$$

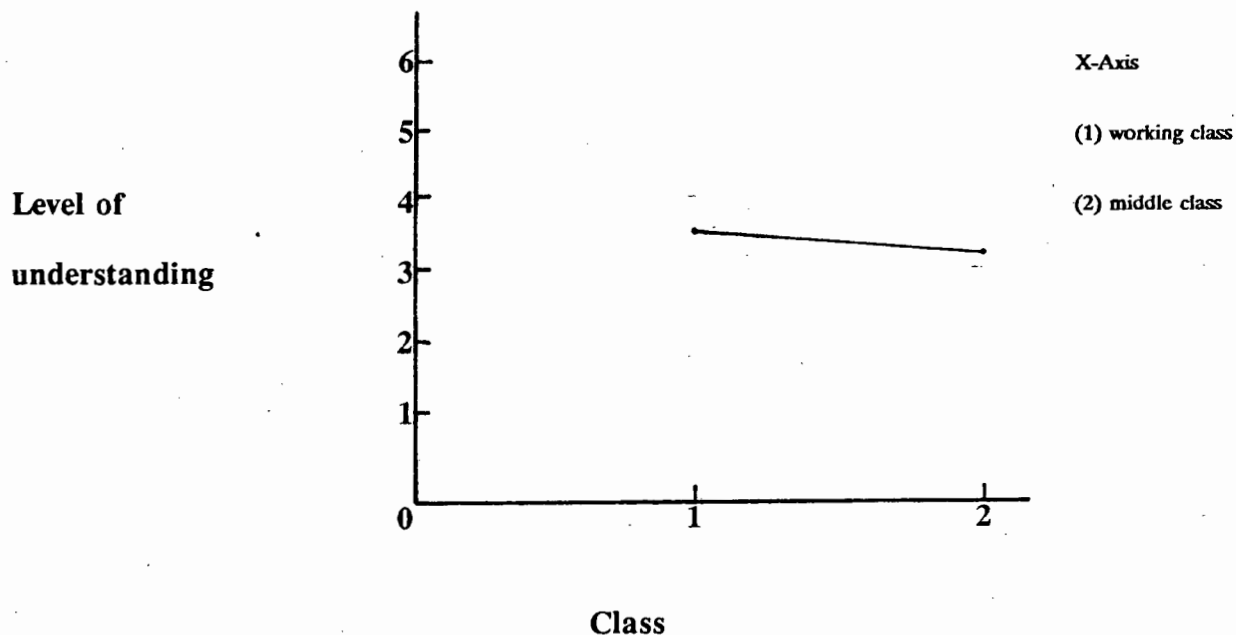
$$N = 108$$

As can be seen from the above table class does not significantly predict level of understanding (Beta -0.07, P>0.05). The single variable of class position only explains 4% of the variance of the dependent variable, ($r^2 = 0.04$).

The following figure (3.4.1.1) graphically describes what has been revealed in table 3.4.1.

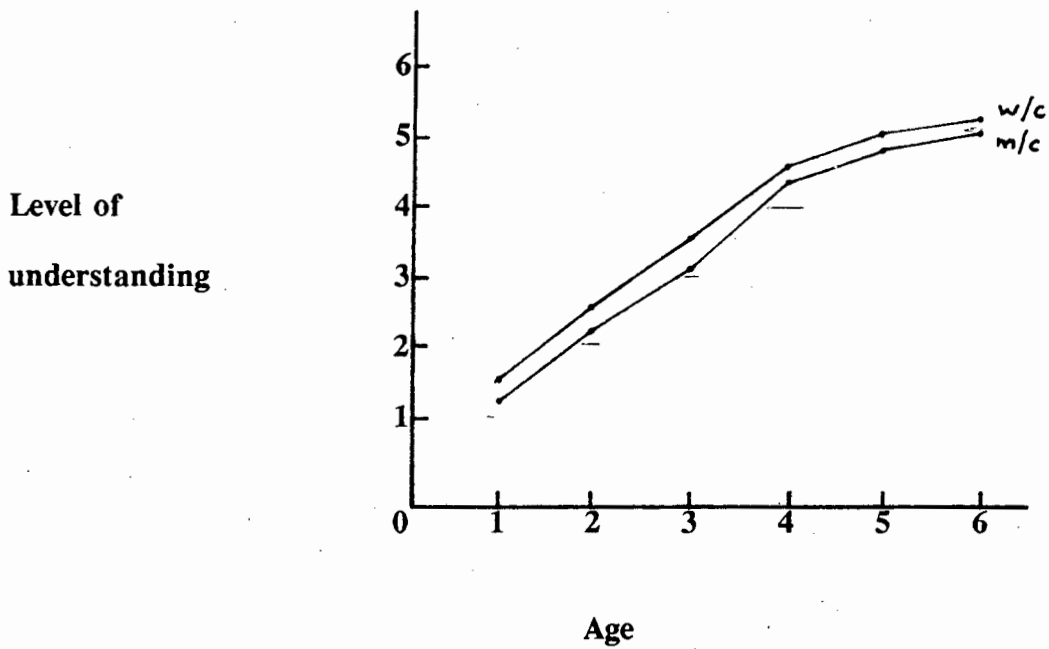
GRAPHICAL DESCRIPTION OF CLASS AND LEVEL OF UNDERSTANDING

Figure 3.4.1.1 \bar{x} Level of Understanding for Class Position



Although class was not found to be a significant predictor of the childrens' level of understanding of shop profit, the above graphical presentation illustrates that children from a working class background have a slightly higher mean level of understanding than their middle class counterparts (\bar{x} 3.6 and 3.4 respectively).

Figure 3.5 \bar{x} level of understanding for age groups across class



Although class position was not a significant predictor of level of understanding, Figure 3.5 reveals that the younger working class children had a higher average level of understanding than their middle class counterparts of the same age group. (e.g. \bar{x} - working class 4-4yrs 11 months 1.6 and \bar{x} middle class for same age group = 1.1.)

3.5

EFFECT OF GENDER ON LEVEL OF UNDERSTANDING

It was hypothesized that the child's gender was a significant predictor of their level of understanding: i.e. boys reach higher level of understanding at an earlier age than girls. Table 3.5.1 illustrates that the childrens gender did not contribute to their level of understanding (Beta = -0.03, $p > 0.05$). Gender did not account for any variation in the scores ($r^2 = 0.00$).

Table 3.5.1 Effect of gender on level of understanding

Variable	Beta	T	Significance of T
Gender	-0.03	-0.3	$P > 0.05$

$$r^2 = 0.00$$

3.6

EFFECT OF TRADE INVOLVEMENT ON LEVEL OF UNDERSTANDING

It was hypothesized that if the child or his/her parents or both parents and child were involved in trading the child would have reached a higher level of understanding than a child who was not exposed to a trade "environment".

It is interesting to note from table 3.6 that involvement in trading was not a significant prediction of level of understanding, only accounting for 2% of the variation in score ($r^2 = 0.02$) (Beta 0.12, $p > 0.05$).

Table 3.6.1 Effect of trade on level of understanding

Variable	Beta	T	Significance of T
Trade	0.12	1.28	P>0.05

$$r^2 = 0.02$$

Table 3.7 Age, schooling achievement, class position, trade and gender as predictors of understanding

Sources	DF	SS	MS	F	Sig. of F
Regression	5	27.57	5.51	16.76	P<0.000
Residual	66	21.71	0.33		

$$r^2 = 0.56$$

Table 3.7 reveals that when the five independent variables i.e. age, schooling achievement, class, gender and trade involvement are entered simultaneously the single equation is a significant predictor of the childrens' level of understanding. However, given that class, school achievement, gender and trade were not significant individually this result indicates that age is the strongest determinant in this single equation.

Quantitative analysis of the data yielded the following findings.

- The childrens actual age was the only significant predictor of their level of understanding. (Beta 0.87, $p < 0.000$).

- The other four independent variables i.e. class, schooling achievement, gender and involvement in trade were not found to be significant predictors of the children's level of understanding as regards shop-profit.

The implications of these results will be addressed in the discussion of results chapter (Chapter 9).

CHAPTER FOUR

QUALITATIVE FINDINGS REGARDING SHOP-PROFIT

4.1 INTRODUCTION

In the previous chapter, the quantitative findings were discussed. In this section the researcher makes use of verbatim excerpts from the transcripts to further substantiate and at times to shed greater light on the qualitative findings. Although extensive notes and full verbatim transcripts were kept, only a few childrens' answers are referred to. It is interesting to note that although children from different classes but from the same age-groups might have reached the same level of understanding the content of the answers differ widely. To only have presented the data in a quantitative manner, would be losing a certain "essence" of the results. Fictitious names are used, but the actual ages and where necessary, class backgrounds, are indicated. The working class childrens' responses have been translated into English.

4.2 THE RELATIONSHIP BETWEEN AGE AND LEVEL OF UNDERSTANDING

It was hypothesized that older children would have reached a higher level of understanding than the younger children. The quantitative results supported this hypotheses and are

illustrated by the children's responses: younger children were at a lower level of understanding than older children. Young children fail to recognise the basic function of money. They understand that the customer pays the shop and in the words of Furth (1980,p.78) "there exists a submissive acceptance of observed experience with minimal interpretation". The children seem to regard money as being freely available, transactions in the shop serve no real purpose. It is almost seen as a game. Change constitutes the primary source of money for customers.

It can be seen from the following responses that children of this age see money as being freely available and most were convinced that you always got your money back.

Fuad: 4 years and 8 months. I went to the shop with my granny and they gave her money.

Interviewer: Tell me a bit more.

Fuad: They gave her money so that she can get cigarettes from the shop when it is dark and not safe to go out. It is a nice Babbie (shopowner). He always gives her money.

During the mock-shop they were very intent on giving the customer the goods which were purchased as well as change. At this stage there is no concept of the value of money and monetary transactions in the shop are merely a ritual exchange of the customer's money for the shopkeeper's money and goods. Answers of children of this age show that there is no link between the money paid by the customer to the shop and any further use of that

money by the shop, other than for change. In other words, there is no concept of a societal value or function of money. Answers to other questions asked indicated that children of this age had no conception of a primary supplier and the shops have a never-ending supply of commodities.

For children in the next age-group, (between the ages of 5 years and 5 years and 11 months), understanding is characterized by their ability to go one step beyond what can be termed 'observed understanding' in an attempt to infer more general, societal principles. Children at this level do not yet, however, understand the real concept of payment in the economic sense, i.e. that goods have a certain monetary value and that payment of the correct amount of money will render possible an exchange of goods for money. Thabiet (5 years and 10 months), responded to the question regarding change as follows: "When I go to the shop I have to pay for my bubblegum and after I have given the shopowner money he then pays me."

Children of this age, during the mock-shop situation made sure that customers paid them before they "paid" the customer. The children of this age-group seemed puzzled by a question relating to whether the shopowner needs to receive change from the factory in the same way as the customer needs to receive change from the shops as a source of money. Money in the till is still regarded as being primarily for change and there is no obvious relation between the customer paying for goods and the shop paying the factory. Children of this age and stage represent the first level at which they go beyond the observed experience to postulate the existence of the more generalized societal principle of payment

and the existence of a what can be termed a second system of exchange, although they are not able to connect the customers' payments for goods with the shops' payment to the factory.

Children in the next age group (6 - 6 years and 11 months) understand the fact that change is not a form of payment, and the general concept of change is clear. Payment is seen as a specific societal action in accordance with price and the giving of change is different. The children no longer insist that change is always given, and know, like Caron (6 years and 10 months) "that you get change when you paid too much." The idea of exchanging money for goods, which have a value, has been grasped - it is possible to have "too much" or "too little" money, but the fate of money paid into the till is still not clear.

Interviewer: What happens to the money that goes into the till?

Caron: It's for the 'Boere' and also for change at the shop.

Wilma: "It goes to the ministers on the TV - government, man."

The money seems to be obtained from and given to the government, who then reallocates the money. It appears that the children use the third person to bridge the gap between the customer paying the shop and the shop paying the factory. This is a progression from the previous levels, where there was no attempt to connect the two transactions. The child is aware that the customer must pay for the goods in the shop, and that the shop must pay

to get those goods, but it would seem that the two systems of payment run parallel to each other in the child's mind. However, because the child is becoming aware of a more impersonal, societal function of money the system of payment and exchange is inferred to include the government. This postulated governmental role which the child has referred to has been documented by other investigations, notably by Furth, who suggests that the difficulty encountered by the children in explaining the origin of the shopowners personal money may be due to a conflict between the newly acquired insight of a cycle of money exchange within the economic institutions and the apparent taking of this money out of the economic cycle for the purposes of personal use.

It is interesting to note that the working class children usually spoke about the "Boere" and not government and that the television was frequently mentioned as the place which you could seemingly see\find the government.

This stage differs qualitatively from the previous stage in that there is now a grasp of a circulatory monetary system, and the concept of change is well understood and no longer regarded as a form of payment. However, there are a number of unrelated systems operating: a customer shop-exchange, a shop-government exchange and a government-factory exchange, with no definite link being made between the customers' payment for goods and the shop-owners' use of that money to pay the factory.

Most children older than 7 understand the function of change and it is mathematically calculated. Calculations obviously are related to the childrens' age.

Timothy: (7 years and 9 months). If you have too much money, then you get change. The joy stick (ice-cream) is 8 cents and if you give a 10 cents, then you get 2 cents change.

There is clearly an understanding of the mechanism of buying and selling at this stage.

Interviewer: What happens to the money in the till?

William: (7 years and 10 months). They buy the things for the shop and they pay the shop-workers.

Clearly, there is a development from the previous level of understanding, but the children still do not have a logically coherent framework. They can correctly infer that the shop must pay for the goods since there exists a societal system of payment, which extends to the shopowner having to pay his\her assistants and the shop expenses. They still cannot explain the source of the shopowners' personal income. There is still no conception of profit as the following typical exchange shows.

Interviewer: If the shopowner pays the factory R10 for a car, how much will it be in his shop?

Child: The same price - R20.

When faced with the problem of the shopowners' own money, the children fall back on some outside agency again, or some other source of income - eg. the government or else the owner just has endless amounts of money. Until the children recognise and understand profit, they are not able to fully integrate the overall picture. At this stage they have fully grasped the difficult concept of impersonal, societal money and realise that the shopowner must use some of his money to run the shop. However, it appears that the understanding of this concept of the impersonal function of money in economic transactions precludes the understanding of the shopowners' personal money. The shopowner in their view never takes money from the till. It is as if suddenly the personal function will not fit the societal, impersonal framework logically inferred by the children. Their conception seems to be that shop money is impersonal business money, and it would be stealing or unjust to put that money to personal use.

Errors made can be revealing:

Interviewer: Do you think the shopowner gets rich from selling things in his shop?

Child: (7 years and 1 month). Yes, they give you bargains on sale and then you pay R10 and not R20 for a thing and then you can buy lots.

Child: Yes, they always get rich because when you sell more and more things for R20 + R20 instead of R100, then we can get a big basket of things.

They have both grasped the valid principle that lowering prices of goods will increase sales but they fail to realise the illogicality of this principle when the shopowner has paid more to the factory than his selling price to the customers. This can be regarded as an error of logic brought about by the child's attempt to solve a problem within his preconceived framework of economic transactions - until he\she can expand that framework to include the system of profit, there will be inconsistencies of logic in his\her responses and in the attempt to solve problems.

At the final level of understanding of economic reality, the children are aware that the shopowner sells goods at a higher price than he paid for them. They are thus, finally able to reconcile the personal and societal functions of money. The transformation of the societal money of the shop into personal money of the shopowner no longer presents a problem.

Wendy: (11 years). The shopowner sells it for more than he paid the wholesaler because he has to make a profit to live and get rich.

Mervyn: (10 years and 11 months). Of course they sell it for more because they have to make a profit and get rich. But we that buy and do not have shops can't get rich because there is no profit in buying only in selling.

Lyle: (10 years and 5 months). He has to pay the workers, who work hard, and then he makes a profit only if he charges his customers more than he paid at Metro (Wholesalers name).

June: (11 years and 8 months). Don't be stupid, why have a shop if your selling price which you put on the things is the same as the factory. The factory has cheap things.

This exchange clearly indicates that the concept of profit has been grasped. There is a systematic understanding of economic transactions and of the societal-personal distinction and interaction in these relationships. The children have finally conquered the complex concept of economic reality. In the words of Furth: "The relative absence of inadequate thinking patterns, so frequent at earlier stages, and the presence of an overall systematic understanding indicate a social reality that comes close to the adult view." (1980, p. 86).

4.3 CLASS AND LEVEL OF UNDERSTANDING

It was hypothesized that children from working class backgrounds reach a higher level of understanding at an earlier age than their middle class counterparts. Although the quantitative analysis did not find class position to be a significant predictor of the childrens' understanding of shop-profit, the content of the answers given by children from different

classes were in itself revealing. Consider again the answers given by Fuad (working class) and Megan (middle class), age 4 years and 10 months.

Fuad: I went to the shop with my Granny and they gave her money.

Interviewer: Tell me a bit more.

Fuad: They gave her money so that she could get cigarettes from the mobile (house-shop), when it is dark and not safe to go out. It is a nice Babbie (shopowner).

Megan: When I go with mummy to the shop they always give her some money to put in her purse.

Interviewer: Tell me why they give her money back.

Megan: They give her money back so she can put it in the bank and then we can get rich and go away in the caravan.

It is noted that the working class child associated the money received with buying cigarettes at a shop which will ensure their safety, while the middle class child associated it with saving and the caravanning vacation.

The following excerpts illustrate the difference in level of understanding between children from different class backgrounds but who are from the same age-group.

Glynnis: (Working class. 5 years and 0 months). They give you change when you have too much money. If I have 53c and I go to the mobile for a half a loaf of bread, I do not get change. But if I have a R1, the man must give change. I always look at my change.

Carlo: (Middle class. 5 years and 0 months). They give you change because they have lots of money and we must get some money too. If I want to play video games I say give me some money, otherwise I give the shopowner all the money in my pocket and I take the Argus and my chocolate.

The above is representative of the types of answers given by children between the ages of 5 years - 5 years and 11 months and 6 years - 6 years and 11 months. The excerpt clearly reveals that Glynnis has reached a higher level of understanding than Carlo. Both of them had not yet started primary school. Although the comparison between Carlo and Glynnis is one of individual differences it is interesting to note that the working class children seem to be much more aware of the 'value' of money. Glynnis' comment that "I always look at my change" is representative of the working class childrens' awareness of the 'value' of money.

It was hypothesized that children who had been classified as of above-average schooling achievement, would have reached a higher level of understanding than children from the same age-group but a different level of schooling achievement. The quantitative results did not find schooling achievement to be a significant predictor of level of understanding. The qualitative results complements the above result.

John: (11 years and 3 months). (Above-average). The shopowner has to sell his goods for a higher price so that he can have enough money to pay his house rent and then he still must bank some and pay his workers. He has to make a profit.

Kenny: (11 years and 2 months). (Below average). The shopowner has to mark up his groceries. He has to make say R40 more on a box of chips than what he paid the Simba people. You must remember wages have to be paid. Why will he have a shop, if not to make more money.

These children although of different schooling achievement, have clearly reached the same stage of understanding. The researcher, however, noted that the below average children were not as confident as the above-average. This was especially common amongst the younger children. The following excerpt illustrates the latter point.

Sally: (6 years and 7 months). Teacher I cannot answer all these questions. You must ask the helicopters. I am in the group furthest from the window. We are the tortoises.

The interviewer was aware of these groupings in Sub-A and B. Helicopters is the term for the above-average children and tortoises for the below average.

4.5 INVOLVEMENT IN TRADE AND LEVEL OF UNDERSTANDING

It was hypothesized that if either the child or parent or both were involved in trading the child would have reached a higher level of understanding than children who did not have this exposure to trading. The qualitative findings did not find involvement in trade to be a significant predictor of childrens' level of understanding.

It is interesting to note that children who were directly involved in trading were intent on quoting exact prices and the exact amount of change which is to be given.

Willis: (6 years 8 months) - (with regard to a question relating to change). "Yes if you go to the shop you give 65c for brown bread and then if you give 2c more you get change - you don't always get change."

Amanda: (7 years 11 months) - (Both she and parents were involved in trading). In reply to the question - "Does a shop-keeper sell goods for a higher price than what he paid for them?" "Yes, he has to sell the things like bananas for more than he paid at the Epping market, he must buy more things.

It is evident from Amanda's answer that her 'involvement in trading' has contributed to her conclusion that a shopkeeper sells goods at a higher price than what he/she payed for it.

4.6 GENDER AND LEVEL OF UNDERSTANDING

Gender as in previous studies was not found to be a significant predictor of the childrens' level of understanding. The researcher did however note that the older girls seemed to be less confident than the boys when calculating exact amounts of money.

4.7 CONCLUSION

This chapter has examined the qualitative findings of the present study regarding childrens' understanding of shop-profit. Certain of these verbatim excerpts complement the quantitative results described earlier. Some shed greater light upon the quantitative findings - these will be discussed when the results are interpreted.

CHAPTER FIVE

CHILDRENS' IDEAS REGARDING THE BANK

5.1 INTRODUCTION

As mentioned previously, the researcher did not, during the planning of the study intend to investigate childrens' ideas and understanding regarding the bank. However, during the preliminary research it was observed that the older children, i.e. the children from the age of 5 years old made constant referrals to the bank. It was thus decided to include questions which would elicit their ideas regarding the bank.

The working of banking is not only complex, but is remote from childrens' daily experiences (Ng, 1983).

5.2 PROCEDURE AND PARTICIPANTS

The same subjects, excluding the children from the youngest age group i.e. (4 - 4 years and 11 months), who partook in the shop-profit interview, were questioned regarding the workings of the bank. Ninety participants (45 working class and 45 middle class) between the ages of 5 years and 11 years and 11 months, were interviewed. As mentioned in Chapter 2, questions regarding the bank were put to the children in the same interview as that of shop-profit.

Children were asked if they had ever seen or been to a bank. The majority of the children had accompanied persons to a bank and certain of the middle class children mentioned that they had their own banking accounts. The following questions were then put to the children. The questions were put to the children from Manenberg in Afrikaans.

1. "Supposing I put R100 into a bank, and after one year I take my money out again: would I get back more, less or the same?" (The amount was altered depending on the age of the child).
2. Please explain why (more, less, same)."
3. (a) If "more": "How does the bank get the money to pay more/ interest" (NB. This term was only used if the participant had referred to it).
(b) If "same": "How does the bank get the money for its building and to pay the people who work there?"
(c) When children said that "less" money would be obtained, it was ascertained whether the child was aware that one could borrow money from a bank. Only 2 children were not aware of this, and were informed accordingly.
4. "Suppose now I borrow R100 from a bank to pay back after one year. Would I have to pay back more, less or the same?"

5. Please tell me why it would be more/less/same?"

"Let's go back now and try guessing actual amounts of money."

6. (a) "If I put R100 into the bank, how much do you think I would get back after one year?" (smaller sum (R10) was used for the young children).

(b) "If I borrowed R100 (R10) from the bank, how much do you think I would have to pay back after one year?"

The two figures offered were then slowly repeated back to the subject, followed by the question: "Can you explain to me now how the bank gets money for the building and the people who work in it?" (one or other or both being used as appropriate on the basis of previous responses).

Children were encouraged to think about replies and care was taken to avoid any feeling of time pressure.

5.4 CATEGORIZATION OF RESPONSES

The criterion of understanding the bank as an economic institution was as follows: the subject had to indicate by his/her responses that interest is attached to both deposits and loans; the figure given for the latter had to be higher, and the verbal explanation as to how the bank makes a profit had to be congruent so as to avoid possible effects of guessing.

The primary data were, therefore, first responses to the questions as to whether one gets back more, less, or the same as the original sum deposited/borrowed, then the actual estimates produced were taken into account. On the basis of this the following six major categories (similar to those proposed by Jahoda (1981) as cited by Furnham and Lewis (1986) were devised:

5.4.1 **Level 1** **No knowledge of interest**

These subjects state that you always get back, or pay back, exactly the same amount.

5.4.2 **Level 2** **Interest on deposits only**

It was believed that you get back more, but pay back the same.

5.4.3 **Level 3** **Interest on both, but more on deposits**

Here it was recognised that there is always interest (ie. answer "more" to both questions), but the estimated figure for deposit interest is higher than that for loan interest.

5.4.4 **Level 4** **Interest same on deposits and loans**

Again the answer was "more" to both questions, but the estimated figure for both was identical.

5.4.5 **Level 5** **Interest higher for loans - no initial evidence for understanding**

Children in this category said that you get "more" back for deposits. On being questioned (Q.3) as to how the bank obtains the money for paying interest, they were unable to give an adequate explanation. However, following this, they not merely responded "more" in connection with loans, but correctly estimated higher interest for these than for deposits. This category is thus a transitional one, reflecting in most cases the impact of the study itself. Without it these children would have been classified as belonging to either category 3 or 4.

5.4.6 **Level 6** **Interest more for loans - correctly understood**

The criterion here was whether the subject either spontaneously volunteered the correct explanation, or gave it no later than in response to the question (Q.3) as to how the bank gets its money.

5.5 INTER-RATER RELIABILITY

A trained assistant randomly selected and assigned twenty interviews to one of the six levels of understanding and checked for agreement. Inter-rater reliability was 95% or nineteen out of the twenty replies. After discussion with the researcher, consensus was reached.

5.6 CONCLUSION

It should be noted that none of the participants of this study had reached category 6. This is not different to Jahoda's (1981) study as cited by Furnham and Lewis (1986) where children reached a full understanding (level 6) only at the age of 14.

CHAPTER SIX

QUANTITATIVE RESULTS RELATING TO CHILDRENS' UNDERSTANDING OF BANKS

6.1 INTRODUCTION

As in chapter 3, in order to test the hypotheses concerning the childrens understanding of the bank and the five independent variables i.e. age, gender, class, schooling performance and involvement in trading two types of analyses were conducted. In the first type of analyses the bi-variate relationships between the dependent variable and the independent variable were examined. In the second type of analyses the study examined the combined effects of all five independent variables on the dependent variable. Both the above analyses were thus designed to examine main effects.

6.2 AGE EFFECTS ON LEVEL OF UNDERSTANDING OF THE BANK

It was hypothesized that childrens' levels of understanding increased with age i.e. the older the children the higher their level of understanding of the bank. To investigate the above hypothesis a regression analysis was conducted with level of understanding as the dependent variable and each age group as the independent variable. The results of this analysis can be found in table 6.2.1

Table 6.2.1 **Actual age and level of understanding of the bank**

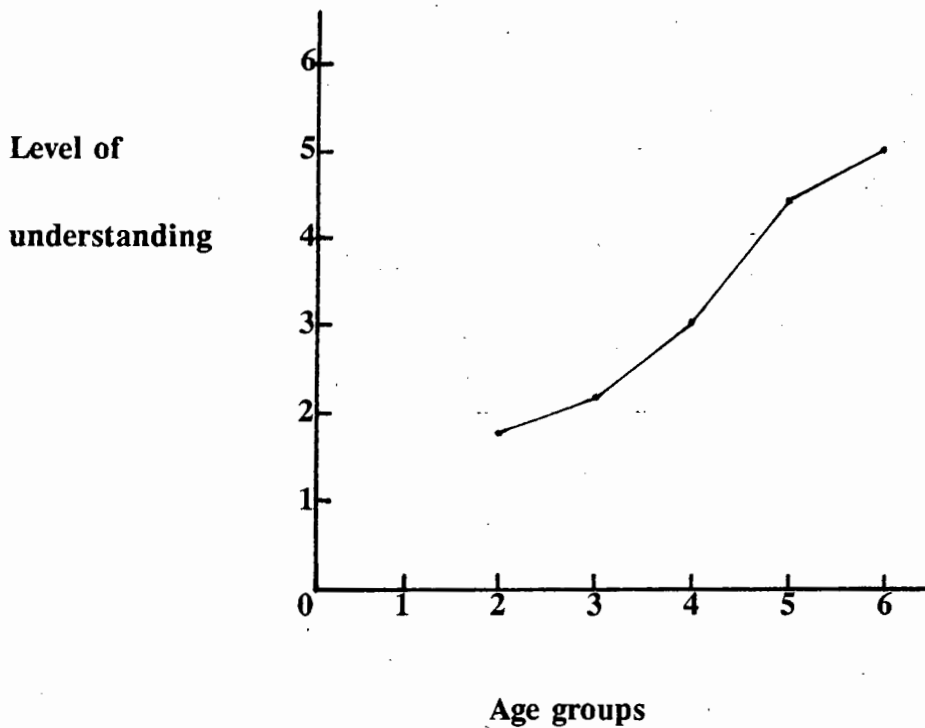
Variable	Beta	T	Sign. of T
Age	0.87	16.74	P<0.000

$r^2 = 0.76$ $N = 90$

As can be seen from the above table (6.2.1) age does significantly predict level of understanding (Beta = 0.87, P<0.000). In addition the single variable of age group explains a substantial proportion of the variance of the dependent variable. ($r^2 = 0.76$).

The following figure (6.2.1.1) graphically describes what has been illustrated in table 6.2.1.

Figure 6.2.1 **\bar{x} level of understanding for age groups**



The above graphical representation confirms the trend for older children to be at a higher level of understanding. Although there was a consistent increase in the mean level of understanding as age increased, differences in levels of understanding was greater between the younger age groups (5-5yrs 11 months $\bar{x} = 1.6$; 6-6yrs 11 months $\bar{x} = 2.1$; 7-7yrs 11 months $\bar{x} = 2.9$) while the means for the 10-10yrs 11 months and in 11 yrs 11 months was 4.2 and 4.6 respectively.

It was hypothesized that schooling achievement is a significant predictor of the child's level of understanding.

A regression analysis was conducted with schooling achievement as the independent variable and level of understanding as the dependent variable. The results of this analysis can be found in table 6.3.1.

Table 6.3.1 **School achievement and level of understanding**

Variable	Beta	T	Significance of T
Schooling Achievement	0.23	1.97	P<0.05

$$r^2 = 0.06$$

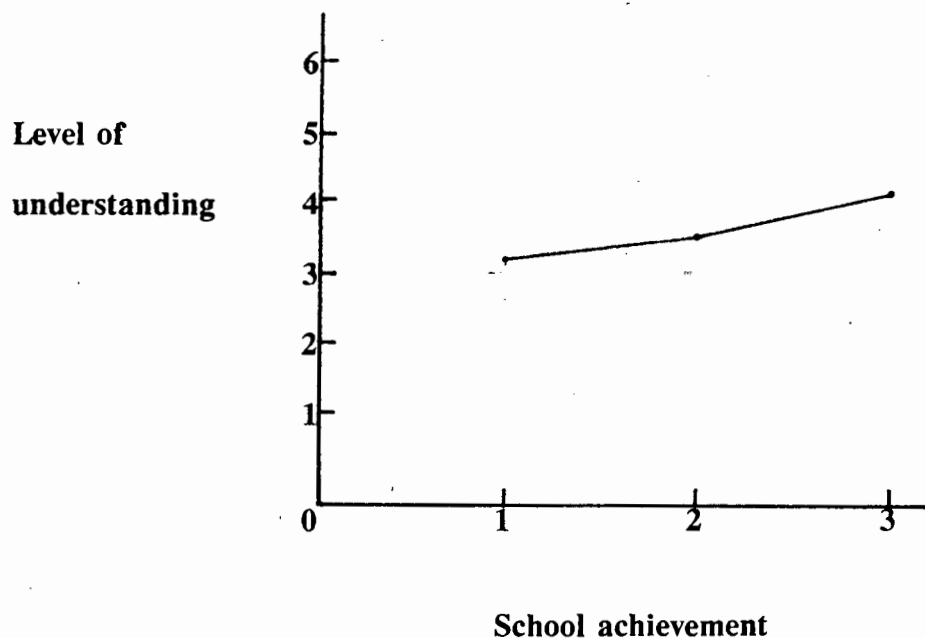
$$N = 72$$

It should be noted that the N as regards schooling achievement is 72 as 18 of the younger subjects did not yet attend school.

Table 6.3.1 reveals that although schooling achievement only accounted for 6% of the variation in scores ($r^2 = 0.06$), it was a significant predictor of the childrens' level of understanding. (Beta = 0.23, P<0.05).

The following figure (6.3.1.1) graphically describes what has been revealed in Table 6.3.1.

Figure 6.3.1.1 **\bar{x} Level of Understanding for School Achievement**



The above figure illustrates that although schooling achievement was a significant predictor of level of understanding the mean level of understanding between the below average, average and above average children was marginal (3.1; 3.4 and 3.8 respectively.) It is evident that school achievement is not as strong a predictor of level of understanding as age.

It was hypothesized that children from middle class backgrounds reach a higher level of understanding at an earlier age than the working class children from the same age group. The above hypothesis was investigated by computing a regression analysis with class as the dependent variable and level of understanding as the independent variable. The results of the analysis can be found in Table 6.4.1.

Table 6.4.1 **Class and level of understanding**

Variable	Beta	T	Significance of T
Class	0.24	2.36	P<0.05

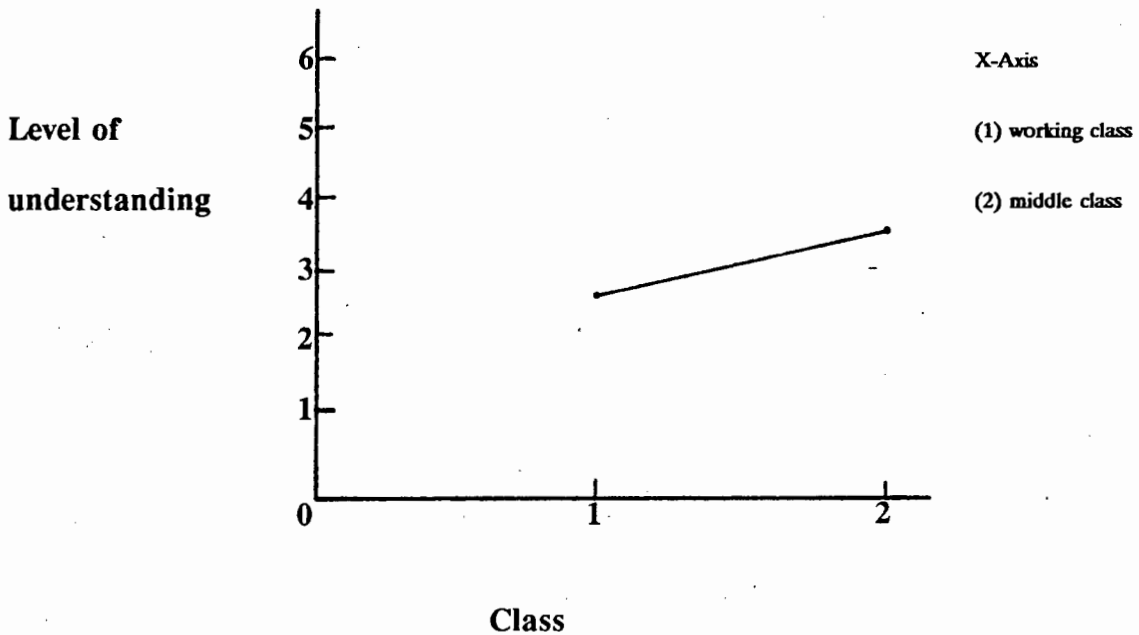
$$r^2 = 0.06$$

$$N = 90$$

As was hypothesized class does significantly predict level of understanding (Beta = 0.24, P<0.05). The single variable of class explains 6% of the variance of the dependent variable ($r^2 = 0.06$).

The following figure (6.4.1.1) graphically describes what has been illustrated in table 6.4.1.

Figure 6.4.1.1 **Graphical description of class and level of understanding**



The above graphical representation (figure 6.4.1.1) confirms that the middle class children reached a higher level of understanding at an earlier age than their working class counterparts (\bar{x} 3.4 and 2.7) respectively.

6.5 EFFECT OF GENDER ON LEVEL OF UNDERSTANDING

It was hypothesized that boys would reach a higher level of understanding at an earlier age than girls. Table 6.5.1 illustrates that the children's gender did not contribute to their level of understanding. (Beta = -0.02, $p > 0.05$).

Table 6.5.1 **Effect of gender on level of understanding**

Variable	Beta	T	Significance of T
Gender	-0.02	-0.17	$P > 0.05$ (N/S)

$$r^2 = 0.00$$

6.6 EFFECT OF TRADE INVOLVEMENT ON LEVEL OF UNDERSTANDING

It was hypothesized that if the child or his/her parents or both parent and child were involved in trading the child would have reached a higher level of understanding than children who were not directly exposed to trading.

To investigate the above hypothesis a regression analysis was conducted with level of understanding as the dependent variable and involvement in trade as the independent variable. The results of the analysis can be found in table 6.6.1.

Table 6.6.1 **Trade involvement and level of understanding**

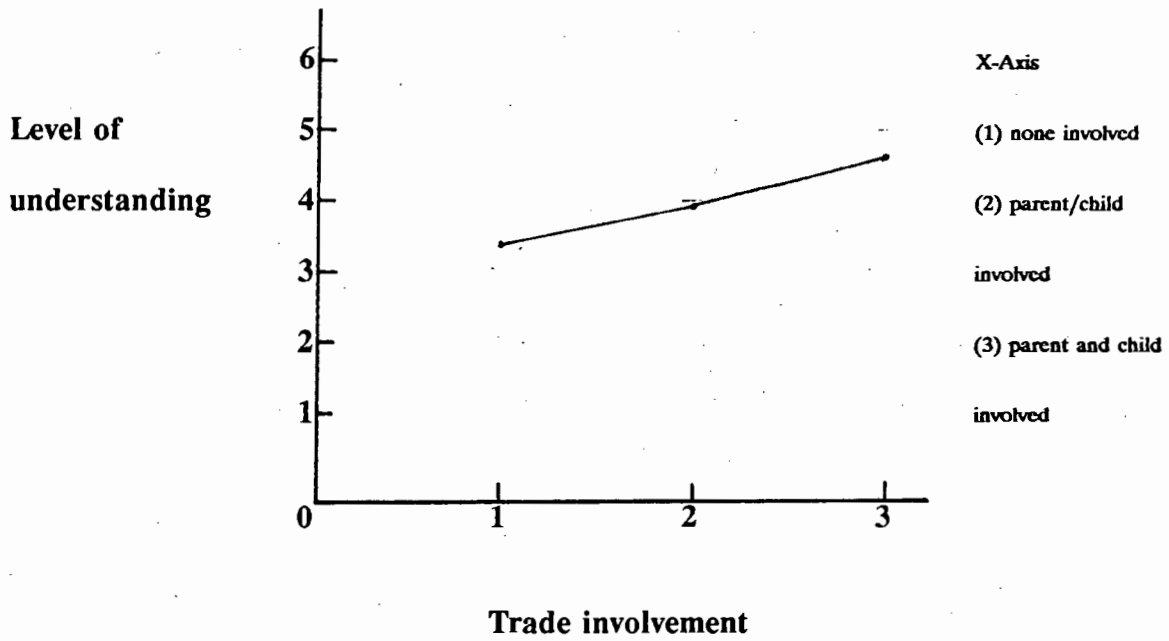
Variable	Beta	T	Significance of T
Trade	0.18	1.73	P<0.05

$$r^2 = 0.03 \quad N = 90$$

As can be seen from table 6.6.1 trade involvement is a significant predictor of the childrens understanding of the bank (Beta 0.18, $p < 0.05$). Involvement in trade, although a significant predictor of level of understanding only accounted for 3% of the variation in scores. ($r^2 = -0.03$). The possible implication for this will be looked at in the discussion section. The following graph (Figure 6.6.1.1) describes what has been illustrated in table 6.6.1.

Figure 6.6.1.1

Trade involvement and level of understanding

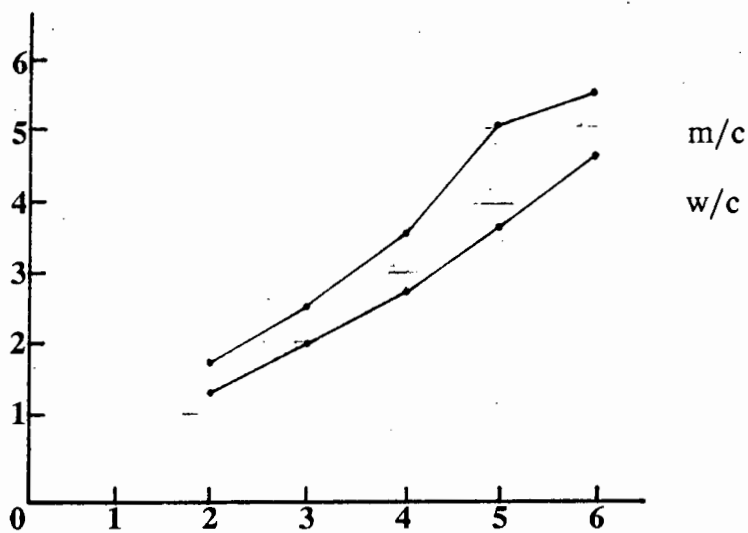


The above graphical representation (figure 6.6.1.1) indicates that when the parent or child or both were involved in trading the child had reached a higher level of understanding than when neither parent or child were involved in trade. (\bar{x} 3.1; 3.4 and 3.8) respectively.

6.7 LEVEL OF UNDERSTANDING FOR AGE GROUPS ACROSS CLASS

It was hypothesized that middle class children would reach a higher level of understanding at an earlier age than their working class counterparts of the same age group. Figure 6.7 confirms this hypothesis.

Figure 6.7 Mean level of understanding for age groups across class



The above figure clearly illustrates children from middle class backgrounds had achieved a higher mean level of understanding at an earlier age than their working class counterparts of the same age group.

6.8 **AGE, SCHOOLING ACHIEVEMENT, CLASS POSITION, GENDER AND
TRADE INVOLVEMENT AS PREDICTORS OF UNDERSTANDING OF
THE BANK**

Table 6.8.1

Sources	Beta	T	Significance of T
Age	0.82	15.31	P < 0.00
Schooling			
Achievement	0.23	4.24	P < 0.00
Class Position	0.28	5.30	P < 0.00
Gender	-0.07	-1.30	P > 0.05 (N/S)
Trade Involvement	0.04	0.77	P > 0.05 (N/S)

N = 72

Table 6.8.1 reveals that when the five independent variables i.e. age, schooling achievement, class position, gender and trade involvement are entered simultaneously the single equation see (Table 6.8.1.1) is a significant predictor of the childrens level of understanding. However, given that the sex of the children was not significant individually the result indicates that age is the strongest determinant in this single equation.

Table 6.8.1.1 Analysis of Variance Table for Regression Equation

Sources	DF	SS	MS	F	Significance of F
Regression	5	82.80	16.56	59.99	P<0.000
Residual	66	18.85	0.29		

$$r^2 = 0.82$$

6.9 CONCLUSION

To reiterate, it was found that:

- The childrens actual age was a significant predictor of their level of understanding. (Beta 0.87, $p < 0.00$).
- Schooling achievement, was a significant predictor of the childrens' level of understanding. (Beta 0.23, $p < 0.05$).
- Class position was a significant predictor of level of understanding. (Beta 0.24, $p < 0.05$).
- Gender was not a significant predictor of level of understanding. (Beta 0.02, $p > 0.05$).

- Involvement in trading was a significant predictor of level of understanding. (Beta 0.18, $p < 0.05$).

- That age was the strongest predictor of level of understanding i.e. older children had reached a higher level of understanding than the younger children. The child's sex was the weakest predictor of level of understanding. Although trade involvement was, on its own a significant predictor of level of understanding, when entered in the single equation against the other independent variables it did not remain a significant predictor.

The implications of these results will be addressed in Chapter 9.

CHAPTER SEVEN

QUALITATIVE FINDINGS REGARDING CHILDREN'S UNDERSTANDING OF THE BANK

7.1 INTRODUCTION

In Chapter 6 the quantitative findings relating to childrens' understanding of the bank were presented. In this chapter verbatim excerpts from the transcripts are used to substantiate and also to shed greater light on the qualitative findings. Although extensive notes and full verbatim excerpts were kept, only a few participants' answers are referred to. The actual ages and class background of the children are indicated where necessary. The working class childrens' answers have been translated from Afrikaans.

7.2 THE RELATIONSHIP BETWEEN AGE AND LEVEL OF UNDERSTANDING

It was hypothesized that older children would have reached a higher level of understanding than the younger children, that is, the older children would most likely be classified as being in level (category) 3 or 4 as opposed to level 1. The quantitative results supported that hypothesis. This section illustrates, by referring to answers which children gave that younger children were at a lower level of understanding than older children.

Young children conceived of the bank as a place where your money will be looked after. Many of them also knew that you can borrow money if you need it.

(What does the bank do with the money?)

Moegamat (5yrs and 9 months), "They lock it up so that the (Sexy Boys) (Gang in Manenberg) cannot steal it."

Elizabeth (5 years and 8 months), "They lock it up there so that my daddy does not need to keep it in the cupboard in his drawer at the office."

On the basis of this "storage", or "safe-keeping" idea, some children imagine that you get literally the same money back as you put in, it being extracted from the safe. From this perspective interest is simply inconceivable.

("Please explain why you would get the same back?")

Sarah (6 yrs 10 mths) "You only get what you put in - they will have to steal to give you more."

Vaughan (6yrs 2mths) "They are not so nice to, give you more, they have to put their money in the church plate."

The personalizing implicitly in Vaughans' reply was common to this age group, especially with regard to loans.

"Please tell me why you give the same back?"

Shireen (6yrs 1 mth) They are not so sly "skelm" to ask more back they are not like the 'skopper' (money lender). They are white people ("wit-mense").

It is evident that the bank is not seen as an economic institution, but rather an institution which provides a service to the community. When it was pointed out to the children that someone has to pay for the running of banks, their ideas about the source of funds are pure fantasy, and also totally unrelated to the functioning of the institution as is apparent from the following answers to the question "Where does the bank get the money?"

"From a bank in Cape Town,"

"From the rich people,"

"From the boss of the bank."

On examining the next age groups' responses it is observed that the main difference between their responses and these of the younger children is that they were familiar with the term "interest" or were aware that you get more back, if you leave your money in the bank for some time.

"Explain why you get more back?"

Linda (6 yrs 8 mths), "Because they have kept it for one year and it became more."

Wayne (6 yrs 8 mths), "Because of interest" ("What is interest?")

"I don't know .. they said so on the T.V. ..."

On close examination of the responses it is evident that certain of the children in this category (i.e. 2) had not really advanced beyond the thinking of category (1).

The majority of children of this age i.e. group (6-6 yrs 11 mths) displayed an awareness that the bank does not just lock the money away, but uses it in various ways.

Maria (6yrs 11mths) ("What does the bank do with the money?")

"They use some money to put things in the bank -
the bank has a big clock and also flowers on the
counter."

A substantial number of children in the next age group (7-7yrs 11 mths) showed a grasp of the link between interest and the uses made of the money.

("Explain having to give back more")

Sheena (7yrs 10mths) "You have to pay them for giving you money when you needed it."

Trevor (7yrs 10mths) "They give you interest and you give them interest."

There was also a sharp decline in fantasy answers to the question: how the bank gets its necessary money. Although the answers were still not correct, it began to be recognised as a problem and attempts were made to cope with it.

("How does the bank get its money?")

"From the rent we pay." (William 7yrs 11 mnths)

"Perhaps the bank manager has a video shop, and the people pay him for the videos." (Luke, 7yrs 10 mnths).

Children classified as being in category 5 (age approximately 10-11 yrs 11 mnths) had made two major advances compared to their younger counterparts, the first being the growing understanding that a bank has to make a profit. The second is a resolution of the imbalance between personal versus institutional relationships. Personal norms have not been completely abandoned however. In fact, this may well be the obstacle preventing subjects from recognising the possibility of making a profit from loans. This leads them to struggle in search of other sources in answer to the question as to where the bank gets its money.

("Where does the bank get money?")

"From their profits - they get profits from selling their names on the T.V." (Wesley 10 yrs 2 mnths).

"They buy the whole building, and then sell for example, the jewellery shop in the building to Sterns - like in Town." (Mandy 11 yrs 10mnths).

"They give you interest and we have to give them interest, when they give us money - we give them more money." Beth (11 yrs 8 mnths).

It is apparent how close these children were to making the final step towards differential a interest charges; not yet having reached this level of understanding, they looked towards extraneous sources of income.

Although none of the children had reached category 6 (i.e. interest more for loans - profit fully understood) it could be said that they had at least achieved partial understanding.

For children to have fully understood the diverse activities of a bank they should have been able to clearly say that a bank gets its money by charging more for the use of loans and investment in the markets.

It was hypothesized that middle class children would reach a higher level of understanding at an earlier age than their working class counterparts.

Although the quantitative analysis indicated that the socio-economic variable did account for a difference regarding childrens' level of understanding the content of childrens' answers were in itself revealing.

("What does the bank do with the money.")

- "They look after it - then my daddy cannot buy at the Shebeen." (Wade 6 yrs 1 mnth)

- "They keep it for the end of the year - then we go to Sun City with the money." (Mama, 6-6 mths middle class).

The above answers clearly illustrate that although these children are classified as having reached the same level of understanding - their answers reflect the community which they came from.

("Please explain why you get the same back?")

Sarah (7yrs 2mnths - m/c) "You get what you give, nothing for nothing."

Vernon (7yrs 7mnths w/c) "You get the same back, they are not "skoppers" ("money-lenders") like Mr ...").

The following excerpts illustrate the difference in levels of understanding between children from different class backgrounds but who are from the same age group.

Glenn (7yrs 11mnths) "Explain why you get more back."
"Because you put more and more
and we know them."
Guy (7yrs 10mnths m/c) "Because of interest and adds."
"What is interest" - "I don't know."

The above illustrates that both the children do not fully understand the workings of the bank but Guy has definitely reached a higher level of understanding than Glenn.

7.4 **SCHOOLING ACHIEVEMENT AND LEVEL OF UNDERSTANDING**

It was hypothesized that children who had been classified as of above average schooling achievement, would have reached a higher level of understanding than children from the same age group but a different level of schooling achievement.

The following excerpts highlight this marginality, in that all three children although from different levels of schooling achievement had reached the same level of understanding.

"The bank has to ask more money for loans."

Jenny (11yrs 3mnths) (Above average).

They buy property and rent it out."

Trish (11yrs 0 mnths) (Average).

"They give loans, and we give them more money back, mostly."

Suzane (11yrs 2mnths) (Below average).

"From interest", What is interest? "money made."

7.5 INVOLVEMENT IN TRADE AND LEVEL OF UNDERSTANDING

The quantitative results indicated that involvement in trading to be a significant predictor of childrens' understanding of the bank.

The following excerpts are interesting as well as revealing.

"Supposing I put R100 into a bank, and after one year I take my money out again: would I get back more, less or the same?"

Tammy (11yrs m/c) "Are you going to put it in a cheque account or the Perm's (both parent and child in trade) Blue book, the Blue book is better ... more interest, but you must remember that you have to leave it there for 1 whole year."

Peter (10yrs w/c) (child involved in trade) "You will have to get more, that is why you use the bank in the first place. Then after the year is up, you get more money and can then "smous" (sell at Elite supermarket) and here near the mobile shop."

The above two excerpts are representative of children who were involved in trading. They at times not only queried the type of account but also mentioned what could be done with the money after 1 year.. Mention was often made that the money could be used to expand their existing sphere of business (trade).

7.6 CONCLUSION

It is once again interesting to note how revealing the actual content of childrens' answers can be. Possible implications will be referred to in the discussion of results section.

CHAPTER EIGHT

CHILDRENS' EXPLANATIONS FOR POVERTY

8.1 INTRODUCTION

An area which has been relatively overlooked in previous research is the explanations that children devise for poverty. While this issue has been studied with adolescents (Furnham, 1982; Stacey and Singer, 1985) and a sample which included both children and adolescents (Leahy, 1981) as far as the writer could determine only Danzinger (1958) and Emler and Dickinson (1985) has devoted attention solely to the explanations for poverty found among pre-adolescent and primary school children. The researcher is also not aware of any study carried out in South Africa which attempts to explore South African children's explanations for poverty.

This section of the present research is viewed as purely exploratory. It was therefore decided not to set out any hypotheses, but only to identify the factors which may be significant predictors of the childrens' different explanations for poverty.

Before setting out the procedure which the researcher employed a brief overview of certain psychological theories for the causes of poverty are presented.

Furnham and Lewis (1986) assert that for a number of reasons the psychological theories regarding poverty are in fact 'poor' theories. The limitations of this thesis preclude the writer from discussing these reasons in detail. In the following section four psychological theories (hypotheses) of poverty are briefly outlined.

8.2.1 Locus of control theory

Locus of control theory is very popular in the field of cognitive social psychology (Furnham & Lewis, 1986). According to this theory persons who are of the opinion that their life situation is a consequence of their own actions (behaviour, personality) would be deemed to have an "internal locus of control." Persons who assert that events in their lives are beyond their control, (i.e., controlled by chance, a supernatural being, luck, etc.) are seen to have an external locus of control. A number of studies have suggested that disadvantaged groups in society have external locus of control beliefs (Furnham & Lewis, 1986).

8.2.2 "Just world" theory

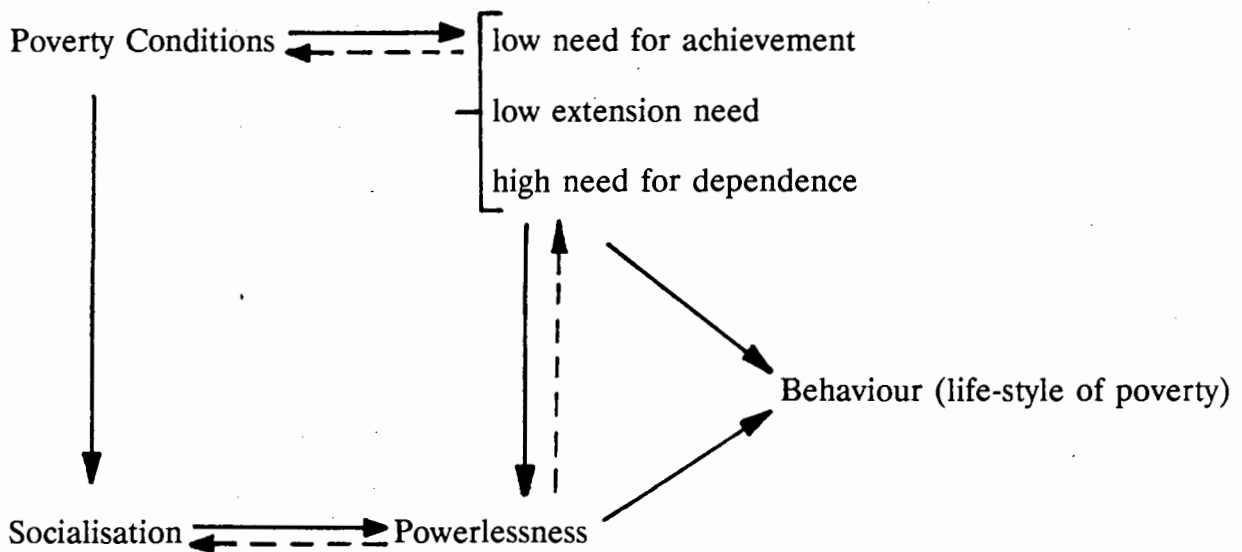
According to the just world hypothesis individuals have a need to believe that they live in a world where people get what they deserve (Lerner, 1980). This belief enables the individual to confront society as if it were stable, orderly and just. If people believe in a just world for themselves and others, they tend to blame the victims of misfortune or disadvantage for their fate.

Related beliefs like the protestant work ethic, conservatism and anomie, overlap and function in a similar way to the "just world" and the "locus of control" hypotheses, in the sense that external locus of control/unjust world beliefs/low protestant work ethic, all are viewed as possibly contributing to keeping the poor in poverty (Furnham & Lewis, 1986).

8.2.3 Achievement motivation theory

Pareek (1970) as cited by Furnham & Lewis (1986) has suggested that a conceptual relationship between poverty and motivation exists. He provided the following paradigm for the culture of poverty (Figure 8.A) as cited by Furnham and Lewis (1986).

Figure 8A Achievement motivation related to poverty



Furnham & Lewis (1986, p. 85) however assert, "... the literature is highly equivocal indicating that achievement motivation is often high in poor countries (e.g. India) and low in rich countries (e.g. Germany)."

8.2.4 Time orientation and immediate gratification theory

The time orientation theory basically asserts that people who predominantly prefer immediate gratification would most likely be 'poor' people. They thus do not choose larger delayed rewards which they have to wait or work for (Mischel, 1981). All studies do not however, support the correlation between delay of gratification and poverty (Furnham & Lewis, 1986).

8.2.5 Overview of theories

The psychological theories reviewed are individual personality theories and do not seem appropriate for understanding the dialectical relationship between the individual and the economic and social systems. Theorist's who might provide more adequate explanations for poverty include (Perlman, 1976; Polansky, Bergmann & De Saix, 1972; Setai, 1979; Waxman, 1977).

8.3 **PROCEDURE FOR EXPLORING CHILDRENS IDEAS**

As has been mentioned previously the question regarding all three sections of this study, i.e., profit, bank and poverty were put to the children in one interview. Questions relating to explanations for poverty were not put to the youngest group of children, i.e., (4 - 4 years 11 months). A total of 90 children (same sample as for bank) were questioned regarding their explanations for poverty.

The following questions were put to the children:

- (1) When are people rich/poor?
- (2) Why are people poor?

It was decided to only present verbatim excerpts of children's answers to the first question, i.e., "When are people rich/poor?" Answers to the second question, i.e., "Why are people poor?" - were coded into the following three categories:

- (i) divine
- (ii) structural
- (iii) personal.

The following excerpts provide examples as to which category the child's answer was classified into.

The answers quoted are actual answers given by children.

A. Divine

- "People are poor because God made them like that."
- "People are poor, because everybody cannot be rich."

B. Structural

- "People are poor because of apartheid"
- "People are poor because of the 'boere'."
- "People are poor because Mandela's in jail."
- "People are poor because people came from the farms in Upington and live in Cape Town and cannot find work."

C. Personal

- "People are poor because they are lazy."
- "People are poor because they just want wine and pills."
- "People are poor because they do not want to study."
- "People are poor because they are sick and stay at home."

8.5 STATISTICAL ANALYSIS UTILISED

To test for significant predictors of explanations for poverty a regression analysis was performed with explanations for poverty as the dependent variable and entering age, gender, class position, involvement in trade, schooling achievement, understanding of banks

and understanding of shop-profit as the independent variables. The step-wise procedure was employed in order to exclude all the non-significant predictors for explanations for poverty.

Table 8.5.1 **Variables in the equation**

Variable	Beta	T	Significance of T
Profit	0.28	2.5	P<0.01
Class	0.23	2.01	P<0.05

Table 8.5.2 **Variables not in the equation**

Variable	Beta	T	Significance of T
Banks	-0.06	-0.36	P>0.05 N/S
Age	-0.06	-0.35	N/S
School	-0.16	-1.42	N/S
Trade	-0.03	-0.25	N/S
Gender	-0.10	-0.87	N/S

Table 8.5.3**Analysis of variance regression equation for profit and class**

Source	DF	SS	MS	F	P
Regression	2	6.96	3.5	5.0	P<0.00
Residual	69	47.7	0.69		

$$r^2 = .2$$

$$N = 90$$

8.6 RESULTS REGARDING EXPLANATIONS FOR POVERTY

The results indicate that the participants understanding of shop profit and their class position are the only significant predictors of explanations for poverty. (See Table 8.5.1).

The results thus indicate, that as childrens' understanding of profit increases they are more likely to make personal explanations for poverty, and secondly, that middle class children are more likely to make personal explanations for poverty than are working class children, i.e., a more liberal humanist view (internal locus of control).

In addition to this both class position and an understanding of profit when combined also significantly predict explanations for poverty, i.e., working class children with low levels of understanding of profit make the most divine/structural explanations for poverty (external locus of control) and working class children with higher levels of understanding of profit make the most personal comments (i.e., more liberal humanist views).

The following are examples of the answers which, children gave to the question: "When are people rich? / When are they poor?"

Vanessa 5 years 4 months. (Working class). "People are rich when they eat meat everyday and they are poor when they have no food in their houses."

Bertram 6 years 5 months. (Working Class). "People are rich when they buy lots of groceries and have decoders. They are poor when they have to lend money for food."

Gail 7 years 11 months. (Middle Class). "People are poor when they come and ask for bread at your house and they are rich when they have a double garage and a pool ... and a ... time-share."

Farrell 10 years 6 months, middle class. "People are rich when they have a caravan, when the mother and father has a car and a double storey house."

Kathy 10 years 4 months, working class. "People are rich when they shop in town at Pick 'n Pay and when they have a car."

8.7.1. Overview of verbatim excerpts

The verbatim excerpts suggest that the children have very different ideas regarding what it means to be rich and what it means to be poor. Their ideas are obviously reflections of their material conditions. To children from middle class backgrounds wealth meant an accumulation of material goods, while for the working class children it meant basically surviving, "food to eat everyday."

It is also interesting to note that although the majority of children measured wealth in material terms two working class children and one middle class child referred to wealth in "spiritual terms."

"You are rich when you know God loves you." (Ray, 7 yrs 7 mths, w/c).

"Everybody is rich because Jesus died on the cross." (Henry, 10 yrs 10 mths, m/c).

"You are rich when you know Jesus as your very special friend." (Keith 10 yrs 9 mths, w/c).

Researchers have suggested that the church functions as a support system which provides a buffer against stressors (Brown & Lowe, 1951; Moberg, 1962). With regard to the present research it could imply that persons make use of religion to help them cope with their social circumstances. This is an interesting possibility which requires further research.

CHAPTER NINE

CONCLUSIONS AND DISCUSSION

9.1 INTRODUCTION

Throughout the previous chapters the course of the present study has been described. The relevant literature has been reviewed, the methodology expounded and the results made explicit. In this, the final chapter of this work, the findings will be interpreted with particular reference to the implications for future research, and bearing in mind the limitations of this study.

9.2 CHILDREN'S UNDERSTANDING OF SHOP-PROFIT

9.2.1 Age effects on level of understanding of shop-profit

A regression analysis was conducted with level of understanding as the dependent variable and each age group as the independent variable. The children's actual age was found to be a significant predictor of their level of understanding.

The results demonstrate that there is a steady progression in stages of societal thinking and concept formation which seem to correlate strongly and positively with age. This

developmental sequence in economic conceptions of South African children is generally in accord with reported findings on the development of economic concepts in Western and non-Western children (Berti and Bombi, 1981; Danzinger, 1958; Furth, 1978; Hong Kwang and Stacey, 1981; Leahy, 1981; Stacey, 1982). This shift with age toward more complex and differentiated levels of conceptualization is noted, although the ages of children producing these types of responses overlap to a certain extent. It has been pointed out by Davidson, Kitchner and Parker (1980) that the concept of ordered developmental stages can be preserved without assuming that subjects reason at the same stage regardless of the situation.

Scrutinising the answers which children at different levels of understanding offered (see chapter 4) it is evident that the children's thinking and concepts showed a qualitative rather than quantitative development, i.e., their concepts and frameworks changed and they understood and made sense of various transactions and relationships in a different mode from one level to the next, rather than merely building on one concept and framework with an accumulation of knowledge.

If we accept that the understanding of the notion of profit is the specific criterion for level 5 thinking, it raises the question as to why this particular concept is difficult to grasp, even for children who understand arithmetic and the concept of paying for goods. Furth (1980) proposes that children have difficulty separating the personal and societal spheres. The children gradually recognise the societal function of money and there is increasing awareness of the societal, in contrast to the personal use of money. Inherent in the concept

of profit is societal money reverting to personal use, and it appears that the children have difficulty in reconciling this fact with their understanding of there being two separate spheres, the personal and the societal, which must now be co-ordinated and integrated in order to understand profit.

It is interesting to note that in many instances children's responses at level of understanding were expressed in almost exactly the same words in this study as have been reported in previous studies. What is also revealing is the fact that younger children in this study reached a higher level of understanding at an earlier age than the South African children from Robinsons (1983) study who were from a different population group. In Robinson's study the approximate age for children in level one was (4 years 11 months - 6 years 2 months) while in this study the approximate age for children in level one was (4 - 4 years 11 months). It should be noted that not enough is known regarding the background of Robinson's participants to offer any definite interpretation. A possible interpretation is that in South Africa the 'white' population is richer than the 'coloured' population (see Patel, 1984) and subsequently their economic, social and political experiences are different. The latter viewpoint would by implication mean that South African children from the same social class but who are from different population groups understanding of economic phenomena would differ partly due to the fact that they are immersed in vastly different social worlds. This idea is speculative and requires further research. It would be interesting to replicate a study of this nature on children from poverty stricken communities in South Africa like Crossroads.

Comparing these results to studies conducted amongst English and Scottish children it is interesting to note that, "most English and Scottish children aged between nine and ten were utterly at sea when faced with the problem as to how a shop functions" (Jahoda, 1983, p.119). African children however were found to understand the profit notion at the age of approximately nine years old (Jahoda, 1983). These results suggest that these South African children do not lag behind western children in their understanding of certain social concepts.

Whereas some researchers would offer a cognitive maturational approach to explain the growth of economic concepts, and others emphasize the role of economic experience, the present researcher believes that both these approaches are relevant in attempting to explain how children come to understand economic phenomena.

9.2.2

Effect of school achievement on understanding of shop profit

The statistical analysis conducted did not find the children's school achievement to be a significant predictor of their level of understanding. The verbatim excerpts presented in chapter four further substantiated this finding.

A possible reason for the above finding could be that their performance in their two most recent school examinations is not an objective reflection of their level of schooling achievement/ability. Another interpretation in that activities and understanding related to

shop profit fall within their everyday experiences while many concepts examined in school examinations are almost 'foreign' to them. This idea that human cognition interacts with social experience has been pointed out by a number of researchers (Buck-Morss, 1979; Furth, 1978; Stacey, 1982). These results suggest that children are relatively more successful in an area related to their everyday experiences.

9.2.3 Effect of class on level of understanding shop-profit

The qualitative analysis did not reveal class position to be a significant predictor of the childrens' understanding of shop profit. However, the children from a working class background reached a higher level of understanding at an earlier age than their middle class counterparts (See figure 3.4.11).

The writer believes that this points to a difference in social experience regarding "shopping", in the sense that the working class child is sent to buy goods at the shop more often than the middle class child. The researcher did observe that the younger working class children not only went to the shops more frequently than the middle class children but they would be unaccompanied by an adult. They were thus responsible for buying goods as well as asking for change, etc. This responsibility possibly made them more aware of the workings of the shop. This result is in line with Bovet (1974) who also found a higher level of reasoning among Algerian children and adults for concepts closely linked to daily activities.

The verbatim excerpts illustrate that although the effect of class did not show overall variation in their level of understanding, its contribution was apparent particularly in relation to specific content domains (see chapter 4).

There is an alternative explanation as to why social class was not a significant predictor of level of understanding of shop profit. From the perspective of Moscovici's (1984) social psychological theory of knowledge, if social class does influence beliefs it will do so to the degree that different social classes constitute distinctive social environments, that is, to the degree that children in different social classes are immersed in quite dissimilar social worlds. It could thus be argued that the children in the sample, although from different social classes are not from dissimilar social worlds in the sense that both groups are from a politically disadvantaged section of the South African population e.g., both groups are affected by the Group Areas Act, school boycotts, voting rights, etc.

It would be appropriate to carry out a study of this nature on children who are not only from a different economic environment but also from a different political environment e.g., between 'white' middle class children and black working class children.

9.2.4

Effect of trade on level of understanding

Involvement in trade was conceptualised as either the parent or the child or both being involved in the buying and selling of goods. Although, "the importance of relevant experience has come to be recognised by Piaget himself" (Jahoda, 1983, p.113) the results of this study did not reveal trade experience to be a significant predictor of the childrens' understanding profit. This is in conflict with Jahoda's (1983) study which found that children who were involved in trading had mastered the concept of profit at an earlier age than the non-trading children.

The fact that only a minority of the children or parents in this study were involved in trade could possibly account for the lack of significance. A study where more children are directly exposed to "trade involvement" could possibly yield different results. The verbatim excerpts are however, revealing, being suggestive of the idea that personal involvement in trading contributes to their advancement in this field. The role of parental models is not very clear and needs further research.

9.2.5

Effect of gender on level of understanding of shop profit

Gender was found to be the least significant predictor of level of understanding of shop profit. It was however noted that at times the girls appeared to be less confident than the boys (see section 4.6). This could be attributed to the different socialization practices which girls and boys are exposed to (Heath, 1982; Smith, 1985; William & Giles, 1978).

A multiple regression analysis indicated that age is the strongest predictor of level of understanding of the bank. As has been indicated in Chapter 8 children progressed from a level where they see the bank as merely a place that stores money to a level where they realised that interest was charged on loan and deposits. However none of the children reached a full level of understanding of the bank (i.e., level 6). This is in accordance with Jahoda (1981) (cited in Furnham & Lewis, 1986) where children only reached a full understanding of the bank at the age of 14.

The results also indicate, in accordance with Jahoda's study, that knowledge of profit was a necessary but not sufficient condition for the understanding of the bank. The qualitative results also indicate that certain children initially believed that "you get back more for deposits", - on being questioned as to how the bank obtains money for paying interest, they were unable to provide an adequate explanation. However, those same children correctly responded to a later question, that you pay back more for loans, but also correctly believed that interest for loans were higher than for deposits.

A possible interpretation for this which could be explored is that certain questions might have acted as "schooling". The Russian school in the Vygotskian tradition (see Section 1.2.1.4) extols the value of schooling in the developmental process. Briefly, as explained

earlier in this research, Vygotsky (1979) holds that developmental processes and learning processes do not coincide, development lagging behind learning. This sequence results in zones of "proximal development" where the functions lie in an embryonic state. With leading questions the child can be shown how the problem should be solved. Could the question which provided an opportunity for them to restructure their ideas provide this type of cue? This is an interesting possibility which requires further research.

9.3.2

Effect of class on level of understanding of the bank

Class was found to be a significant predictor of children's level of understanding of the bank. The middle class children achieved a higher level of understanding at an earlier age than the working class children. The results suggest that, as far as bank activities are concerned, the children from Manenberg (working class) and Elfindale (middle class) were immersed in two different social worlds. The verbatim excerpts illustrated that while many of the children from working class backgrounds had only 'heard' of banks the middle class children had their own banking accounts and also had a certain amount of control of the account.

"Every Saturday I bank R10 in my Bob-T card, I learnt my number, and then I draw the money, which is more when it is my birthday." (Sue, 7 years 8 months, middle class).

Jahoda (1983) argued that certain forms of social knowledge, are heavily information-dependent. He proposed that middle class children would be more sophisticated in their appreciation of certain economic matters than their working class peers essentially because they are better informed; they inhabit an environment that is richer in the relevant information. The latter interpretation offered by Jahoda is an appropriate interpretation for the present results.

9.3.3 Effect of trade on level of understanding of the bank

A step by step regression-analysis with "involvement in trade" as the independent variable and level of understanding as the dependent variable indicated involvement in trade to be a significant predictor of their level of understanding. This suggests that children who were involved in trade had more 'need' to deal directly or indirectly with the bank. Although a significant predictor of understanding level, it only accounted for 3% of the variation in scores. ($r^2 = 0.03\%$).

However, when the five independent variables were entered simultaneously in a single equation, trade involvement loses its significance (see table 6.8.1).

The possible reasons for this is the same as suggested in section 9.2.4. that is, only a limited number of the participants or their parents was involved in trading.

It was hypothesized that schooling achievement is a significant predictor of the child's level of understanding. The results revealed that although schooling achievement only accounted for 6% of the variation in scores ($r^2 = 0,06$) it was a significant predictor of the childrens' level of understanding. The mean level of understanding between the three levels of schooling achievement was however marginal (see figure 6.3.1.1).

It is possible that schooling achievement is a significant predictor of level of understanding for understanding of the bank, but not for the understanding of shop profit as the bank is not only more complex but is also remote from children's daily experience (Ng, 1983).

Caution should however be applied when interpreting these results regarding school achievement and understanding of the bank because, as previously suggested (section 9.2.2), their performance in their two most recent school examinations might not accurately reflect their schooling ability/achievement.

CHILDREN'S EXPLANATIONS FOR POVERTY

The results indicate that as childrens' understanding of profit increase they are more likely to make personal explanations for poverty. As they grow older middle class children are more likely to make personal explanations for poverty than are working class children.

The results suggest that differences in age and social class background can be associated with very different beliefs about the causes of poverty in society. In particular, the middle class children in this study appeared to believe that inequalities are the result of 'laziness', or lack of education, while the working class children mentioned factors beyond their control eg, luck, God, etc. According to the locus of control theory, the children who mentioned 'divine' reasons (luck, etc.) for poverty would have an external locus of control. These findings support previous research which has suggested that disadvantaged groups in society have external locus of control beliefs (Furnham & Lewis, 1986). These class differences in explanations are also in accordance with Furnham's (1982) study where public school boys who were predominantly middle class cited more individualistic (personal) reasons for poverty.

The finding that older children cite more personal as opposed to structural or divine answers for poverty also concurs with Cummings and Taebel (1978) study of American children's economic socialization. They suggest that the process progressively orients children to a favourable view of the prevailing capitalist economic relationships and structured social inequality. Furthermore, Stacey (1982, p. 168) reports that the general developmental trend in the concept of social inequality discussed in the literature indicates that "with increasing age children come to believe in the legitimacy of extremes of income and riches as a natural part of social life."

The children's class position is further linked to a number of conceptual variations evident between the two social classes. The concept of poverty is an example in which contextual

and relational determinants are evident in the meaning of poverty for each group. For example, certain features of poverty, such as complete destitution, are mentioned only by the working class children. Another class difference is illustrated by the significant emphasis middle class children place on "studying", as a reason for not being 'poor'.

"People are poor because they did not want to learn their school work" (June 9 years, middle class).

"People like uncle are poor because when my daddy had to walk far to school they rather played soccer - now he has lots of diplomas." (Paul 10 years 6 months, middle class).

This emphasises the value placed on the acquisition of certain skills through education. Advantaged children belong to what Levi Strauss has called (as cited by Cole and Bruner, 1974) a "subculture ... with respect to access to the (cultures) major amplifying tools". Education is thus an important "amplifier" for the advantaged children.

9.5

LIMITATIONS OF THE PRESENT STUDY

The findings of this research have been discussed in detail and it is therefore necessary and appropriate to consider the limitations of the study.

The subjectivity inherent in the research methods, the coding categories utilised, the limited 'control' of cognitive maturational level, the age range of the children, are some of the factors that affected the research procedures, analyses and findings. Although following the precedents of previous research reported in the literature, these methodological limitations need to be taken cognisance of when viewing both the results and the discussion.

In short, the present study suffers limitations with regard to the nature of the sample, the procedure utilised and the analysis of the data itself.

Despite this, it is argued that the findings of the present research are of considerable significance to the field of children's economic socialization, bearing in mind that a comprehensive study of this field has not been previously attempted in South Africa. The following by Cowen et al (1963, p. 310) as cited by Lazarus (1983, p.189) is very appropriate: "one can wait for many years until the 'ideal' study can be carried out, or one can proceed as best possible within the realistic limitations imposed by the framework of available resources to provide leads and foci for future investigation; and to sharpen appraisal techniques."

It would be both interesting and important to replicate a study of this nature on a sample of children from a range of social circumstances which reflect the differing realities in access to education, material security, and economic experiences which exist in contemporary South Africa.

The age range of children should be extended to include adolescents as none of the children in the sample reached a full understanding of the workings of the bank. One wonders when these children will reach this level. Further work with older age groups will thus be needed.

It would be valuable to trace the "growth" of the children in this study - in terms of when or if they reach an "adult" understanding of economic concepts.

A formal intervention programme which is aimed at increasing children's economic understanding should be developed, instituted and the effect of it on children's understanding evaluated.

In this study, a great deal of data was collected and, for the purposes of this research, only certain analyses were conducted. This leaves many other possibilities for interpreting the data to extend knowledge of South African children's economic understanding and perceptions.

It is hoped that this exploratory study has laid the foundation that will encourage further investigation into this relatively unexplored area of research.

REFERENCES

- Bandura, A. (1977). Social learning theory. New Jersey: Prentice-Hall.
- Berti, A., & Bombi, A. (1981). The development of the concept of money and its value: A longitudinal study. Child Development, 52, 1179-1182.
- Berti, A., Bombi, A., & Lis, A. (1982). The child's conception about means of production and their owners. European Journal of Psychology, 12, 221-239.
- Berti, A. (1988). The development of political understanding in children between 6-15 years old. Human Relations, 6, 437-446.
- Berti, A., & Beni, R. (1988). Prerequisites for the concept of shop profit: Logic and memory. British Journal of Developmental Psychology, 6, 361-368.
- Bovet, M.C. (1974). Cognitive processes among illiterate children and adults. In W.W. Berry & P.R. Dasen (Eds.), Culture and cognition: Readings in cross-cultural psychology. London: Methuen.
- Bronfenbrenner, U. (1979). The ecology of human development. Cambridge: Harvard University Press.

- Brown, G., & Lowe, W.L. (1951). Religious beliefs and personality characteristics of college students. Journal of Social Psychology, 33, 103-129.
- Bruner, J., & Goodman, C. (1947). Value and need as organising factors in perception. Journal of Abnormal and Social Psychology, 42, 33-42.
- Buck-Morss, S. (1979). Socio-economic bias in Piaget's theory: Implications for cross-cultural studies. In A.R. Buss (Ed.), Psychology in social context. New York: Irvington.
- Burris, V. (1983). Stages in the development of economic concepts. Human Relations, 9, 791-812.
- Cilliers, S.P. (1963). Coloureds of South Africa. Cape Town: Banier.
- Cole, M., & Bruner, J.S. (1974). Cultural differences and inferences about psychological processes. In J.W. Berry & P.R. Dasen (Eds.), Culture and cognition: Readings in cross-cultural psychology. New York: Irvington.
- Crain, W.C. (1985). Theories of development: Concepts and application. (2nd ed.). New Jersey: Prentice-Hall.
- Critical Health. 1989. Progressive participatory research: Stress factors in Manenberg. 28, 59-65.

Cummings, S., & Taebel, D. (1978). The economic socialization of children: A neo-Marxist analysis. Social Problems, 26, 198-210.

Damon, W. (1979). Why study social cognitive development? Human Development, 22, 206-211.

Danzinger, K. (1958). Children's earliest conception of economic relationships. Journal of Social Psychology, 47, 231-240.

Dasen, P.R. (1974). Cross-cultural Piagetian research: A summary. In J.W. Berry & P.R. Dasen (Eds.), Cultural and cognition: Readings in cross-cultural psychology. London: Methuen.

Dasen, P.R. (1977). Are cognitive processes universal? A contribution to cross-cultural Piagetian psychology. In N. Warren (Ed.). Studies in cross-cultural psychology, (Vol. 1). London: Academic.

Davidson, M.L., P.M., Kitchner, K.S., & Parker, C.A. (1980). The stage sequence concept in cognitive and social development. Developmental Psychology, 16, 121-131.

Emler, N., & Dickinson, J. (1985). Children's representation of economic inequalities: The effects of social class. British Journal of Developmental Psychology, 3, 191-198.

- Flavell, J.H. (1985). Cognitive development. (2nd ed.). New Jersey: Prentice-Hall.
- Furnham, A. (1982). The perception of poverty among adolescents. Journal of Adolescence, 5, 135-147.
- Furnham, A., & Gunter, B. (1984). Just world beliefs and attitudes towards the poor. British Journal of Social Psychology, 23, 265-269.
- Furnham, A., Bond, M. (1986). Hong Kong Chinese explanations for wealth. Journal of Economic Psychology, 7, 447-460.
- Furnham, A., Lewis, A. (1986). The economic mind: The social psychology of economic behaviour. New York: St. Martin's Press.
- Furnham, A. (1987). School children's perception of economic justice: A cross cultural comparison. Journal of Economic Psychology, 8, 457-467.
- Furnham, A., & Cleave, A. (1988). School children's conceptions of economics. Journal of Economic Psychology, 9, 467-479.
- Furth, H., Baur, M., & Smith, J. (1976). Children's conception of social institutions: A Piagetian framework. Human Development, 19, 351-374.

Furth, H. (1978). Young children's understanding of society. In H. Gurk (Ed.), Issues in childhood social development. London: Methuen.

Furth, H. (1980). The world of grown-ups: Children's conceptions of society. New York: Elsevier.

Heath, S. (1982). The sexual fix. London: MacMillan.

Hong Kwang, R., & Stacey, B. (1981). The understanding of socio-economic concepts in Malaysian Chinese school children. Child Study Journal, 11, 33-47.

Jahoda, G. (1979). The construction of economic reality by some Glaswegian children. European Journal of Social Psychology, 9, 115-127.

Jahoda, G. (1983). European 'lag' in the development of an economic concept: A study in Zimbabwe. British Journal of Developmental Psychology, 1, 110-120.

Jahoda, G., & Woerdenbagch, A. (1982). The development of ideas about an economic institution: A cross-national replication, British Journal of Social Psychology, 21, 337-338.

Lambert, W., Solomon, R., & Watson, P. (1949). Reinforcement and extinction as factors in size estimation. Journal of Experimental Psychology, 39, 637-641.

- Lazarus, S. (1983). From alienation and estrangement to power and community in South African black education: A community psychology approach. Unpublished Master's dissertation, University of Cape Town.
- Leahy, R. (1981). The development of the conception of economic inequality: Descriptions and comparisons of rich and poor people. Child Development, *52*, 523-532.
- Leiser, D. (1983). Children's conceptions of economics: The constitution of a cognitive domain. Journal of Economic Psychology, *4*, 297-317.
- Lerner, M. (1980). The belief in a just world: A fundamental delusion. New York: Plenum Press.
- McClelland, D. (1961). The achieving society. Princeton, New Jersey: Van Nostrand.
- McCurdy, H. (1956). Coin perception studies and the concept of schemata. Psychological Review, *63*, 160-168.
- Mischel, W. (1981). Introduction to personality. New York: Holt, Rinehart & Winston.
- Moberg, D.O. (1982). The church as a social institution. Englewood Cliffs: Prentice-Hall.

- Morris, A. (1985). Schooling, culture and class: A study of white and coloured schooling and its relationship to performance in sociology at the University of Cape Town. Unpublished Master's dissertation, University of Cape Town.
- Moscovici, S. (1984). On social representations. In R. Farr & S. Moscovici (Eds.), Social representation. Cambridge: Cambridge University Press.
- Ng, S. (1983). Children's ideas about the bank and shop profit: Developmental stages and the influence of cognitive contrasts and conflict. Journal of Economic Psychology, 4, 209-221.
- Nie, N.H., Hull, C.H., Jenkins, J.G., Steinbrenner, K., & Bent, D. (1975). Statistical package for the social sciences. (2nd ed.). New York: McGraw-Hill.
- Patel, E. (1984). Cape Town - A statistical summary and analysis of socio-economic trends for local areas and the 01 economic region (Part 1 and 2). Carnegie Conference Paper, 302a&b, Cape Town: University of Cape Town.
- Perlman, R. (1976). The economics of poverty. New York: McGraw-Hill.
- Piaget, J. (1963). The origins of intelligence in children. New York: Norton.

Pollis, H., & Craig, T. (1973). Change-making strategies in children and adults.

Journal of Psychology, 84, 173-179.

Polansky, N.A., Bergmann, R., & De Saix, C. (1972). Roots of futility. San Francisco: Jossey-Bass.

Rappaport, R.N. (1970). Three dilemmas in action research. Human Relations, 23, 499-513.

Robinson, C. (1983). Children's conceptions of economic reality. Unpublished Honours dissertation, University of Cape Town.

Reason, P. (1981). Issues of validity in new paradigm research. In P. Reason and J. Rowan. Human inquiry. A sourcebook of new paradigm research. John Wiley and Sons.

Reason, P. & Rowan, J. (1981). Human inquiry. A sourcebook of new paradigm research. John Wiley and Sons.

Rotman, B. (1978). Piaget: Psychologist of the real. Hassocks: Harvester Press.

Sarason, S.B. (1974). The psychological sense of community. Prospects for a community psychology. California: Jossey-Bass.

- Schlemmer, L., & Stopforth, P. (1979). A guide to the coding of occupations in South Africa. C.A.S.S. provisional index for occupational categories, groups and prestige ratings devised for use in socio-economic research requiring measures of occupation and social status. Durban: Centre for Applied Social Sciences, University of Natal.
- Sellitz, C., & Cook, S.W. (1948). Can research in social science be both socially useful and scientifically meaningful? American Sociological Review, 13, 454-459.
- Setai, B.P. (1979). The political economy of South Africa: The making of poverty. Washington, D.C.: University Press of America.
- Siegal, M. (1981). Children's perception of adult economic needs. Child Development, 52, 379-382.
- Smith, P. (1985). Language, the sexes and society. Oxford: Blackwell.
- Stacey, B. (1982). Economic socialization in the pre-adult years. British Journal of Social Psychology, 21, 159-173.
- Stacey, B., & Singer, M. (1985). The perception of poverty and wealth among teenagers. Journal of Adolescence, 8, 231-241.

Strauss, A. (1952). The development and transformation of monetary meanings in the child. America Sociological Review, 17, 275-286.

Sutton, R. (1962). Behaviour in the attainment of economic concepts. Journal of Psychology, 53, 37-46.

Tan, H., & Stacey, B. (1981). The understanding of socio-economic concepts in Malaysian Chinese school children. Child Study Journal, 11, 33-49.

Turiel, E. (1983). The development of social knowledge. Cambridge: Cambridge University Press.

Tyson, G.A. (1987). Introduction to psychology: A South African perspective. Johannesburg: Westro Reproductions.

Vygotsky, L.S. (1979). Mind in society - the development of higher psychological processes. M. Cole, V. John-Steiner & E. Sauberman, (Eds.). Cambridge, MA: Harvard University Press.

Waxman, C.I. (1977). The stigma of poverty: A critique of poverty theories and politics. New York: Pergamon.

Williams, J. & Giles, H. (1978). The changing status of women in society: An intergroup perspective. In H. Tajfel (ed.), Differences between social groups. London: Academic Press.

Wright, E.O. (1983). Class, crisis and the state. London: Verso.

Appendix 1

60 Glenhaven Avenue
GLENHAVEN
BELLVILLE SOUTH
7530

The Principal

Dear Sir

RE: **PERMISSION TO VISIT YOUR SCHOOL**

I am at present a Master's student in Psychology and am preparing for my thesis, which is entitled "Children's Conceptions regarding Social Institutions".

In order to properly research for the thesis, I need to draw a sample from pre-primary as well as primary school children.

As such I would need a certain number of children to be subjects for the sample. I therefore require permission to attend your school, from which I hope to choose the required number of children for my sample. This would entail having the chosen subjects fill out a confidential questionnaire.

I would further like to add that should permission be granted to me, I would contact you beforehand to arrange a suitable time, so that my research in no way upsets or infringes upon the classes that may be in session.

Should there be any queries, kindly contact me at telephone number 951-4072 and I will be happy to assist.

Yours faithfully

CHERYL POTGIETER

Appendix 2

Examples of Working Class and Middle Class Occupations

The following are examples of occupations which could fall into the two class categories utilised in this study: This allocation has been influenced by Morris' (1985) adaption of Wrights (1983) categories.

The Middle Class

This category would include teachers, university lecturers, doctors, lawyers, dentists, researchers, priests, social workers, small traders, estate agents, computer programmers, salespersons, nurses, clerks.

No individual in the present study classified as middle class earned less than R1608 per month.

The Working Class

These persons earn less than the middle class. With regard to the present study no individual classified as working class earned more than R632,80 per month.

This category included packers, labourers, domestics, factory workers, messengers, gardeners, fishermen, hawkers, street-sweepers, taxi-drivers, night watchman, hostel porters.

Appendix 3 (A)

P O Box 404
KASSELVLEI
7530

Geagte Ouer

My naam is Cheryl Potgieter en ek is tans 'n student aan die Universiteit van Kaapstad. Ek is tan besig om navorsing te doen omtrent sekere dinge in verband met kinders, soos byvoorbeeld, 'n kind se idee van geld, hoe sien hy/sy onderwyser se rol, sy idee van die gemeenskap waarin hy woon ens.

Om meer vas te stel omstrent hierdie idees is dit nodig om die kinders in sekere groepe te plaas. Om hulle in groepe te plaas verlang ek sekere inligting van u, die ouer.

Indien u die inligting verskaf sal dit hoofs vertroulik wees en net ek sal hierdie informasie hanteer.

Graag ontvang ek hierdie informasie by die skool teen

Nogmaals dankie vir u hulp.

Die uwe

CHERYL POTGIETER

VRAELYS

1. Watter stander het pa op skool klaargemaak?
2. Watter stander het ma op skool klaargemaak?
3. Watter beroep beoefen die pa van die huis?
4. Watter beroep beoefen die ma van die huis?
5. As pa/ma tans werkloos is, wat was sy/haar laaste beroep?..
Pa Ma
6. Wat verdien die pa per week/maand?
7. Wat verdien the ma per week/maand?
8. Hoeveel slaapkamers is daar in die huis?
9. Hoeveel radios is daar in die huis?
10. Besit julle 'n televisie stel?
11. Hoeveel mense woonagtig in julle huis?
12. Wie het die bogenoemde vrae beantwoord? Ma/Pa/Voog
13. (a) Is die pa betrokke by die koop en/of verkoop van goedere. Ja/Nee.
(b) Is die ma betrokke by die koop en/of verkoop van goedere. Ja/Nee.
(c) Is die kind betrokke by die koop en/of verkoop van goedere. Ja/Nee.
(d) Spesifiseer b.v. Die kind verkoop groente, die ma maak kleure om dit te verkoop. Pa is betrokke by die verkoop van vis.

Appendix 4 (A)

Dear Parent

My name is Cheryl Potgieter and I am presently a student at the University of Cape Town. I am at present undertaking research in connection with children, for example, a child's perception of money, how he/she sees his teacher's role, his perception of the community in which he lives.

In order to determine more about these perceptions it is necessary to place the children in certain groups. To enable me to place them in certain groups, I require certain information from you, the parent.

If you supply the information requested, it will be treated with the strictest confidence as I am the only person who will be dealing with this information.

I will be pleased to receive this information at the school by

Thank you for your help.

Yours faithfully

CHERYL POTGIETER

STRICTLY CONFIDENTIAL

1. Which standard did the father complete at school?
2. Which standard did the mother complete at school?
3. What is the father's occupation?
4. What is the mother's occupation?
5. If the father/mother is presently unemployed, what was his/her last occupation?
Father Mother
6. How much does the father earn per week/month?
7. How much does the mother earn per week/month?
8. How many bedrooms does your home have?
9. How many radios do you have at your home?
10. Do you own a television set?
11. How many people live at your home?
12. Who answered the above questions? Father/mother/guardian?
13. (a) Is the father involved in buying and/or selling of goods? Yes/No.
(b) Is the mother involved in buying and/or selling of goods? Yes/No.
(c) Are there any children involved in the buying and/or selling of goods? Yes/No.
(d) If yes to any of the above, please specify
eg., The child sells vegetables, or the father sells fish.

Appendix 5

Complete Interview Schedule

A. Shop-Profit

1. What happens to the money in the till at the end of the day/week?
2. Where does the shop get its goods from? Did they have to pay for them?
3. If so, do they pay more, or less or the same as the customer?
4. Where do they get the money from to pay for the goods?
5. Is the shop assistant doing a job?
6. If so, where does the money come from to pay him/her?
7. Is the manager/owner doing a job? If so, where does the money come from to pay him/her?

B. Bank

1. Supposing I put R100 into a bank, and after one year I take my money out again:
2. Would I get back more, less or the same?
"Please explain why (more, less, same)".
3. (a) If 'more': "How does the bank get the money to pay more interest (NB. This term was only used if the participant had referred to it).
(b) If 'same': "How does the bank get the money for its building and to pay the people who work there?"

4. Suppose, now I borrow R100 from a bank to pay back after one year. Would I have to pay back more, less or the same?
5. Please tell me why it would be more/less/same?
6. (a) "If I put R100 into the bank, how much do you think I would get back after one year?" (Small sum of money was used when dealing with younger children.)
(b) "If I borrowed R100 (R10, etc.) from the bank how much do you think I would have to pay back after one year?"

C. **Explanations for Poverty**

1. When are people rich/poor?
2. Why are people poor?