

“Bargaining with Children”: Unintended Consequences of Children’s Grants in Rural South Africa

Priscilla Gutura¹ and Pius Tangwe Tanga²

¹*University of Fort Hare, South Africa
E-mail: priscillagutura@gmail.com*

²*Department of Social Work / Social Development, University of Fort Hare,
PB X1314, Alice 5700, South Africa
E-mail: tanga82000@yahoo.co.uk / ptangwe@ufh.ac.za*

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ABSTRACT The results of this paper were extracted from a study which used mixed methodology, to collect data from 541 social grant beneficiaries, from Ngqushwa Local Municipality. Most of the participants perceived that teenagers in their communities got pregnant so that they could receive the Child Support Grant. Interestingly, it was revealed that there were other women specifically not teenagers who were getting pregnant and having more children for them to access the grant. Further, even though the findings indicated that grandmothers were fostering out of love, most participants were fostering in their biological background for them to get the Foster Care Grant. In this regard it is concluded that with the high incidences of poverty coupled with HIV and AIDS, there will always be perverse incentives. This is because there are people who require support, however, the welfare system does not provide for the entire population.

INTRODUCTION

In South Africa, there are three types of grants specifically meant for children and these include the Child Support Grant (CSG), Foster Care Grant (FCG) and Care Dependency Grant (CDG). Nonetheless, this paper looks at CSG and FCG. Regarding the CSG which was initially introduced in 1998, it is applicable to any primary caregiver of a child. The grant was initially meant for the youngest children; however, currently it is payable to all children in need who are below 18 years with a possibility of being extended to 21 years.

Further, the grant is means-tested, based on an annual household income of R67 000 for married persons and R33 600 for single persons [US\$1 =R10.20 (exchange rate as of December 2013)]. The grant currently reaches over 11 million children (SASSA 2015). However, it holds the least amount in monetary terms which is only R330 per child, per month. The caregivers are allowed to receive the grant for a maximum number of six children for every household.

According to PAN: Children/ Centre for Child Law (2012), “Foster care was originally a ‘classic’ foster care model in which children who were found to be in need of care were placed by a children’s court, into foster care with foster parents who were usually not related to them”. However, this form of alternative care is funded

by the South African government, in the form of a monthly payment which according to SASSA (2015) is valued at R860. The foster care grant is free from any means test. However, from 2003 to 2013 the number of children in foster care increased dramatically. As of September 2015, 585705 children were receiving a foster care grant (SASSA 2015). This abrupt increase in the number of children being fostered can be as a result of the HIV AIDS pandemic which causes an increase in the number of orphans.

The increase in the up-take of social grants has become the focus of intense debate, generating both positive and critical commentaries by various stakeholders. On one hand, it has been viewed as a substantiation of a serious commitment to poverty alleviation on the part of the government and a reflection of an improved and successful social security administration. On the other hand, various concerns have been raised both within government and amongst the public about the financial sustainability of the current system and some unintended effects or perverse incentives.

Social grants almost certainly offer beneficiaries the furthestmost level of discretion on spending, but Farrington and Slater (2006) found out that this also renders beneficiaries to be at risk and might end up misusing the grant. On one hand, Hart et al. (2010) highlight that social grants “foster social cohesion; promote human

capital development; mitigate risk by providing a cushion against livelihood shocks and stimulate local demand". However, on the other hand, some systems are at risk of being corrupt. This can happen when people use the money to satisfy their substance abuse appetite, and can cause dependency culture. The question being asked is: Are social grants misused by recipients and do they undermine work motivation and create dependency? The paper aimed at exploring the perverse incentive structures and unintended consequences that might have been caused by social grants, among beneficiaries of children's grant in the rural areas.

Social grants for children have been documented as shunning destitution and improving consumption, as well as welfare among families. In this regard, cash transfers have reduced South Africa's poverty gap by 49 percent (source). Furthermore, household datasets in South Africa that have been analysed by Neves et al. (2009) show that social grants impacts on "children support development, poverty reduction, improved level of nutrition, health and education for grant recipients and their children". Research that focused on the impact of children's grant, more specifically on the participation rates of beneficiaries in labour market were diverse. Lam et al. (2005) and Sienaert (2008) suggest that the older unemployed population maybe discourage from entering the labour force. On the contrary, recent research conducted by Tanga and Gutura (2013) discovered that the CSG has a noteworthy helpful impact on female beneficiaries who participate in the labour market. Even, Eyal and Woolard (2011) discovered that CSG has a larger effect on the beneficiaries' likelihood of getting employment.

Nevertheless, the issue of high teenage pregnancy rate due to the CSG has been in the public domain for a while. President Jacob Zuma's political campaign outlined that young females were cheating on the the social grant system by getting pregnant intentionally. They would leave their children with a grandmother, alternatively, any other family member and then run away with the money. However, this notion was dismissed in 2007 by the Department of Social Development arguing that, there was no relationship between fertility and receiving the CSG. It was argued that the notion was based on assumptions not factual evidence.

Furthermore, Steele (2006) found out that the high fertility rate in South Africa was high way before the introduction of the CSG. He mentioned that pre-teen and early teen fertility between the years 1995-2005 remained constant. Even though it is evident that there have been a huge number of Child Support Grant beneficiaries in recent years, Steele (2006) posited that teenage mothers represented a very low percentage of all Child Support Grant beneficiaries. These results were confirmed by Makiwane and Udjo (2006) when they analysed retrospective data on fertility and Child Support Grant, and they found no link between these two variables.

Also, Case et al. (2005) argued that mothers receiving the Child Support Grant were on average one year older than the non-beneficiary mothers. In terms of numbers the non-beneficiary mothers were 5 percent more than the beneficiaries. This means that if the reason for teenage pregnancy was to access the Child Support Grant, there would be more beneficiaries than non-beneficiaries. Makiwane (2007) states that, "African women are having children earlier, so if you look at a village you are more likely to find younger women expecting."

In terms of the Foster Care Grant, in a document produced by UNICEF (2007) it has been argued to generate income among families who are poor and have no other revenue of income. The grant is greatly higher (R800) than the CSG (R290) (SASSA 2013). This has caused impoverished families to put their children to be cared for by others. Jacobs (2005) suggested that the motive of foster families for reducing poverty tends to divert from the intention of protecting vulnerable children. However, in an effort to reduce the misuse of the grant, only six children are eligible per household. UNICEF (2007) further denotes that if properly administered, the grant should guarantee care for children without family who experience violence, are neglected and face exploitation.

Theoretical Framework

The law of unintended consequences is often cited, but rarely defined. The definition provided by Norton (2008) suggests that the law of unintended consequences says that there are unanticipated or unintended effects for almost all human actions and especially of government. Similarly, it means that each cause has more than

one effect, and includes unforeseen effects. However, social scientists and economists have paid attention to its power for years, but politicians and public opinion have largely paid no heed to it. According to Sveiby et al. (2009), the concept of unintended consequences has been used by social scientists and political economy scholars like Hill (2003) and Andersen and Seritzlew (2007) to study and criticize indirect, unintended effects of social policy. The economic policy and new legislation was studied by Glinavos (2008) and Iyengar (2008). Merton (1936) made the first systematic analysis of the concept of unintended consequences. However later authors interchangeably use "unanticipated consequences" and "unintended consequences". Sveiby (2012) argues that Consequences of Purposive Action are defined as "those which are exclusively the outcome of the action, and those that are the consequences of the interplay between the action and the objective situation that is causally related." Merton (1936) gives several explanations for how the outcomes of any action can diverge from the intended purpose. Five factors were distinguished that limit an actor's likelihood to expect both direct and indirect consequences. Among the five factors this paper uses two factors which are: impervious immediacy of interest and basic values.

Many criticism of government programs are based on the law of unintended consequences. Critics' views show that unintended consequences can put in so much to the costs of some programs and they cause the programs to be unwise despite achieving their stated goals. Social security encompasses several social welfare and social insurance programs. Social security was passed in an effort to limit what were seen as "dangers in the modern African life, including old age, poverty, unemployment, and the burdens of widows and fatherless children" (Fry and Polonsky 2004). Similarly, social security has helped to reduce poverty. Conversely, as argued by many economists, social security has made a cost that is above the payroll taxes charged on workers and employers. Feldstein (2005) argues that, workers save fewer for their old age because they know that they will receive social security cheques when they retire. If this is correct then it means that there are fewer savings taking place, fewer investments and therefore the economy and wages grow

more gradually than they would without social security.

The paper applies this theory to children's grants' accomplishments in order to elucidate the unintended consequences and pitfalls that often accompany such interventions, in order to highlight the importance of best practices and illustrate the dichotomy between good intentions and poor outcomes. Merton (1936: 897) holds "that with the complex interaction which constitutes society, action ramifies, its consequences are not restricted to the specific area in which they were initially intended to centre, they occur in interrelated fields explicitly ignored at the time of action. Yet it is because these fields are in fact interrelated that the further consequences in adjacent areas tend to react upon the fundamental value-system."

METHODOLOGY

The study was carried out in the Eastern Cape Province of South Africa in a local municipality named Ngqushwa Local Municipality (NLM), in Amathole District. It is estimated that almost 38 percent of the population are 19 years or younger, ten percent are 65 years and older. The remaining 52 percent are between the ages of 20 and 64 years. In terms of the head of households, Statistics South Africa (2011) released figures which revealed that 2.7 percent of households were child headed households and 18.6 percent were headed by persons over the age of 64 years. Nevertheless, 52 percent were female headed households. It is estimated that the number of people living in poverty in the municipality has risen from 64.19 percent in 1996 to 80.29 percent in 2005. The municipality had an unemployment percentage of 78 percent. Furthermore, 66.8 percent of the households were earning less than R1500/month.

Regarding the type of the research methodology, mixed methods approach was employed. Two qualitative data collection methods (in-depth interviews and focus group discussions) and one quantitative data collection method (questionnaires) were used. The questionnaire method was implemented before the interviews and focus group discussions. The questionnaire consisted of a 5 point Likert scale, whereby the options for responses ranged from strongly agree, agree, neutral, disagree to strongly disagree. Even though the qualitative methods fo-

cused on a much narrower range of subjects, they provided the opportunity to explore in greater depth issues and concerns that could not be examined in detail in the questionnaire.

All the beneficiaries of social grants in Ngqushwa municipality made up the target population of the study. These were approximately 53, 847 (SASSA 2012). Two sampling methods, namely multi-stage sampling and purposive sampling were used to select the three samples of the study. The first sample was made up of 500 beneficiaries who were administered questionnaires. The second set consisted of 25 beneficiaries who were interviewed using in-depth interview guides. The third sample was made up of 16 beneficiaries who participated in 2 focus group discussions.

After data were collected it was analysed both qualitatively and quantitatively. The qualitative data was analysed using thematic analysis, whilst quantitative data was analysed using SPSS to come up with the frequencies, percentages and inferential statistics. Significantly the study observed ethical issues such as voluntary participation, confidentiality, anonymity, avoidance of harm and before the study was conducted an ethical clearance certificate was obtained from the university research committee.

RESULTS

It is assumed that the social grant system has created perverse incentive structures among beneficiaries. This section presents the findings on the unintended consequences of the social grant system in relation to social grants for children.

Biographical Information of Participants

In the study, among the total participants (N = 541), there were 56 percent female and 44 percent male participants. The majority (90%) were blacks, 10 percent were coloureds with no White

or Indian participants. It was revealed that, 42 percent were single; 16 percent were widows; 12 percent were cohabiting; the separated category was made up of 10 percent. The divorced category constituted the least number of participants, two percent of the participants.

The participants were asked to indicate their highest level of education. A substantial number of 54 percent indicated that they were educated up to secondary level. Nevertheless, sixteen percent had reached primary education, whilst 14 percent had tertiary qualifications. Those that had matriculated made up 12 percent which was the least number of participants. Significantly, 92 percent of the participants in the study were not employed thus only eight percent indicated that they were employed.

Child Support Grant and High Fertility Rate

As the survey intended to look at the perverse incentives caused by the social grants system, it sought to find out whether women, particularly teenagers, were intentionally falling pregnant so that they could receive the CSG. One of the questions that were asked was whether teenagers in the respondents' community were getting pregnant so that they could receive the CSG. Of all the participants, 47.8 percent agreed that teenagers in their communities were getting pregnant to access the social grant and a further 20.0 percent strongly agreed. On the other hand, 12.0 percent disagreed and the least number (4.0%) strongly disagreed, however, 16.2 percent remained neutral.

Taking a closer perspective on the CSG beneficiaries in the study, Table 1 shows the distribution of these grant beneficiaries who were respondents in the study, in terms of the perceived act that teenagers were falling pregnant to receive the grant. As shown in Table 1, there were a significant number of respondents in the study who were receiving the CSG and who maintained

Table 1: Distribution of CSG respondents on teenage pregnancy

		<i>Teenagers in my community are getting pregnant to access the Child Support Grant</i>					
<i>Type of grant</i>		<i>Strongly agree</i>	<i>Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Total</i>
<i>Child Support Grant</i>	<i>Yes</i>	40 13.3%	179 59.7%	31 10.3%	30 10.0%	20 6.7%	300 100.0%
	<i>No</i>	60 30.0%	45 22.5%	50 25.0%	30 15.0%	15 7.5%	200 100.0%

that there were teenagers who were falling pregnant so that they could get the grant. These were distributed between 59.7 percent who agreed and 13.3 percent who strongly disagreed. However, 10.0 percent disagreed and 6.7 percent strongly disagreed. The table further shows that among those respondents who were not getting the Child Support Grant, 30.0 percent were found in both those that were in the groups that strongly agreed and just agreed that teenagers were falling pregnant to receive the grant.

One of the hypotheses of the study reads;

- H₀: Child Support Grant does not lead to high rate of teenage pregnancy
- H₁: Child Support Grant leads to high rate of teenage pregnancy

A chi-square test was performed to determine the significance in receiving the Child Support Grant and teenagers getting pregnant. Table 2 shows the results. The Chi-square test as indicated in the table shows that; $\chi^2 = 70.529$, $df = 4$, $p < .001$. This means that there is a statistical difference between receiving the Child Support Grant and getting pregnant. Therefore the null hypothesis is rejected.

Table 2: Chi-square test on CSG and teenagers getting pregnant

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	70.529	4	.000
Likelihood Ratio	78.096	4	.001
Linear-by-Linear Association	1.570	1	.210
N of Valid Cases	500		

However, the statistical analysis shows that the seeming variations are not statistically significant. The analysis of variance attempted in this context as a measure of statistical analysis, yielded the mentioned result as shown in Table 3. From the ANOVA table, $F_{(1,498)} = 1.572$, $p =$

Table 3: ANOVA on whether teenagers were getting pregnant to access grant within and between CSG respondents

Source of variation	Sum of squares	Df	Mean square	F	Sig.
Between Groups	1.728	1	1.728	1.572	.211
Within groups	547.430	498	1.099		
Total	549.158	499			

.211. It can be understood that there is no significant difference between the participants who were getting the CSG, and those that were not in terms of perceiving whether teenagers were getting pregnant to access the grant.

During the interviews that were held with beneficiaries, among the total of 25 participants most of them (14) somehow mentioned that teenagers in their communities wanted to receive the grant also hence they were getting pregnant. One participant said:

It seems like these young girls of ours in this community are in competition of getting the grant. You see every girl is having a child and they are all receiving the grant every month. They are not afraid of getting pregnant, as there is something you get from the child that is the money. (Participant P)

The interviewer explored more by probing the participants if they knew someone who had gotten pregnant specifically for that reason. Surprisingly, most of the participants who had been critical indicated that they did not know anyone. Nevertheless, their views and opinions emanated from general observations, rumours in the community and media. One participant suggested that:

I do not know a specific person who has done so. But look at the age of the girls that are having children. Why are they doing so, at a very tender age? The only reason I have is because they want the money because some of them are children themselves. (Participant O)

Additionally, during the focus group discussion the issue of teenagers falling pregnant to receive the CSG was one of the topics that were up for discussion. However, the participants aired out different views regarding the matter. Among those that agreed that teenagers were getting pregnant to access the grants, one interesting idea emerged when one indicated that:

Teenagers in my community are after fashion and fancy things. Many of them who are receiving the CSG misuse it that is they do not use it for the child but for themselves. When looking at that now we would assume that they are getting pregnant for that money. (Participant M)

One interesting theme that emerged among the participants was that, in the absence of an alternative income not only teenagers were getting pregnant to access the grant but, adults were willing to have more children. One participant revealed that:

The CSG is too little and it's not enough so we end up having as many children so we could

have more money. My wife and I are having four children now. If the grant was much we could be having just two children. (Participant J)

On the contrary, some participants took the view of teenagers getting pregnant to access the grant as only a myth. One participant highlighted that:

In my community young girls have been getting pregnant throughout even when the CSG is not involved. These girls have lost their moral value and are indulging in sex at an early age at the end they get pregnant. I do not think it has anything to do with the grant. Let's agree ladies and gentleman we are failing to control our kids. (Participant 7)

Further, another participant argued that:

I do not think that teenagers get pregnant merely because they want to get the grant. From the teenagers I have spoken to lately they said that the money is too little for someone to get pregnant for. Look at the amount; it is R290 which is not enough, these days because of the economic crisis and high inflation it will not buy much. (Participant 6)

One female participant who was receiving a Child Support Grant said:

When I was teenager I got pregnant but the idea was not to get the grant. The reason that I am poor and the father of the child is not supporting his child made me to seek the grant. (Participant G)

Foster Care Grant and Biological Fostering

The other perceived perverse incentive is that people are fostering children whom they are related to biologically, so that they can receive the Foster Care Grant. When this question was posed to respondents to get their opinions, the results from the quantitative survey elicited that a total of 48 percent agreed that people were fostering children whom they are related to biologically so that they can receive the Foster Care

Grant with other 14 percent in strong agreement. However, a total of 18 percent disagreed and the least number 2 percent strongly disagreed. Eighteen percent remained neutral.

Notably, there were different views between those that were actually receiving the Foster Care Grant and those that were not regarding the perceived perverse incentive. Table 4 shows the distribution. As illustrated in Table 4, among the respondents who were actually receiving the Foster Care Grant, the majority agreed that people were fostering children whom they are related to biologically so that they can receive the Foster Care Grant. These were 50.0 percent out of the total respondents (N=130). Moreover, 15.4 percent strongly agreed. In contrast, 23.1 percent were the ones that disagreed with the phenomenon with no respondents in strong disagreement. The table further shows that among the 370 respondents who were not receiving the Foster Care Grant, the majority making up 45.7 percent agreed, 14.1 percent strongly agreed. Moreover, 16.2 percent disagreed with 2.7 percent strongly disagreeing.

The other hypothesis of the study was;

H₀: Foster Care Grant does not lead to biological fostering to receive the grant.

H₁: Foster Care Grant leads to biological fostering to receive the grant.

Therefore, a chi-square test was performed to determine the significance in receiving the Foster Care Grant. Table 5 shows the results. The Chi-square test as indicated in Table 5

Table 5: Chi-square test on foster care on biological fostering

	Value	Df	Asymp. Sig
Pearson Chi-Square	17.574	4	.001
Likelihood Ratio	21.796	4	.000
Linear-by-Linear Association	.831	1	.362
N of Valid Cases	500		

Table 4: Respondents views on people fostering children in their biological context to receive FCG

Which grant type are you receiving	People are fostering children in their biological context to receive Foster Care Grant						Total
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
Foster Care Grant	Yes	20 15.4%	65 50.0%	10 7.7%	30 23.1%	5 3.8%	130 100.0%
	No	52 14.1%	169 45.7%	79 21.4%	60 16.2%	10 2.7%	370 100.0%

shows that $\chi^2 = 17.574$, $df = 4$, $p < .001$. This means that there is a statistical difference between receiving the foster care grant and biological fostering. Therefore the null hypothesis is rejected. But the statistical analysis shows that the seeming variations are not statistically significant. The ANOVA attempted in this scenario yielded the results shown in Table 6. From the table it can be deduced that the F-Statistic for this ANOVA was not statistically significant because the Sig number of .363 was greater than .05.

Table 6: ANOVA in people fostering to get FCG within and between FCG beneficiaries

Source of variation	Sum of squares	Df	Mean square	F	Sig.
Between groups	.846	1	.846	.831	.363
Within groups	507.096	498	1.018		
Total	507.942	499			

In the qualitative survey, of all the participants who were interviewed the majority comprising of 10 respondents mentioned that they had seen people in their community who were fostering children to get the grant, whilst 15 denied that. Among those that had mentioned that they were receiving the Foster Care Grant they were probed into saying the reasons that made them to foster the children. One of the themes that emerged was that the many foster care parents had chose to undertake the duty to support children in need, motivated by love. One of the participants said:

Both the parents of this child that I am taking care of had died and she was left in the care of the poor grandmother. I took her in because she was in need of care and support. My family considers her as our own. I love this child very much. (Participant E)

Nevertheless, on another angle, some of the participants who were in the focus group discussion argued that the benefits from foster care grants, mainly the money, could have especially encouraged the people in their communities to take up fostering. One participant mentioned that:

I have seen social workers complaining that these foster grandparents only going to the social workers offices when they are applying for foster care grants and they disappear as soon as they started to receive them. When they see

them again then they know that the foster grants had been discontinued. (Participant 4)

DISCUSSION

The paper used the theory of unintended consequences to explain the consequences which are arising because of the social grants, but were not intended. This issue has been in the press recently with many subjective stories in some communities. These include:

- The alleged becoming pregnant of teenagers pregnant to receive the child support grant.
- The possibility of biologically related persons fostering children to receive the foster care grant.

The quantitative results of this study point to the finding that, teenagers in the rural area on Ngqushwa Local Municipality were falling pregnant to access the Child Support Grant. Sveiby (2012) mentioned that Merton (1936) identified the third factor that "limits an actor's possibility to anticipate both direct and indirect consequences as immediate interest". This factor is labeled as the "impervious immediacy of interest." By this, Sveiby (2012) argues that he referred to "actors desiring the beneficial consequences of an action so much that they are adamant and blind to any other temporal or spatial consequences". This can be a logical explanation for the teenagers who are getting pregnant just to interest themselves with the money that they get, and use it for their own needs, without thinking of the consequences of running away with the money and leaving the child unsupported.

The results indicate that even though there are a few beneficiaries who might be fostering children in their biological stream, placing of children with relatives is a common and well-established child care practice that happens among South African black families. Some children are born out of wedlock (Vorster 2006) and some children are left in the care of relatives such as grandmothers, even when their biological parents migrate to seek employment. Due to economic hardships, people are forced to seek a Foster Care Grant to help take care of the children. The impact of HIV and AIDS should also not be ignored in this case as it leads to the growing number of orphans who would need fostering.

Consequently, within the past six years there has been a brisk increase in the statistics of so-

cial grant beneficiaries instead of an expected reduction. This is due to the fact that beneficiaries choose to save and invest rather than consume part of the grants. The social assistance program was not particularly planned with exit strategies for beneficiaries. It was only implemented to change the beneficiaries living circumstances and income levels. Therefore, there is no proactive and deliberate strategy to connect social grant beneficiaries to opportunities for economic activity. As a result an excruciating proportion of able-bodied poor South Africans that include caregivers of children receiving the child support grant and foster care grant, keep on facing particular barricades to entering into, remaining in and progressing in such employment.

In the light of the irresistible positive effects that social grants have on beneficiary households, the continuation of these possible unintended effects seem relatively important. In a society that is highly unequal, coupled with high unemployment and poverty, this redistribution through income transfers is indispensable. Nevertheless, poor households are made to be vulnerable to national policy choices and politics. Communities, like the Ngqushwa Local Municipality that are frustrated by poverty, lack of service delivery, crime and other ills are less likely to help themselves, and are more inclined to blame the state for their problems. The South African government has created the expectation of greater generosity which has led to a culture of entitlement among beneficiaries, and it will feel politically bound to provide social grants to beneficiaries. In short, it is creating an appetite that will be difficult to satisfy.

CONCLUSION

In a nut shell, as long as the social grants are means-tested, the incentives to receive them will continue to exist. Internationally there is evidence of perverse incentives in social security and welfare systems. Therefore South Africa is not an exception. With the high incidences of poverty coupled with HIV and AIDS, there will always be perverse incentives. This is because there are people who are requiring support, however the welfare system does not provide for the entire population.

RECOMMENDATIONS

South Africa should move away from emphasising welfare approach and implement more

developmental policies. Hence, this paper recommends that policymakers evaluate the overall impact of children's grants by measuring the extent to which unintended consequences change as policies are changed.

LIMITATIONS

The participants were not willing to participate as they feared that they would be removed from the social grants; however, after clear explanations of the research aims and objectives, they eventually cooperated.

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