



Learning Strategies for Learners with Poor Basic Skills in a Planning of Personal Finances

Project number NPHZ-2015/10009

REPORT OF THE RESEARCH

Klaipėda State University of Applied Sciences (LT), Kuressaare College of Tallinn University of Technology (EE) and 'Education Innovations Transfer Centre' (LV) are implementing Nordplus Horizontal Project „Learning Strategies for Learners with Poor Basic Skills in a Planning of Personal Finances“. This project aims to improve social workers' competences working with socially excluded groups of young people, to be able to advise youngsters about the issues in managing personal finance.

As part of Project implementation, partners conducted a research „Study of personal finance management skills in socially disadvantaged youth groups“. The aim of this research is to identify the needs and missing competencies of youth from socially excluded groups and also social workers needs. A methodological tool based on research results will be created for social workers.

Research methodology

The research study of the youth from socially disadvantaged groups and social workers who work with young people was performed in January – April of 2016. The study involved 123 respondents from Lithuania, Latvia and Estonia.

Main facts of Research

Time of Research	2016 January- 2016 April
Place	Lithuania, Latvia, Estonia
Subject	Personal Finance Management in group of socially excluded young people
Object	Youth from Socially excluded groups
Extent	Youth from Socially excluded groups – 30 from Lithuania, 56 from Latvia, 12 from Estonia. Social Workers – 10 from Lithuania, 10 from Latvia, 5 from Estonia.
Number of respondents	N = 128 (98 Youth from Socially excluded groups and 25 Social Workers)
Selection of respondents	Target selection
Research instrument	Questionnaire
Research method	Structured questionnaires
Interview method	Electronic questionnaires, face to face interviews

The study selected two target groups: youth belonging to socially disadvantaged groups and social workers who work with those young people.

In different countries, the term ‘young people’ is associated to slightly different age (Estonia 7 - 26 years, Latvia 13 - 30 years, Lithuania 14 - 29 years). This research involved youth with age limit between 16 and 29 years. The reason for this is that young people from 16 become an independent part of society, as they can start working independently. The Lithuanian Youth Policy Framework Act considers persons under 29 years old as youth.

Social exclusion by the Eurostat (the European Commission agency) is treated as a multidimensional phenomenon that prevents human involvement and full participation in society. The research included following groups of socially excluded youth: disabled young people (young people with disabilities, including mental), young people from families with social problems (families of social risk); children without parental care; young people using illegal drugs and psychotropic substances; victims of

human trafficking and forced prostitution; the homeless; young people experiencing income and other material deprivation or living close to the poverty line.

Given the fact that the study focuses on two different target groups the research was organized in two phases:

1. Interviewed 98 young people belonging to socially disadvantaged groups.
2. Interviewed 25 social workers working with youth from socially excluded groups.

Objectives of the study to interview young people belonging to socially disadvantaged groups:

- To identify the skills of personal finance management of respondents;
- To assess the reasons causing problems in personal financial management;
- To identify competencies, where development would help to deal with difficulties of personal financial management.

Objectives of the study to interview social workers working with socially excluded young people:

- To identify problems of personal financial management distinguished by social workers;
- To identify the reasons causing difficulties in teaching personal financial management distinguished by social workers;
- To identify what kind of knowledge and methodological tools could help social workers to educate young people from socially disadvantaged groups and develop skills of personal finance management.

A structured survey method (questionnaire) was chosen for the implementing this study. This information was collected by few different methods: interviewing respondents in person, by mail, by telephone, or mixed by using a prepared questionnaire. This method was chosen because respondents themselves could fill in questionnaires, without any pressure. Anonymous questionnaires also encourage openness and honesty.

Two types of questionnaires were prepared for each of target group. (Annexes 1 and 2).

The questionnaire for young people belonging to socially disadvantaged groups consisted of 11 closed questions. Two questions were added to identify their social situation.

In response to the questions No. 1, 2, 4, 5, 7, the respondents could choose one acceptable option. Responding to the questions No. 3, 6, 8, 9, 10, 11, they could select multiple answer options.

The questionnaire for social workers working with socially excluded young people consisted of 9 questions. One question (5th) was open and other questions were closed. Responding to the questions No.1 and 7, respondents could choose one answer only. Responding to questions No.2, 3, 4, 6, 8, 9 they could choose several response options.

The research ethics. The study was implemented by keeping principles of diagnostic ethics: benevolence, respect for personal dignity, justice and the right to receive accurate information. The selection of respondents was not based on factors of benefits, trustfulness or compromise. A person could choose himself whether or not to participate in the study.

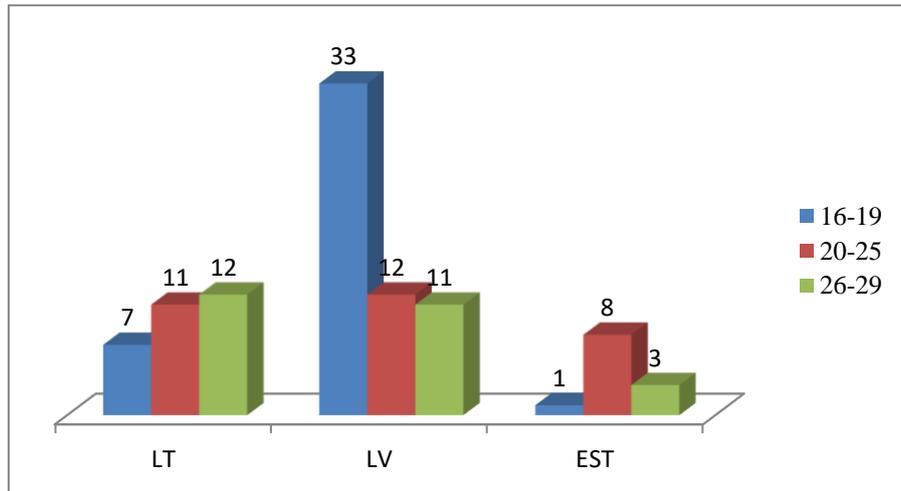
Before starting the research study, the respondents were informed about the purpose of research, tasks and research benefits.

The survey results were added together and the separate groups of questions were compared in order to analyze the needs of respondents' personal financial management skills

Results of research

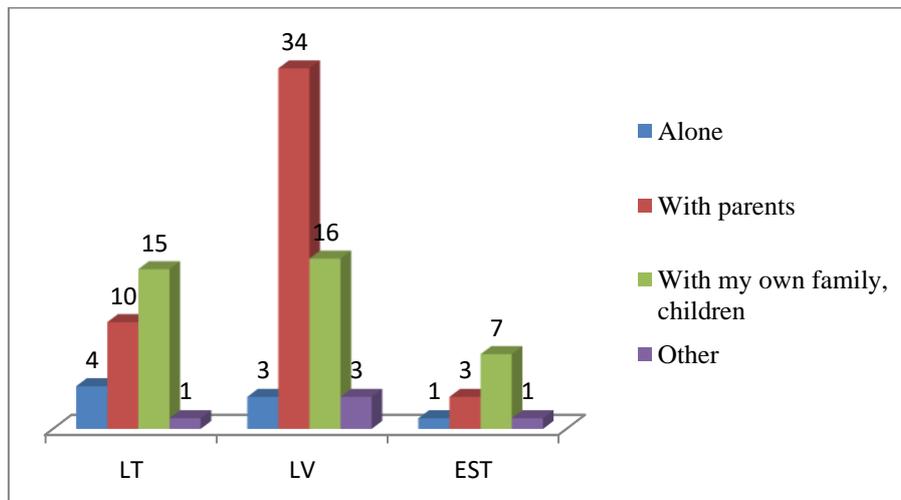
Youth, belonging to socially excluded groups

We interviewed 98 young people in the age group of 16-29 years (pic. 1), 30 of them in Lithuania, 56 in Latvia and 12 in Estonia. Most respondents in Latvia were 16 – 19 years old young people, more than half of respondents in Estonia were 20-25 years old young people, and the age of Lithuanian respondents spreaded almost evenly.



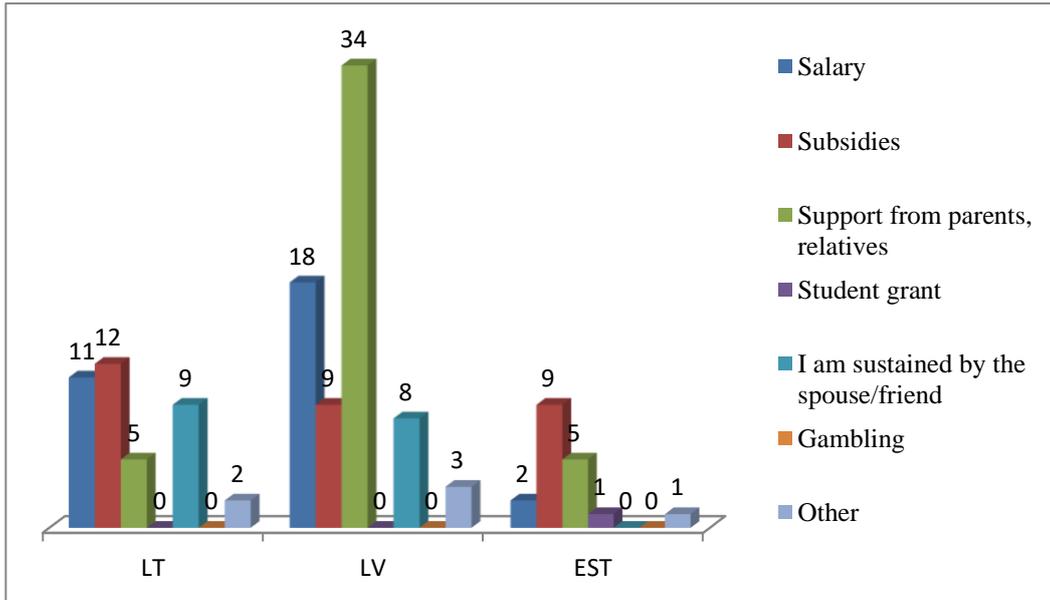
Pic. 1. How old are you?

About half of Lithuanian respondents have their own family and children, about 30 % of them resides with parents. Majority of Estonian respondents (58%) also have their own family, children. Meanwhile about 60 % of Latvian respondents live with parents and about 29 % - have their own family (pic. 2).



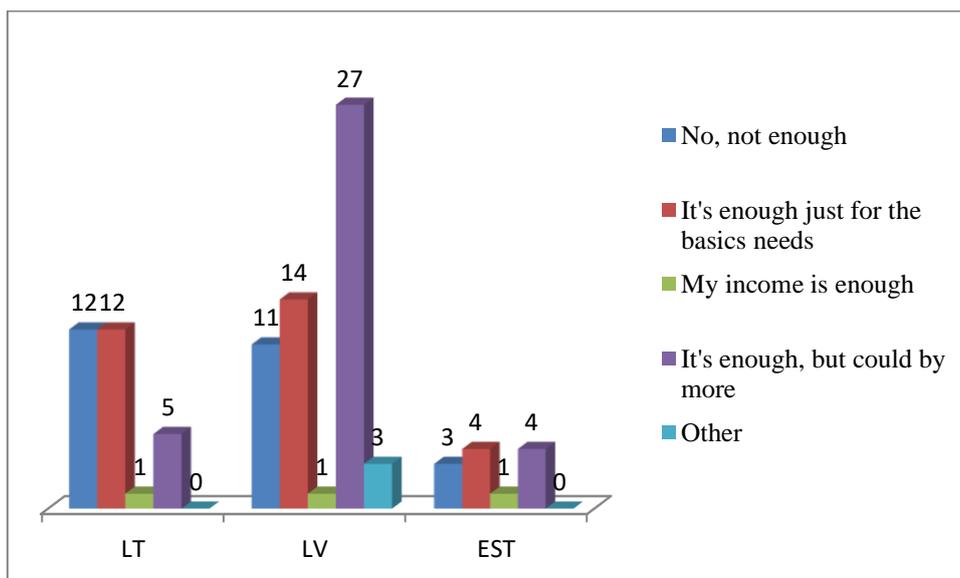
Pic. 2. You are currently living?

Respondents could choose few options in a question about their incomes. Majority of Lithuanian respondents get social subsidies and also have job. Majority of Latvian respondents are financially supported by parents or relatives, which could be explained that most of them live with their parents. Majority of Estonian respondents are financially dependent on social subsidies and support from parents or relatives (pic.3).



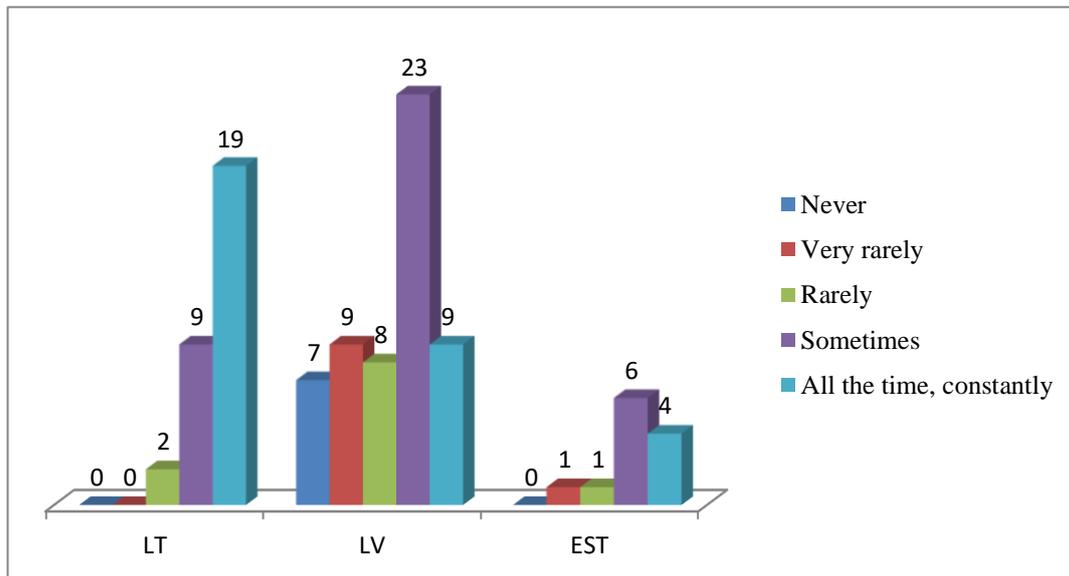
Pic. 3. The sources of your income

40% of Lithuanian respondents agree that they don't have enough incomes for daily living and also 40 % agree that their income is just enough for the basic needs. About one third of Estonian respondents agree that they don't have enough income and also 30% think that their income covers just their basic needs. Almost half of Latvian respondents (48%) agree, that their income is enough, but could be more and 45% agree that income is not enough or enough just for basic needs (pic.4).



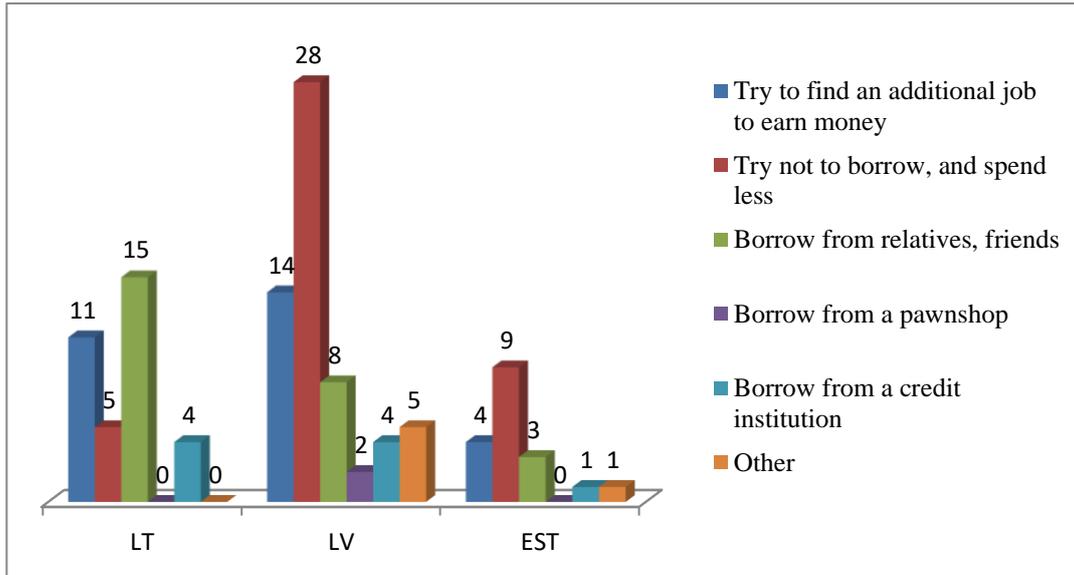
Pic. 4. Do you have enough income for daily living?

All interviewed young people experience financial difficulties in Lithuania and Estonia, meanwhile about 12% Latvian respondents don't face financial difficulties. (pic. 5).



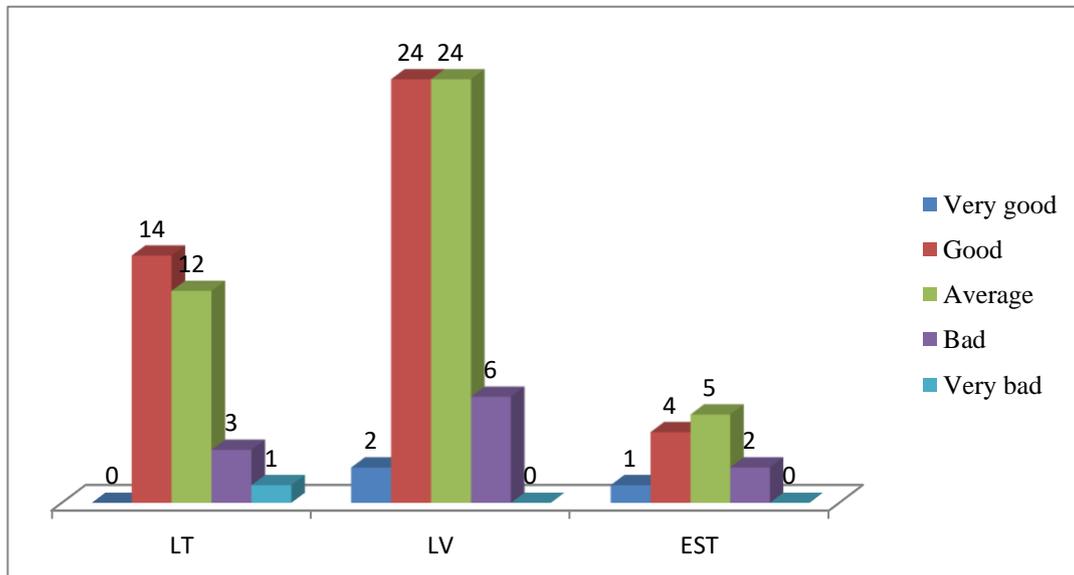
Pic. 5. How often you encounter (face) financial difficulties?

Respondents could choose few answers to the question what they do when they are short of money. 44% of Lithuanian respondents borrow from the relatives or friends, 31% try to find additional job and to earn more money. Most of Latvian respondents (46%) try to spend less and not to borrow or search for additional job and earn more money (23%). Young people in Estonia have likewise behavior (respectively 50% and 22% of respondents). It could be concluded also, that more than half (54%) of young people in Lithuania, 23% in Latvia and 22% in Estonia are inclinable to borrow when they are short of money (pic.6).



Pic. 6. When you are short of money, you:

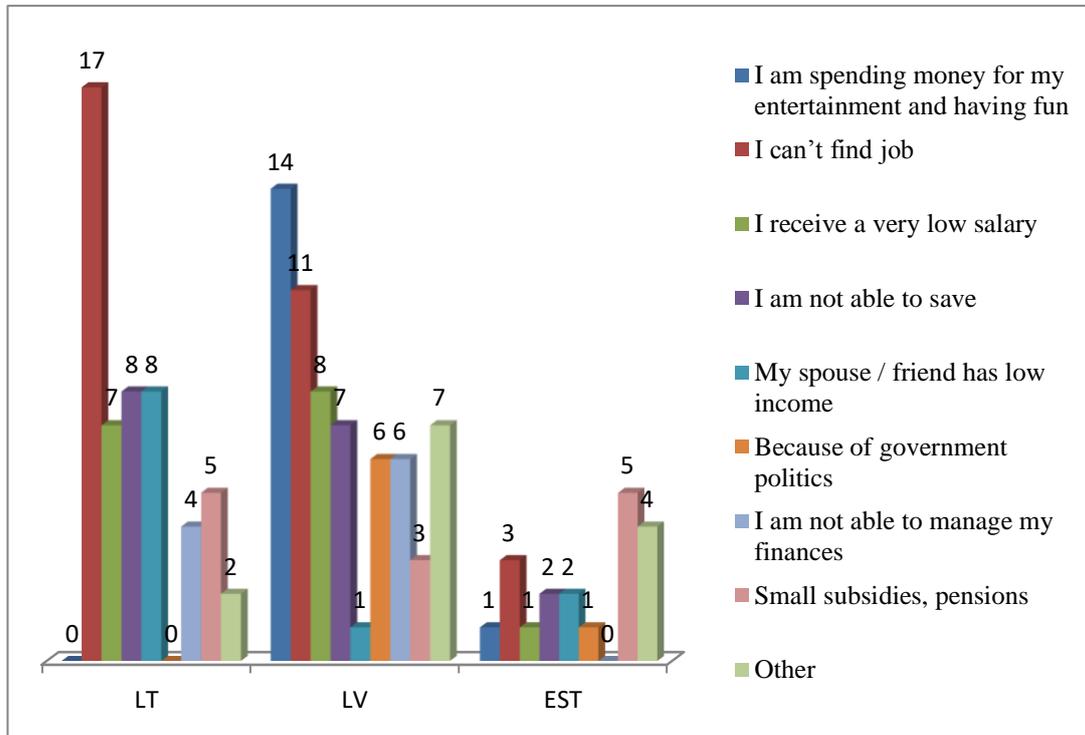
53% respondents in Lithuania, 54% in Latvia and 58% in Estonia assess their ability to control income and spending average or bad (pic. 7). It could be presumed, that interviewed young people are not able to plan and control their expenses according to their income.



Pic. 7. How do you rate (evaluate) your ability to control your income and expenses?

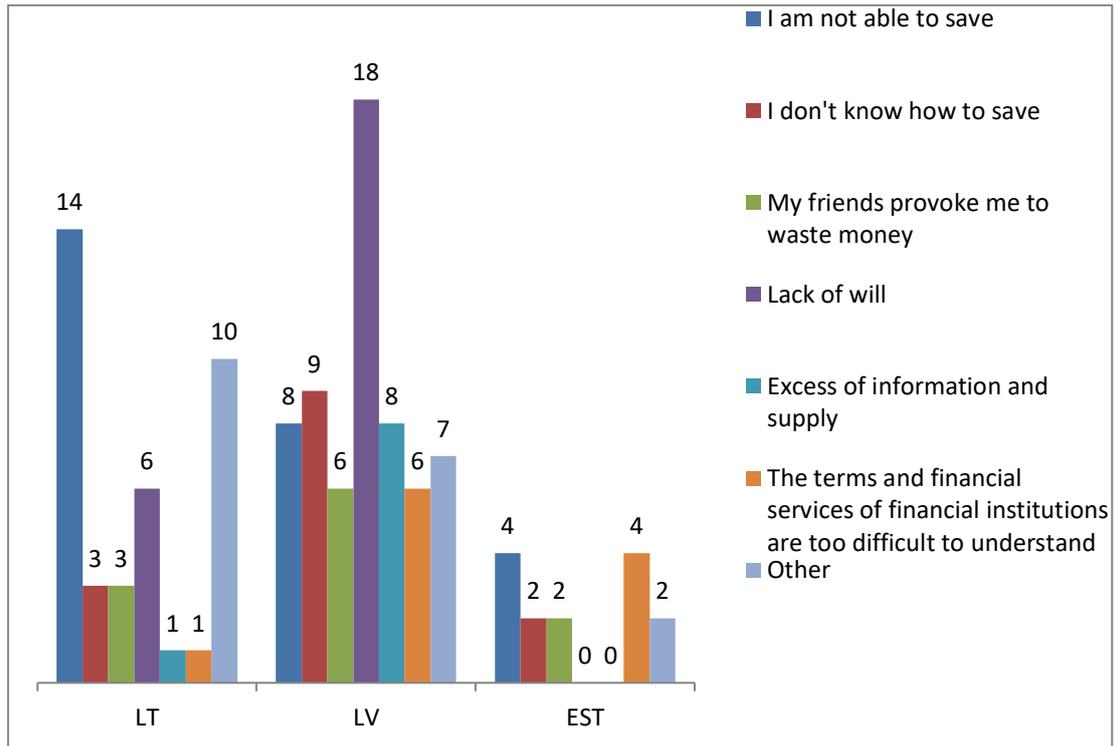
While answering the question „Why are you short on money“ it was possible to select more than one answer. 32 % of Lithuanian respondents agreed that they can't find a job, 16% agree that they are not able to save and that their spouse or friend have low income. 22% of Latvian respondents agree that they spend money for entertainment

and having fun, and 17% agree that they can't find a job. 26% of Estonian respondents agree that they get small subsidies or pensions and 16% agree that they can't find a job. 24% of Lithuanian respondents, 21% of Latvian respondents and 11% of Estonian respondents agree that they are not able to save and are not able to manage their finances (pic. 8).



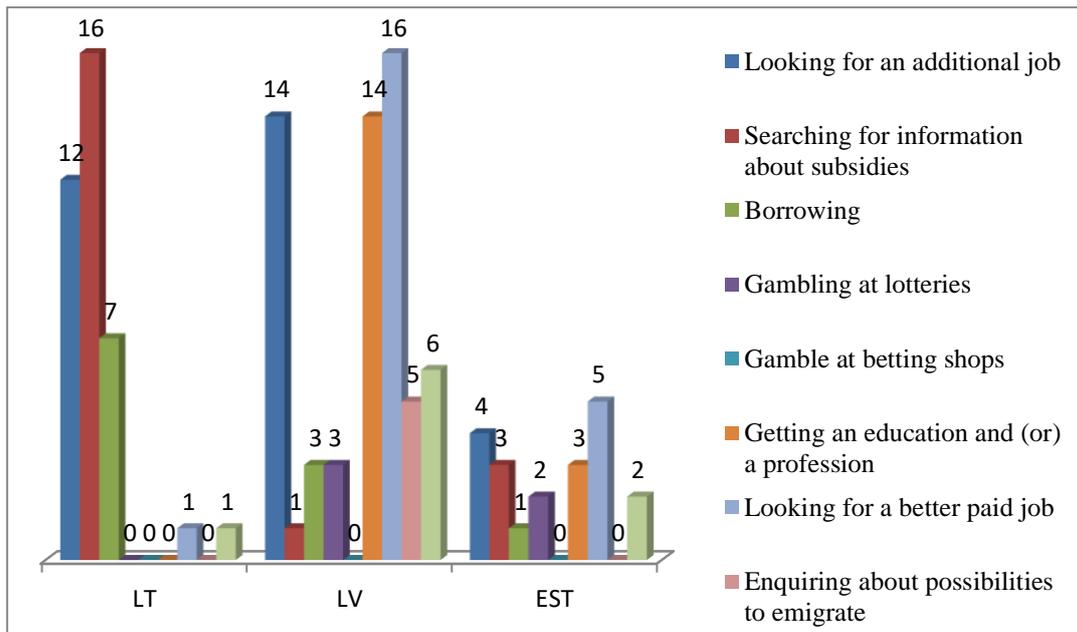
Pic. 8. Why are you short of money?

While answering the question „What issues you have in managing financial issues properly?“ it was possible to select more than one answer. Most of Lithuanian respondents (37%) agree that they are not able to save”, 26% of respondents agree, that they have low income job; low income from different sources; need to satisfy the needs of their children; have no issues in managing my finances; don't have their own money. 29% of Latvian respondents agree that they lack will to save, 15% agree that don't know how to save, and 13% agree that they are not able to save and have excess of information and supply. 29% of Estonian respondents agree that they are not able to save and that terms and financial services of financial institutions are too difficult to understand. It is possible to make an assumption, that young people that were asked during the survey lacks the knowledge about the possibilities of saving money (pic. 9).



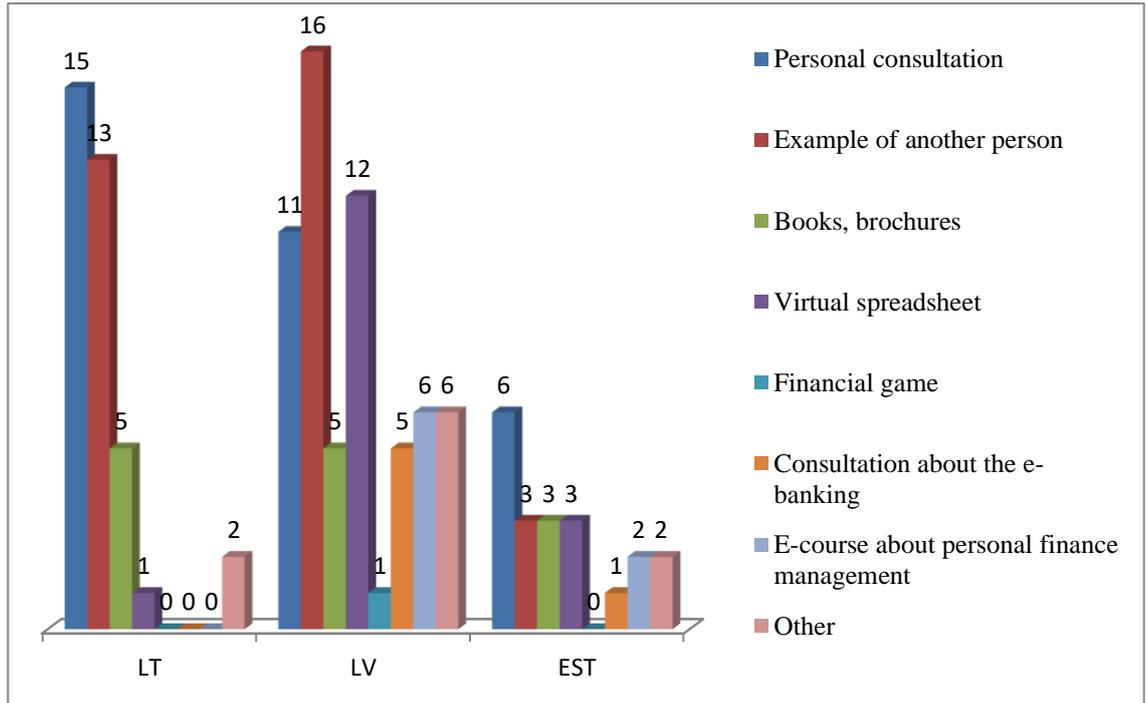
Pic. 9. What issues you have in managing financial issues properly?

While answering the question „How are you trying to increase your income?“ it was possible to select more than one answer. 43% of Lithuanian respondents search for information about subsidies, 32% of respondents are looking for an additional job, 19% of respondents borrow. 26% of Latvian respondents search for the better paid job and 23% of respondents search for additional job and are in education. 25% of Estonian respondents search for a better paid job and 20% of respondents search for additional job. Some of questioned young people said that they are borrowing in order to increase their income, which leads to an assumption that young people need information about borrowing and the risks it brings (pic.10).



Pic. 10. How are you trying to increase your income?

While answering the question „What would help you to manage your personal finances in a better way?“ there was a possibility to select more than one answer. 42 % of Lithuanian respondents think it could be personal consultation, 36 % of respondents think personal example of another person, and 14 % think it could be books and brochures. 25% of Latvian respondents think they would prefer personal example of another person and 19% have chosen virtual spreadsheet, 18 % have chosen personal consultation. 30% of Estonian respondents think it could be personal consultation and 15% respondents have chosen personal example of another person, books, brochures, virtual spreadsheet. That clearly shows, that methodical tool for personal finance management should be focused on abilities of social workers to provide personal consultations for personal financial management, and create brochures intended for young people (pic. 11).



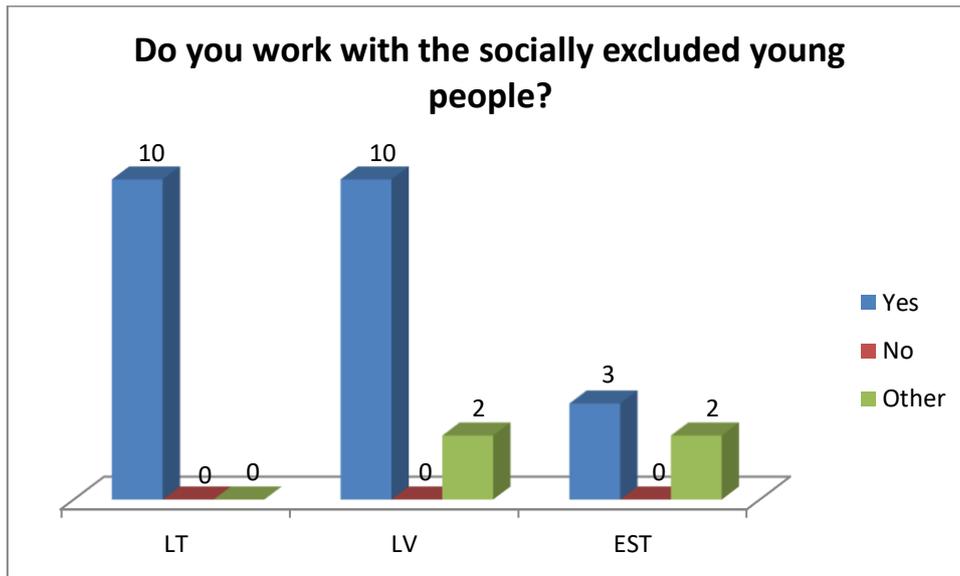
Pic. 11. What would help you to manage your personal finances in a better way?

In summary, it can be noted that main sources of income of surveyed young people from socially disadvantaged groups are subsidies, parental and family support as well as wages. The financial difficulties are encountered by almost all young people. Some respondents tend to borrow when they are short of money. Most of the surveyed young people from socially disadvantaged groups are unable to plan expenses accordingly to their income, because of lack of knowledge about saving and personal finance management. Part of the surveyed young people use credits to increase incomes, therefore they need information about credits and financial risks. It can be assumed that the development of personal financial management tool should be more focused on the social worker's ability to provide personalized consultations on personal financial management and to prepare brochures adapted for young people.

Social workers, working with young people that are socially excluded

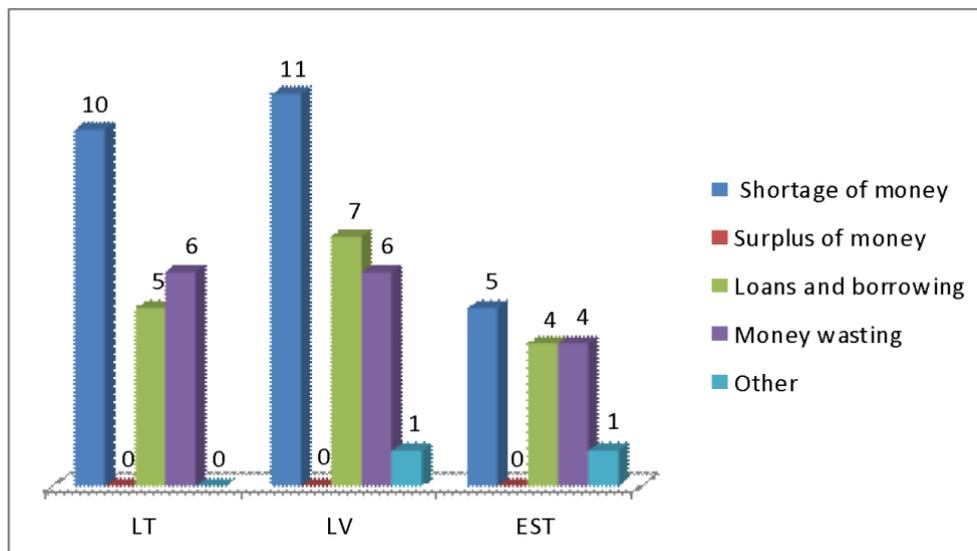
After doing an analysis on the results of the questionnaire, 25 social workers answered the questionnaires. 10 of them are working in Klaipėda city and Klaipėda district, also 10 from Latvia and 5 from Estonia.

The questionnaire consisted of 9 questions.



Pic. 12. Do you work with socially excluded young people?

After doing an analysis, we found out that all of the respondents (100 %) work with young people, who experience social exclusion. All respondents work with social risk families, and a third of them also work with people, that have various addictions (pic.12).

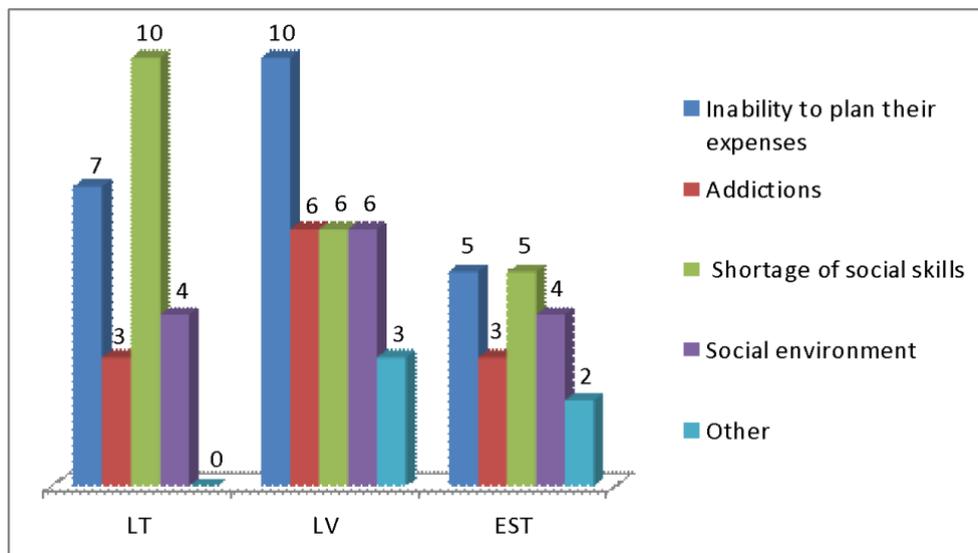


Pic. 13. With what financial problems socially excluded young people have to deal?

While answering the question „What financial problems arise to young people who experience social exclusion?“ it was possible to select more than one answer. The answers in Lithuania were 100% – „The Shortage of money“, 60% - „Money wasting“, and 50% - „Borrowing“. In Latvia - 100% selected „The Shortage of money“, 54%- „Loans and Borrowing“, 46% - „Money wasting“. In Estonia biggest part of answers were the same: 100% – „The Shortage of money“, 80% - „Loans and Borrowing“ and „Money wasting“ each (pic.13).

In all three countries were observed the same tendencies – social workers noticed problems related to low incomes, borrowing and money wasting.

Answering the question „What reasons cause financial problems for socially excluded young people?“ it was possible to select more than one answer and in Lithuania the respondents think that it's because of the “shortage of social skills” (100%), “the inability to plan their expenses” (70%), “Social environment” (30%). “Addictions” were chosen by 30% of the respondents. In Latvia 77% of respondents have chosen “Inability to planning expenses”, 46% have chosen “Addictions”, “Shortage of Social skills”, and “Social environment” for each cause. In Estonia 100% of social workers selected the answers “Inability to planning expenses” and “Shortage of Social skills”, 80% of answers was “Social environment”, 60% marked “Addictions”.



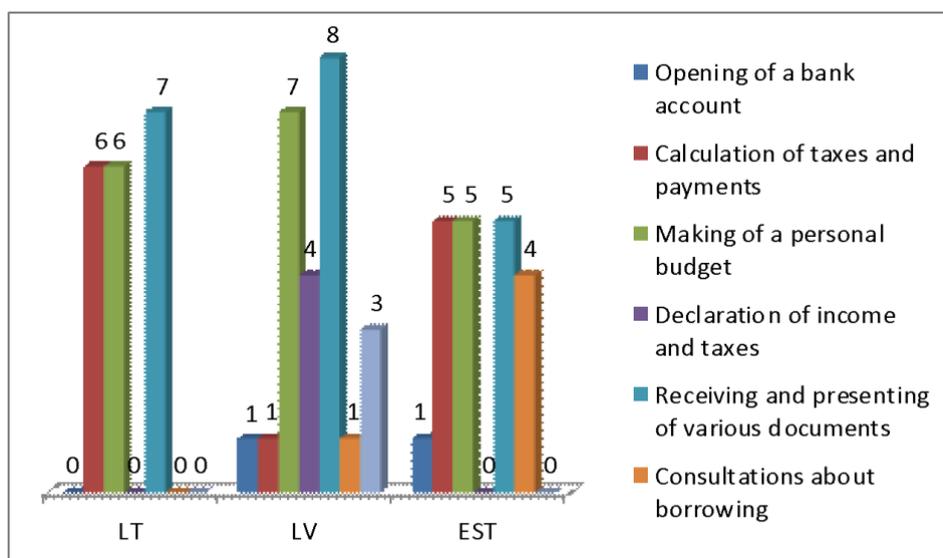
Pic. 14. What reasons cause financial problems for socially excluded young people?

The social workers that we're questioned in the survey had an opportunity to answer an open question about what they think, what kind of information young people need in order to manage their personal finances better.

The social workers answered: young people need advice on how to plan their budget; avoid getting into debts; pay taxes on time. They need information about how to create a personal budget; plan their income and expenses. Young people need all kind of information about finances, the possibilities and methods of saving up money, information about possible social benefits. They need information about existing sources of income. Young people also need workshops and lectures to help them.

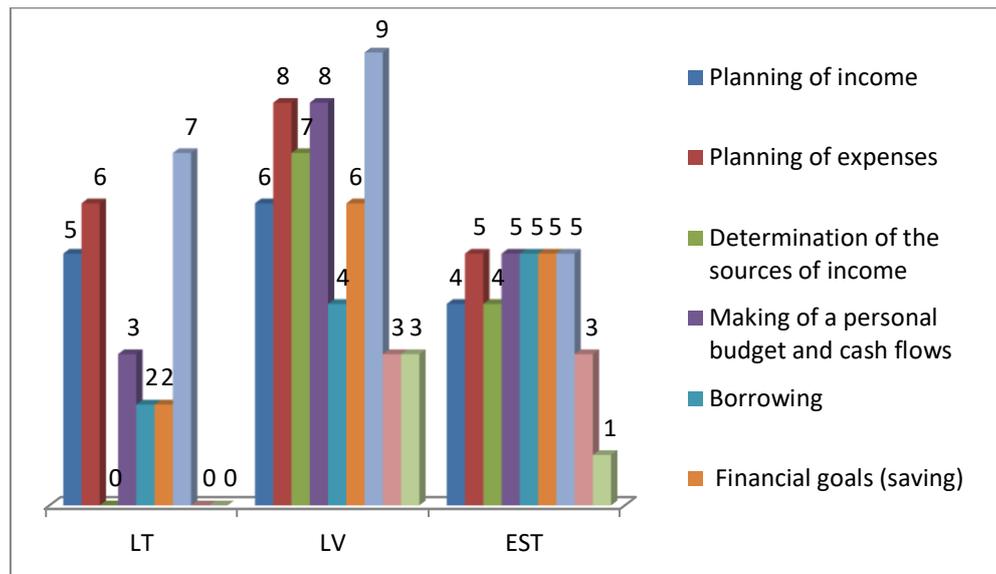
The sixth question was created to determine, what kind of particular information is needed to help young people from socially excluded groups to manage their finances. The respondents in Lithuania indicated, the most useful information would be about: „Receiving and presenting various documents“ (70%), „Calculation of taxes“ (60%) and „Making of a personal budget“ (60%). Opening a bank account, declaration of income and taxes and consultation about borrowing were deemed as irrelevant, because none of the respondents chose this answer.

In Latvia respondents indicated „Receiving and presenting various documents“ (61,5 %), „Making a personal budget“ (54 %).



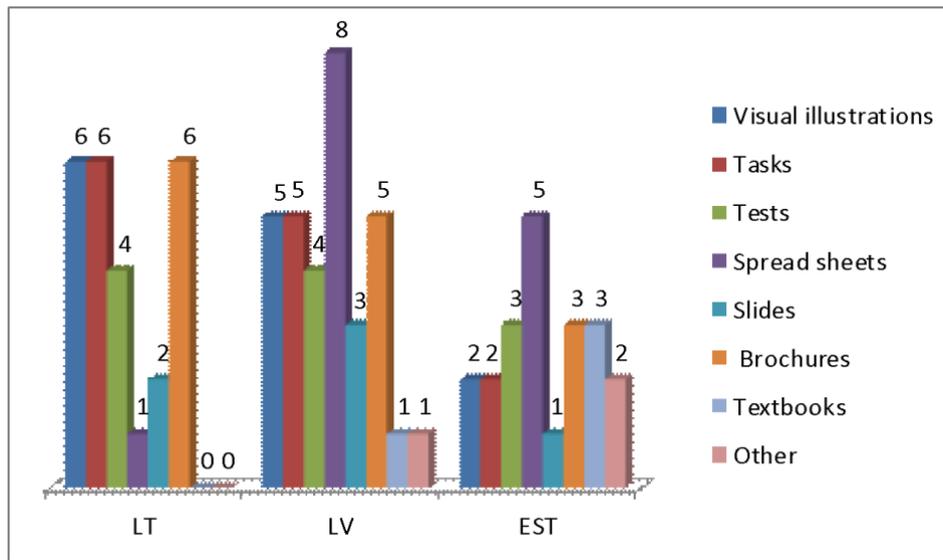
Pic. 15. What kind of financial counselling are you providing for the socially excluded young people?

We also asked, if socially excluded young people follow the advice given by social worker. 60% of the respondents said that the young people usually follow their advice, while 40% of the respondents said, that young people usually don't follow the advice of social workers. It is possible to make an assumption, that the advice received from social workers is relevant to the people that they are working with, but majority of people that are being consulted or taken care of aren't able to use the advice they are given.



Pic. 16. What knowledge do you need to be an effective consultant to socially excluded young people about personal finances?

In order to find out what kind of information social workers need about personal finances, to be able to effectively counsel young persons that are experiencing social exclusion, we gave them a question that can be answered with more than one answer. Most of the respondents in Lithuania (70%) stated that it would be “Formation of saving skills”; 60% stated “Planning of expenses” and 50% stated “Planning of income”. Almost a third (30%) of the respondents stated “Making a personal budget and cash flows”. “Borrowing” and “Financial goals” were chosen by two respondents each. In Latvia the skills marked as important were: “Formation of saving skills”; „Planning of expenses“ and “Making a personal budget and cash flows”. Estonian respondents stated almost all knowledges as important. All the respondents from all three countries state that information about insurance isn't needed, because that kind of information is expected from insurance specialists.



Pict. 17. What teaching techniques in your opinion would be effective in developing the skills of financial management?

Researchers asked about „What kind of teaching techniques in your opinion, would be effective in developing the skills of financial management? “. It was possible to select more than one answer. „Visual illustrations“, „Tasks“and „Brochures“were chosen by more than half (60%) of the respondents. 4 respondents (40%) answered “Tests”, two answered “Slides” and one “Spread sheets”.

Conclusions

Socially disadvantaged young people research:

1. It was found out that more than half of the respondents experience financial difficulties and believe their ability to manage personal finances is average or bad.
2. It was found that the prevailing main reasons causing personal financial management problems are: inability to save, inability to find a job, low incomes.
3. An analysis of the research results identified that competences, the development of which would help to deal with the personal financial management problems are as follows:
 - a) Ability to spend less than earned by planning a personal budget and keeping financial discipline.
 - b) Ability to find the necessary information and properly use it dealing with personal finances.
 - c) Ability to assess the consequences of borrowing, its advantages and disadvantages.

Social workers:

1. The research showed that social workers from the participating countries identified the most important personal financial management problems of socially disadvantaged young people these problems: lack of income and money, money wasting and borrowing.
2. It was found that the main reasons causing personal financial management problems according to social workers are: the lack of social skills, inability to plan costs; social environment and addictions.
3. Analysing the necessary competencies to develop, it was recognised that social workers would need methodical tool, visual material, virtual spreadsheets, which could be used to improve their educating skills to manage personal finances.