The personal financial management practices of young married couples

Chrizaan Grobbelaar

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ABSTRACT

An economic crisis has severe consequences for a country in terms of high job losses, lower income and a decrease in investments. Consumer demands are an important factor to help keep the economy strong, but when consumers are over-indebted, losing their jobs or experiencing a slowdown in income, it will cause a downward trend in the economy.

A severe increase in the debt-to-income ratio of households took place in South Africa the last decade. Credit was extremely easy to obtain and no measures were in place to determine whether individuals were able to repay the debt. An increase in interest rates on personal and home loans led to individuals becoming over-indebted. Currently consumers not only face high interest rates, but also extremely high cost of living in terms of electricity rates, and petrol and food prices. At present consumers thus find themselves strangled in a web of debt and high costs, which make it impossible for them to even think of putting money aside for savings and retirement. In addition, South Africa is currently experiencing a slow savings rate, which also causes a set-back on economic growth.

Many financial problems originate from the lack of personal financial knowledge. Financial problems result in divorce, stress and depression, bankruptcy and a decline in employee performance and productivity. Yet, some adults do not even have basic educational training. Other factors contributing to financial problems include financial phobia, compulsive buying behaviour and debt. Financial literacy is an important tool for daily personal financial management in that it helps an individual make wise financial decisions, overcoming or avoiding debt and increasing savings.

Young married couples tend to ignore one another’s different ideas about money and their different money management personalities. Managing finances as a couple is much more challenging than doing so individually. Each spouse has a different perception of money and reveals different behaviours and attitudes towards their finances. Lack of communication between couples on their differences can cause

arguments between them. A couple's marital satisfaction depends partly on their personal financial management practices. Marital dissatisfaction can lead to divorce.

The aim of this study was to obtain information regarding the young, married couples' personal financial management practices of living in the Bloemfontein area during 2010 and 2011. The secondary objectives aimed to evaluate the importance of sound financial management for an individual or within a marriage. In addition to this, to determine how young married couples manage their finances, communicate and disagree, and the behaviours, attitudes and perceptions they have regarding their finances. The target population consisted of 75 married couples; in other words, 150 respondents completed the questionnaire.

The results show that approximately 30% of the respondents never put money aside for savings and retirement. Compared to the literature, nine out of every 10 individuals do not have enough money to live on when they reach their retirement age, which forces them to continue working. One out of every two respondents has a credit card and clothing accounts, and vehicle finance was close to this figure.

Couples prefer to share the decision-making with regards to their financial matters in the household. Couples who constantly disagreed on financial matters amounted to 11,5%. A spouse's debt situation is the biggest contributor to financial stress in a marriage.

Of the total respondents, 20% were extremely negative about their personal finances and 59,3% refuse to consult a financial advisor regarding financial matters, while 36,7% of the respondents were dissatisfied with their present financial situation.

Each spouse has a higher esteem of their own personal financial management practices compared to how their partners perceive their management practices. Overall, the confidence in the husband's personal financial management practices are rated the highest by both husband and wife.

ABSTRAK

ŉ Ekonomiese krisis het geweldige nagevolge vir ŉ land gemeet aan werksverlies, laer inkomste en ŉ afname in beleggings. Verbruikersvraag is ŉ belangrike faktor wat die ekonomie sterk hou, maar wanneer verbruikers oorverskuldig is, hul werk verloor of ŉ verlangsaming in inkomste ervaar, sal dit ŉ afwaartse neiging in die ekonomie tot gevolg hê.

Die skuld-tot-inkomste verhouding van Suid-Afrikaanse huishoudings het oor die afgelope dekade skerp toegeneem. Dit was verbasend maklik om krediet te bekom en daar was nie enige maatreëls getref om te bepaal of individue daartoe in staat sal wees om skuld terug te betaal nie. ŉ Rentekoersverhoging op persoonlike en huislenings het daartoe gelei dat individue te diep in die skuld geraak het. Verbruikers het tans nie net met hoë rentekoerse te kampe nie, maar moet ook uiters hoë lewenskoste in die vorm van elektrisiteitstariewe en petrol- en kospryse trotseer. Verbruikers is tans in ŉ weefsel van skuld en hoë koste vasgevang wat dit vir hulle onmoontlik maak om dit eers te oorweeg om geld te spaar of vir aftrede opsy te sit. Hierbenewens ervaar Suid-Afrika tans ŉ trae spaarkoers wat ekonomiese groei verder kniehalter.

Verskeie finansiële probleme spruit uit ŉ gebrek aan persoonlike finansiële kennis. Finansiële geletterdheid is ŉ belangrike hulpmiddel wat ŉ individu daagliks kan help om wyse finansiële besluite te neem, skuld baas te raak of te vermy en meer te spaar. Sommige volwassenes beskik egter nie eens oor basiese opvoedkundige opleiding nie. Ander faktore wat tot finansiële probleme bydra sluit finansiële fobie, koopdrang en skuld in. Finansiële probleme kan egskeiding, stres en depressie, insolvensie en ŉ afname in werknemerprestasie en -produktiwiteit tot gevolg hê.

Jong, getroude paartjies is geneig om mekaar se uiteenlopende idees oor geld en hulle onderskeie geldbestuurspersoonlikhede te ignoreer. Dit is ŉ heelwat groter uitdaging om finansies gesamentlik as ŉ egpaar te bestuur as wat dit is om dit individueel te doen. Elke eggenoot het sy/haar eie persepsie oor geld en toon verskillende gedrag en houdings ten opsigte van sy/haar finansies. ŉ Gebrek aan kommunikasie oor hul

verskille kan argumente by egpare veroorsaak. ŉ Egpaar se huweliksgeluk hang gedeeltelik van hulle persoonlike finansiële bestuurspraktyke af. Huweliksongeluk kan egskeiding tot gevolg hê.

Die oogmerk van hierdie studie was om inligting in te samel oor die finansiële bestuurspraktyke van jong egpare in die Bloemfontein gebied tydens 2010 en 2011. Die sekondêre doelwitte was daarop gerig om die belangrikheid van gesonde finansiële bestuur vir ŉ individu en binne ŉ huwelik te evalueer. Verder, om te bepaal hoe jong egpare hul finansies bestuur; kommunikeer en verskil; en wat hul gedrag, houdings en persepsies jeens finansies is. Die teikenbevolking was 75 egpare; dit wil sê, 150 respondente het die vraelys voltooi.

Die resultate toon dat ongeveer 30% van die respondente nooit geld spaar of vir aftrede opsysit nie. Vergeleke met die literatuur het 9 uit elke 10 individue nie genoeg geld om van te leef as hulle hul aftreeouderdom bereik nie. Dit verplig hulle om aan te hou werk. Een uit elke twee respondente het ŉ kredietkaart en klererekenings, met voertuigfinansiering kort op die hakke.

Egpare verkies om besluitneming ten opsigte van hul geldsake te deel. Egpare wat voortdurend oor geldsake verskil beloop 11.5%. ŉ Eggenoot se skuldsituasie is die vernaamste bydraende faktor tot stres in ŉ huwelik.

Altesaam 20% van die respondente was uiters negatief oor hulle persoonlike finansies en 59% weier om ŉ finansiële adviseur oor geldsake te nader, terwyl 36,7% van die respondente ontevrede was met hulle heersende finansiële omstandighede.

Elke eggenoot het ŉ hoër agting van sy/haar eie, persoonlike finansiële bestuurspraktyke getoon vergeleke met hulle maats se beskouing daarvan. Oor die algemeen het mans en vroue die meeste vertroue in die man se persoonlike finansiële bestuurspraktyke.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

The world entered a global economic crisis in 2008, which is said to be the worst financial crisis since the Great Depression, with developed countries such as the United States (US), Britain and the rest of Europe suffering most (Pendery, 2009:1).

At the beginning of 2009 the International Monetary Fund (IMF) forecasted a contraction of 1.3% of the world economy, which led to one of the most severe global recessions to date. The IMF forecasted such contraction figures for a number of countries, including Japan (-6.2%), Germany (-5.6%), the US (-2.8%) and South Africa (0.25%) (Hansen, 2009:1).

During 2006, house prices in the US reached a peak (Soros, 2008:312) and credit became extremely inexpensive (Brunnermeier, 2008:7), making it easy for homebuyers to obtain sub-prime loans. However, the majority of the homebuyers became incapable of repaying their loans (Soros, 2008:312). House prices started to decline drastically, while interest rates increased simultaneously (Gjerstad & Smith, 2009:1). Homeowners could no longer afford the higher monthly repayments. During 2008, lenders in the USA repossessed 2.3 million properties, declaring other outstanding mortgages delinquent or putting them into foreclosure (Irvine, 2009:1).

Also in 2008, banks across America collapsed financially as a result of providing 100% home and personal loans to individuals, instead of basing such loans on the person's ability to meet the repayments (Rose, 2009:1). Lehman Brothers, one of the major banks in the US, was no exception, and their problems were compounded by the fact that they had such a high level of leverage and dependence on short-term debt financing (Zingales, 2008:12). Banks in the United Kingdom (UK) suffered total impairments and credit losses on direct investments, asset insurance and underwriting loans amounting to about £112.6 billion (Vina, 2009:1).

The National Credit Act (NCA) that was instituted in South Africa in 2007 protected South Africa from the worst of the global economic crisis (Solipa, 2009:1). Banks in South Africa were forced to test every potential borrower's ability to repay a loan by comparing the borrower's total expenses to his/her disposable income. The NCA made it very difficult for consumers to obtain credit, which ultimately saved them from reckless spending (Ntingi, 2008:1).

From 2007 to 2009, countries worldwide experienced a recession and South Africa was no exception (Van Tonder, 2009a:1). In September 2009, the South African population between the ages of 15 and 64 years totalled 31.172 million. This number can be broken up into different categories:

- Labour force: 17.077 million
    - Employed: 12.885 million (41%)
    - Unemployed: 4.192 million (14%)
- Not economically active: 14.095 million (45%)

In 2009, there were a total of 70 000 job losses and the number of people not economically active increased by 1.071 million (Statistics South Africa, 2009:vi). From these statistics one can argue that for people already struggling to meet their monthly payment obligations, the loss of their jobs could ruin them financially.

By the end of June 2009, R50.93 billion had been granted to South African consumers (NCR, 2009a:1). At the end of September 2009, statistics showed that 18.01 million consumers were credit-active, with 9.92 million of those in good standing and 8.09 million with impaired records (NCR, 2009b:1).

Over the past two years South Africa has been battling not only an economic crisis, but also an energy and food crisis (Sherry & Paton, 2009:1). Even in 2004, statistics showed that 41% of Africa's population were living below the breadline (SAPA, 2009:1). The situation is broader, for an increase in food prices left 960 million chronically hungry people worldwide in 2008 (World Bank, 2009:2-3). These crises can cause households ending up with extremely high debt. In many member countries of the Organisation for Economic Co-operation and Development (OECD), households are facing significantly high levels of debt (Crook & Hochguertel, 2007:4).

The total amount of household debt is subject to both the ability and the willingness to borrow (Godwin, 1997:323). Over the past two decades and in numerous countries, more and more households have made use of credit services to reduce the liquidity limitations on households. Worldwide, this increase in debt has vital economic effects, such as the impact of pressure changes in interest rates on the economy, which will only serve to further distress households (Debelle, 2004:1). The absence of control over credit in some parts of the world may have resulted in more aggressive credit rates, and the rising competition among credit holders probably contributes to the financial difficulties of young, married couples seeking to start a family and buy a home (Orton, 2007:5).

What further needs to be taken into consideration is that the majority of consumers today fall into the Generation Y category (individuals born between 1977 and 1994). They generally want more power and money, but they also tend to spend much more than previous generations (Paul, 2001:1).

1.2 PROBLEM STATEMENT

South African households are currently under severe pressure when it comes to debt. Nationally, the debt-to-income ratio of the average household increased from 60% in 1998 to more than 75% in 2009. Furthermore, the cost of basic products and services, including food, fuel and electricity, also increased in 2009 (Fife, 2008:1).

By the end of 2007, the household debt-to-income ratio in the US was 133% (Weller, 2008:1). In the first half of 2009, US households only managed to repay 3.1% of their debt (Wolf, 2009:1).

A study done in the US found that approximately 75% of individuals do not plan for retirement, that employees are not properly informed about their retirement savings, that people are not financially literate, and that only a few households make use of professional financial advice while the rest rely on informal advice (Lusardi, 2007:5-20).

According to research studies conducted to test the financial literacy of consumers in various countries, consumers are basically financially illiterate (Mandell, 2005:1). Many financial education programmes have been implemented in US schools to improve financial literacy and instil a culture of saving, because children end up being financially uneducated due to their parents' lack of financial knowledge (Beverly & Clancy, 2001:1).

Financial matters and debt are burdens that almost everyone must bear and therefore, when couples marry, these burdens seem to multiply. Financial planning is not always pleasant, but if a healthy financial position and marital relationship are to be ensured, it is essential (DebtHelp.com, 2007:1). Mostly an adult's attitude towards money is the result of what he/she learned and experienced in early childhood (Kirkcaldy & Furnham, 1993:1079). The demographics and economic personalities of consumers can cause diverse attitudes toward the use of credit (Chien & Devaney, 2001:163).

Most young married couples have just started their careers while at the same time trying to understand and combine their individual attitudes toward money. Furthermore, many couples enter marriage with existing debt, and some accumulate too much debt during the marriage (USCCB, 2009:1).

Most couples' perceptions of their personal finances do not differ much, although they may hold different views regarding their financial position (Zagorsky, 2003:145). Money is one of the major conflict issues in a marriage. A lack of communication between spouses regarding their personal finances results in arguments. In cases where it has been agreed that one spouse will manage the bills, any communication gap that occurs may result in a situation where one spouse tries to manage everything while the other spouse, either consciously or unconsciously, spends the income as it is earned (Springboard, 2007:1). A survey done on married couples in the US revealed that 51% of couples are prone to arguing about finances. Of this 51%, 5% reported that they argue often, 22% that they argue sometimes, and 24% that they argue rarely. Married couples who manage their finances, set financial goals and are more serious about saving money, tend to argue less about their finances. It was also found that older couples engage in fewer arguments concerning finances and that they are less concerned about the amount of household income being generated. Consequently, young couples are the main target of financial education (Lawrence, Thomasson, Wozniak & Prawitz, 1993:91-92).

The marital partners' behaviour in terms of how they spend money can influence the success of the relationship. Marriage counsellors have pointed out that some of the most serious problems in marriage are caused by the respective partners' conflicting attitudes and behaviours towards money (Amato & Previti, 2003:608-623). A few studies have been done on couples' financial attitudes and behaviours (Kerkmann, Lee, Lown & Allgood, 2000:55), but those that have been done have revealed that financial matters are the cause of many divorces (Terling-Watt, 2001:141). Paragraph 3.5.1, in Chapter 3, also points out that a divorce has a negative impact on children, which leads to emotional pain and severe stress (Bojuwoye & Akpan, 2009:262). Thus, the main focus of this study is to determine how young married couples manage their personal finances and debt.

1.3 RESEARCH OBJECTIVES

The primary objective of this research is to obtain an indication of the personal financial management practices of married couples between the ages of 21 and 45 years living in the Bloemfontein area.

The secondary objectives are:

1. To determine the extent of the economic crisis and the part that personal debt played in this crisis;
2. To investigate the importance of sound financial management for an individual;
3. To investigate the importance of sound financial management within a marriage;
4. To investigate how young married couples manage their personal finances and debt;
5. To determine the extent to which married couples communicate and disagree with regard to their personal finances;

6. To investigate the differences between couples' attitudes and behaviours with regard to their personal finances;
7. To determine the difference between how husbands perceive their own personal financial management practices compared to how the wife perceives her husband's personal financial management practices and *vice versa;* and
8. To contribute to the research field of personal finances and give recommendations to young married couples on their personal financial management practices.

1.4 RESEARCH METHODOLOGY

A quantitative approach was applied to this investigation. Quantitative research can be defined as "the systematic scientific investigation of quantitative properties and phenomena and their relationships". The objective of quantitative research is to develop and employ mathematical models, theories and/or hypotheses pertaining to natural phenomena (Leedy & Ormrod, 2005:94).

Primary data were collected by means of structured questionnaires focusing on personal financial management. Data on personal financial management issues, such as communication and disagreement, attitudes, behaviours and perceptions was collected from seventy-five married couples between the ages of 21 and 45 years who belonged to the Generation Y and X population and lived in the Bloemfontein area. These seventy-five married couples were assembled through the "snowball effect" in the Bloemfontein area. The data obtained from the respondents were captured and analysed using the statistical software programme, SPSS (Version 13.0 for Windows). Various methods were used in the analyses process in order to reach the research objectives, such as frequencies and percentages, means, cross-tabulations, Pearson chi-squares, one-way ANOVA-analysis, and T-tests.

Secondary data were collected by consulting relevant literature, such as published and unpublished reports, articles, academic journals and the internet, so as to outline the problem in full.

1.5 RESEARCH DESIGN AND OUTLINE OF CHAPTERS

The study is outlined in seven chapters arranged into three sections: literature review, empirical analysis, and the conclusion section of the study. The chapters were planned as follows:

1. Chapter 1 points out the importance of personal financial management and emphasises the research problem and objectives of the study.
2. Chapter 2 embodies the literature review that was done in relation to past studies on the world economic crisis and the implications of excessive debt.
3. Chapter 3 outlines the causes and effects of poor personal financial management.
4. Chapter 4 focuses on couples' attitudes, behaviours and perceptions regarding personal finances and how they manage their personal finances.
5. Chapter 5 explains the research design and methodology used in the study, along with an explanation of the sample that was used.
6. Chapter 6 presents a discussion of the research results.
7. Chapter 7 sets out the conclusion of the study as a whole.

1.6 DEFINITIONS

The following definitions are engaged in the study to illuminate divergence:

1.6.1 Consumer debt

Consumer debt is credit that is still owed by the consumer. It is used to finance expenditure rather than savings (InvestorWords.com, 2009a:1).

1.6.2 Debt management

A debt management plan is a unique plan developed to help a consumer manage his or her personal debt. The plan is usually implemented by a professional outsider on behalf of the consumer, mainly due to the consumer's lack of knowledge on how to manage personal debt effectively (InvestorWords.com, 2009b:1).

1.6.3 Disposable income

This is the income left after pay-as-you-earn (PAYE) tax has been deducted from the individual's gross earnings (InvestorWords.com, 2009c:1).

1.6.4 Financial attitude

Financial attitude is the general attitude that a person shows toward the management of his/her finances (Kim, 2000:10).

1.6.5 Financial behaviour

Financial behaviour is the course of action that people undertake in managing their personal finances in an effort to reach their financial goals; for example, retirement plans and credit and money management (Kim, 2000:10).

1.6.6 Financial capability

Financial capability is "a set of financial knowledge, skills, and behaviours among individuals" (PRI, 2005:4). Thus, financial capability can be furthermore defined as:

1.6.6.1 <u>Financial knowledge and understanding</u>

An individual's ability to control money, cope with day-to-day financial issues and make the right decisions regarding one's own financial needs (PRI, 2005:4).

1.6.6.2 <u>Financial skills and competence</u>

An individual's ability to use his/her knowledge and understanding during predictable and unpredictable circumstances and being able to figure out a way out of financial problems (PRI, 2005:4).

1.6.7 Financial literacy

Mandell (2006a:2) defines financial literacy as the necessary knowledge people require to make important financial decisions on behalf of themselves and dependants.

1.6.8 Financial problems

Financial problems are the differences between an individual's financial wealth and burdens (Kerkmann *et al.*, 2000:56).

1.6.9 Generation X and Y

Generation X are those individuals born between the years 1965 and 1976 and Generation Y are those individuals born between the years 1977 and 1994 (Timmermann, 2007:25).

1.6.10 Money personality

Koh (2008:9) defines money personality as the level of desire to create wealth and the willingness to take risks.

1.6.11 Personal financial management practices

Financial management is defined as a process of planning, implementing, and evaluating by individuals in allocating their flow of household income to achieve their future financial goals (Kerkmann *et al.*, 2000:55). Personal financial planning is a process of planning with different goals in sight, e.g. long-term and short-term goals. The main goal to pursue is financial independence upon retirement (Swart, 1996:4). Management practices are certain methods or techniques used by an individual to achieve financial goals in the most effective way (BusinessDictionary.com, 2012:1).

1.6.12 Personal savings

This is made up of disposable income less total personal expenditure (BusinessDictionary.com, 2009a:1). It can also be defined as money put aside for future use (BusinessDictionary.com, 2009c:1).

1.6.13 Poor financial behaviour

"Consequential, detrimental and negative impacts on one's life at home and/or at work" result from poor financial behaviour in terms of personal and joint money management practices in a marriage (Garman, Leech & Grable, 1996:158).

1.6.14 Purchase patterns

Sarabia-Sanchez (2005:410) defines a purchase pattern as "an element or situation which stimulates behaviour and, along with others, shapes preferences, styles and orientations when purchasing."

1.6.15 Recession

This is a phase of economic downturn as a result of contractions in the gross domestic product (GDP) for a period of six months and longer, along with high unemployment rates, a slowdown in salary increases, and declining retail sales (BusinessDictionary.com, 2009b:1).

1.6.17 Young married couples

As no formal definition is available for your married couples, the author decided that for the purpose of this study, couples that are married for less than 10 years are regarded as young married couples.

1.7 CONTRIBUTION OF THE STUDY

Research into this area is important in the effort to enhance the mutual understanding that is necessary if married couples are to manage their personal finances effectively. It is essential to make the right decisions regarding one's finances today. Many people are struggling to keep their heads above water since the advent of the global economic crisis. With the recession already upon us, mostly everyone is finding it more difficult to survive financially.

1.8 CONCLUSION

Chapter one gives a clear background of the economic crisis and the effect it has on a country. Households are also negatively affected by the crisis; for example, job losses, slowdown in household income, and a severe increase in household debt. Before the economic crisis from 2007 to 2009, credit was extremely easy to obtain at very low interest rates. When the crisis hit, interest rates started to increase and households were no longer able to settle their debt. Financial knowledge is very important for an individual to effectively manage his/her finances, but the latest studies revealed that most individuals are financially illiterate. Individuals have different attitudes, behaviours and perceptions towards their personal finances and grew up with different money personalities. When two people get married they have to face these differences in order to manage their finances effectively as a couple. A lack of planning for retirement can cause couples to have insufficient funds when reaching retirement age. Thus, sound financial management within a marriage is of extreme importance. In Chapter 2, the extent of the economic crisis and the part that personal debt played in this crisis will be discussed in detail.

CHAPTER TWO

THE IMPACT OF ECONOMIC RECESSION ON PERSONAL DEBT

2.1 INTRODUCTION

The world experienced stable economic growth from 2002 to 2007 together with low inflation (Hellebrandt & Young, 2008:384). In 2008 the world entered a global economic crisis, which is regarded to be the worst financial crisis since the Great Depression, with developed countries such as the US, Britain and the rest of Europe suffering most (Pendery, 2009:1). South Africa experienced a recession for the first time in 17 years. It has affected the country in several ways; for instance a sharp fall in demand for its export products, a fall in export commodity prices and falling foreign investment. This downward trend resulted in negative implications for income, employment and investment (Chitiga, Mabugu & Maisonnave, 2010:5). The economy is ultimately driven by consumer demand, which can be described as consumer spending maintained by consumer debt (Cohen, 2005:57-59). The world economic recession forced consumers to reassess their current financial position. They now not only spend less, but think twice before they obtain any new debt (Summers & Kroes, 2009:1).

In this chapter, a discussion will follow on the origins of the economic recession and the impact it has on personal debt and the result there of on South Africa.

2.2 DEFINING WORLD ECONOMIC RECESSION

Recession is a phase of economic downturn as a result of contractions in the gross domestic product (GDP) for a period of six months and longer, along with high unemployment rates, a slowdown in salary increases, and declining retail sales (BusinessDictionary.com, 2009:1). The recession originated in the US and spread to developing countries such as South Africa (Steyn, 2008:1).

2.3 DEFINING CONSUMER DEBT

Debt can be defined as any obligation or so-called commitment made by an individual to repay money as a result of past actions where money were borrowed, and or goods or services were taken on credit from another person or entity (Prinsloo, 2002:63).

Common debt taken on by consumers can consist of (but not limited to):

- Credit cards
- Personal loans
- Home loans, mortgages and home equity loans
- Car, boat, motorcycle loans
- Retail loans (furniture, appliances, ect.)
- Alimony and child support
- Contracts for services

(Debt Consolidation Index, 2010:1 of 1)

2.4 THE ORIGINS OF THE RECESSION

Several factors led to the global economic recession from 2007 to 2009. These factors can be described as the change in mortgage lending standards, the prolonged low-interest rate policy of the US Federal Reserve Bank, the increased debt-to-equity ratio of investment banks and the high debt-to-income ratio of households (Gwartney, Macpherson, Sobel & Stroup, 2009:4-12). All four these factors will be discussed under the following sections: the housing boom, the role of banks during the economic recession and the personal indebtedness of households.

2.4.1 Housing boom

The literature consulted in this area focus mainly on the US as they experienced the boom in the housing sector in a more problematical way than any other country. Very limited research has been done on South Africa's housing sector during the crisis stage of 2007 - 2009.

Households consist of two categories, namely house lessees and house owners (Dynan, Johnson & Pence, 2003:421). Making the shift from rentership to ownership raises the problem of affordability, which becomes more difficult for households (Burke, 2007:4).

The next section explains how “cheap” credit, such as mortgage loans, were extended to home buyers in the US and the reckless refinancing of these loans by US banks at lower interest rates. It also discusses the over-indebtedness of these home buyers as a result of their inability to repay their debt.

2.4.1.1 United States’ housing bubble

A housing (asset) bubble begins when house prices are increasing and with the influence of fundamental determinants. Fundamental determinants can be broken up into three measures, which are home prices relative to household income ratio, home prices relative to rent ratio and interest rates. When all three these measures are low and house prices are on the rise, then a housing bubble exist (McCarthy & Peach, 2004:4-5).

Once the housing (asset) bubble begins, it continuously needs to be fed with mortgage lending through a financial system. The financial system consists of investment banks and micro lenders. After the year 2000, new mortgage lending norms were created by the financial sector that made it affordable to buy a house. The housing bubble grew larger as more cheap credit was extended to homebuyers. Homeowners did not only take up new mortgage loans to buy houses, but to refinance their existing mortgages at lower interest rate levels. The US financial institutions extended trillions of dollars in risky subprime mortgages to the entire population, including the low income groups (Kotz, 2008:6-10). By the end of 2007, the real median household income was lower than it was in 2000 (U.S. Census Bureau, 2008, Table H-6). Huge amounts of credit were extended to homebuyers to keep the housing market growing, which led to an enormous housing bubble. As the housing bubble grew larger, the financial sector drew closer to a deflation in the housing bubble. Thus, the financial sector was forced to cut down on credit granting and by doing this they had to make it more difficult to obtain credit. During 2006-07, interest rates were raised and the housing bubble started to deflate. Households could no longer manage to repay their existing loans and it was impossible for them to refinance their loans at a lower interest rate (Kotz, 2008:12).

The following section investigates whether South Africa experienced the housing bubble in the same degree as the US and the rest of the world.

2.4.1.2 South Africa's housing bubble

The previous housing bubble experienced by South Africa was during the early 1980's. The growing property market was subjected to negative real interest rates and a strong Rand as a reaction to the higher gold price. The property market collapsed in 1984 following the depreciation of the Rand due to higher interest and less affordable home loans. After 1984 the property market experienced another three years' downturn before it was restored again. The housing bubble during the current 2007 – 2009 crisis was subjected to low interest rates, a stronger Rand, an emergent middle-income sector and optimistic investor confidence (Clark & Daniel, 2006:27).

By the end of 2008, the real estate market worldwide faced the major problem concerning the limited access to credit. Banks worldwide were in no position to access credit as a result of their own liquidity problems. The South African property market experienced the same pressures as the rest of the world, but still they performed better than most developed countries, such as the US and Britain. Countries such as the UK, Northern Ireland, Spain and Australia had expected a downfall in house prices of 40% as from 2007 to 2009, where South Africa only expected a downfall in house prices of 10%. Sales levels in South Africa's property market reached rock bottom, but still experienced a very small positive growth. The listed property index showed a downturn of 25% for Britain, 18% for South Africa and more than 25% in countries such as the US, Australia and parts of Europe (Fin Week, 2008:45-46).

As from 2009, house prices in South Africa started to increase again, which meant that South Africa did not experience the major drop in house prices like the foreign markets due to a 0% annual house price inflation at that time. However, the forced property sales in SA increased from 25%-50% (Watt, 2009:8). This was due to the increase in interest rates, which resulted in higher monthly repayments on home loans. Home owners could no longer afford the higher repayments and were forced to sell their properties (Clark & Daniel, 2006:29).

The following section discusses the role of banks during the financial crisis and their reckless credit lending practices and the monetary policies that were in place.

2.4.2 The role of banks during the financial crisis

Again, the focus is on the US, as the role of US banks correlate with the housing boom during 2007 to 2009.

2.4.2.1 <u>The role of US banks during the crisis</u>

- *The Invention of Subprime Loans and Mortgage Loans in the US*

Credit money was first created specifically for industrial activity. Equity markets only started with the help of funded pension schemes. Major companies invested more in equity markets for finance, which resulted in a decline in retained earnings of commercial banks. The commercial banks expanded their lending practices to households and smaller businesses. They developed new financial instruments with interest rates charged on it. Later on, banks were allowed to expand in additional capital market activities. Their focus switched to financial asset trading, bank charges and interest earnings. The system they used to operate was called the originate-and-distribute model. With this change in place, borrowers were no longer evaluated. The banks were only interested in selling their financial assets called subprime loans and mortgage loans to receive fees and interest on it in return. The model used by banks in the US shifted over to the

UK and some parts of Europe. The increased demand for houses in the US resulted in a higher demand for credit by households (Wade, 2008:30-35).

- *The monetary policy of U.S. banks*

Productivity growth enabled the US to expand economically, which resulted in higher net interest limits for banks. The banks obtained funds with interest rates lower than the 30 year mortgages they extended to customers. The availability of the new funds obtained by banks made it possible to develop new financial products, as mentioned earlier. The US Federal Reserve provided banks with funds at an interest rate of only 1.0% between 2003 and 2004. The Federal Reserve came under new management and the interest rates was kept low for some time and increased bit by bit until it reached 5.25% in 2007. With the low interest rates in 2004 and the high demand for credit by customers, it was easy for customers to obtain credit. Thus, in a nutshell, banks obtained funds cheaply and were able to sell it at higher affordable interest rates in the form of subprime loans and mortgage loans (Orlowski, 2008:3-5).

- *Reckless lending practices by US banks*

The standard credit approval criteria obliged banks to verify the maximum levels of debt service ratios of mortgage borrowers before credit can be extended to them. The banks either violated or overlooked this standard criterion and the ability of borrowers to repay was not verified. Risky lending practices continued, while banks were only interested in rising profits (Orlowski, 2008:5-6).

- *The collapse of US banks*

Large banks lost a great deal of their equity during the crisis that started in 2007 (Beltratti & Stulz, 2009:2). Both investment and commercial banks had the tendency to take on the risk of high leveraging. A high leverage was achieved by huge profits gained from the risky subprime loans and mortgage loans sold to customers. From the investment banks the Lehman Brothers were liquidated and

Bear Stearns and Merrill Lynch were sold to other banks. Goldman Sachs and Morgan Stanley were both commercial banks that went under the supervision of the US Federal Reserve. It was not only the US banks with high leverages, the banks in Europe were also known for their high leverage ratios (Fratianni & Marchionne, 2009:15-16). Governments were forced to inject large amounts of capital in banks to prevent them from being liquidated (Beltratti & Stulz, 2009:2).

2.4.2.2 The role of SA banks during the crisis

- *The monetary policy of SA banks*

When the world discovered there was a global financial crisis on its way, many central banks started to change their monetary policies drastically and South Africa was no exception. In the latter part of 2008 and beginning of 2009 the purchase rate was reduced by 500 points and in 2010 it was reduced by another 50 points. The purchase rate came to a standstill on 6.5% per annum. This reduction was implemented to prevent a drop in inflation and to strengthen the weak domestic household consumption expenditure (South African Reserve Bank, 2010e:24).

Before 2008, South African consumers entered into credit agreements without being fully informed about the terms and conditions of the agreement and the hidden costs that goes along with it. The National Credit Act (NCA) was instituted in South Africa in 2007 (Solipa, 2009:1) stating that Banks and Credit providers in South Africa must test every potential borrower’s ability to repay a loan by comparing the borrower’s total expenses against his/her disposable income (Ntingi, 2008:1).

South Africa’s fiscal policy states that banks and companies are not allowed to invest more than 20.0 percent of their liquid assets in any one local venture and foreign venture (Solipa, 2009:1). Thus, the collapse of foreign markets as a result of the crisis did not have such a big impact on South African banks and companies.

- *Controlled lending practices by SA banks*

  The credit ratings of major countries such as Germany, Australia, New Zealand, Spain, China and Russia were downgraded, while South Africa's credit rating remained unchanged (Solipa, 2009:1). The NCA made it very difficult for consumers to obtain credit, which ultimately saved them from reckless spending (Ntingi, 2008:1), whereas the fiscal policy prevented local companies to invest only a small amount of their liquid assets in foreign markets (Solipa, 2009:1).

- *The survival of SA banks*

  This fiscal and monetary policy saved South African banks and companies from the worst of the crisis that spilled over to South Africa. The US and European markets dropped, but it had the least effect on South African banks and companies as a result of the investment limitation. Banks in South Africa were forced to invest in local banks and very little in foreign banks. For this reason local banks were on the safe side when the crisis hit (Solipa, 2009:1). Lehman Brothers, Freddie Mac and Fannie Mae were a good example of foreign banks that spread their investments worldwide without any restrictions, which resulted in high leverage, currently most of them are liquidated. South Africa still experienced a downward trend in its markets, but the effect was not so severe as in Europe and the US (Solipa, 2009:1).

The next section investigates the various factors during the financial crisis that lead to the personal indebtedness of households.

2.4.3 The personal indebtedness of households

South Africans face more burdens today than prior to the recession. Currently they face extremely high electricity rates, petrol prices, food prices, school fees and medical aid contributions. Added to this, are also the high interest rates on personal loans and mortgages and extremely high taxes. Instead of saving during the wealthy years, consumers rather obtained cheap credit to buy houses and cars. Today they find themselves in a troubled position of not being able to repay their debts. Almost three million consumers in South Africa are three months arrears on their monthly debt payments. Of all the income groups in South Africa, the middle income group is experiencing these burdens in the highest degree. For many consumers it seems that there is no way out of this situation and they therefore believe the only way they can escape this is by winning the lotto. During 2009 and 2010, the number of depressed people looking for help at the South African Depression and Anxiety Group increased from 250 to 400 phone calls per day (Ferreira & Pather, 2010:1).

2.4.3.1 South Africans' personal household indebtedness

This section investigates the household debt, consumption expenditure and savings of households in South Africa on average. A comparison with first world countries such as, the US, the UK and Germany, are also made with regard to their household indebtedness.

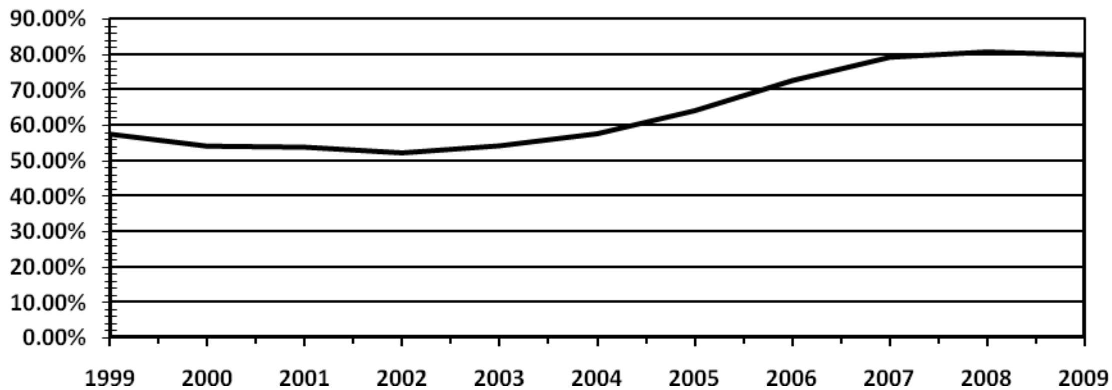
- *Household debt*

The household debt to disposable income ratio indicates the ability of households to repay their debts. When there is an increase in interest rates it has a direct effect on debt repayments. Higher debt repayments will then increase the debt-to-income ratio. Even a decrease in disposable income due to higher food and fuel prices will increase the debt-to-income ratio. Thus, the household debt-to-disposable income ratio is an instrument which can be used to determine the affordability of households and their attitudes towards spending (Clark & Daniel, 2006:29).

Prior to the recession, credit could merely be obtained from financial institutions if consumers already had some sort of debt; or else it was very difficult to get access to credit. After the introduction of the NCA, lenders focus mainly on the debt-to-income ratio of households to decide whether credit can be extended to the household or not. People who filed for bankruptcy are usually the ones that lost their jobs (Finlay, 2009:37).

During 2009, more than 42% of consumers fell behind with their debt payments. This applies not only the consumers who lost their jobs, but also to the ones who still earn a salary every month (Van Tonder, 2009a:1). By the end of 2009, as many as 150 000 people had entered debt counselling and this number still increases by 10 000 people per month. People between the ages of 30 and 50 who earns more than R15 000 per month forms the greater part of the 150 000 debt counselling individuals (Van Zyl, 2009a:1). Figure 2.1 illustrates the debt-to-disposable income ratio of South African households from 1999 to 2009.

Figure 2.1: Household Debt to Disposable Income of Households in South Africa



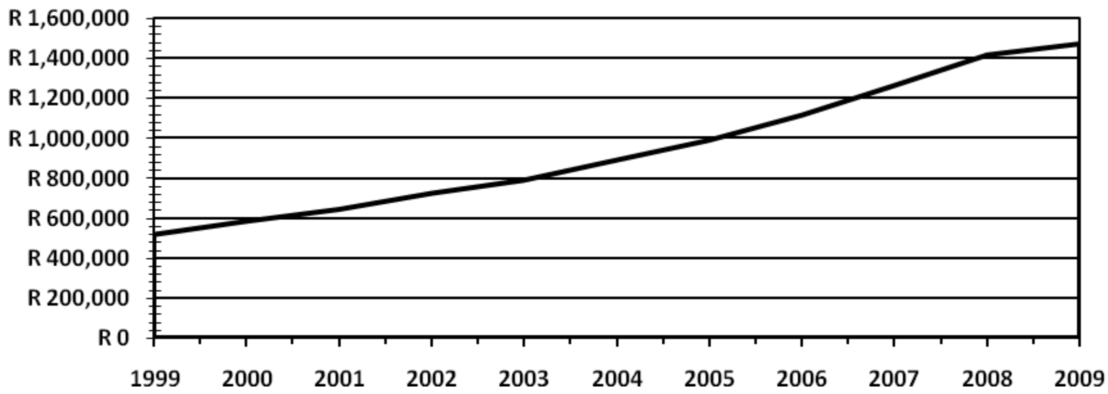
Source: South African Reserve Bank (2010d:1)

As shown in figure 2.1, the average household debt-to-disposable income currently lingers at 80%. It was lower than 60% in 2004 (South African Reserve Bank, 2010d:1).

- *Household consumption expenditure*

Figure 2.2 illustrates the increase of consumption expenditure by South Africans from 1999 to 2009.

Figure 2.2: Final Consumption Expenditure by Households in South Africa



Source: South African Reserve Bank (2010c:1)

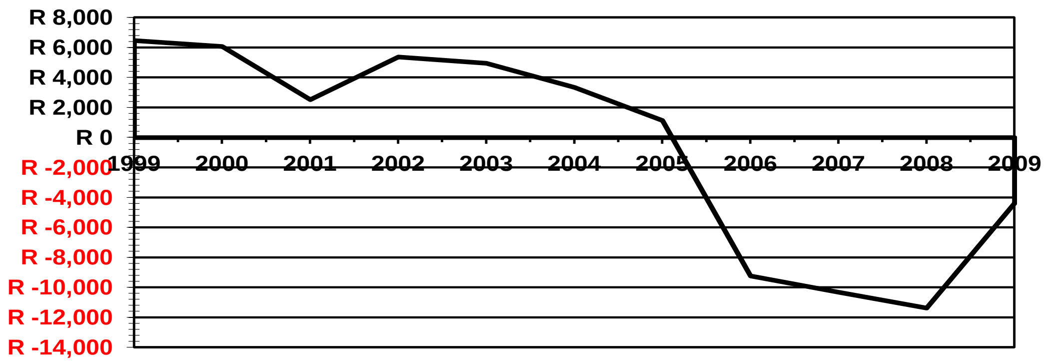
As shown in Figure 2.2, the total expenditure by households in South Africa increased by more than 190% from 1999 to 2009. The total household expenditure at the end of 2009 amounted to R1 473 billion. The impact of the recession caused consumers to spend less on durable and semi-durable goods such as transport, equipment, entertainment, clothing and footwear in late 2008. Households spent more on fuel, electricity and services. The increased spending on fuel and electricity was due to the increase in fuel prices and higher electricity rates (South African Reserve Bank, 2010c:1).

- *Household savings*

A country with lower dependence on foreign capital and higher domestic (household) savings is less vulnerable when foreign capital reversals take place. Household savings make a country more sustainable and decrease the burden on government to subsidise unemployment and retirement. Currently, the government is supporting 11 million people out of a total of 48 million (Reuters, 2009:1). Consumers' ability to put savings aside today is limited as a result of their reckless spending behaviours before the recession. Statistics shows that one out of every eight consumers' monthly debt is more than their monthly disposable income. Consumers without any debt will rather use their income to increase their living standards than to set it aside for retirement (Van Zyl, 2010:1). Only one out of every 10 households currently saves more than a year ago.

People between the ages of 36 and 39 years save the least and the majority of them have entered debt counselling. With regard to the last three generations, 52% of baby-boomers are saving for retirement, whereas only 25% of Generation X and 12% of Generation Y saves for retirement. The slow savings trend in South Africa is causing a set-back on economic growth (Van Zyl, 2009b:1). The total amount of consumers that saved in 2009 decreased by 34% in 2010 (Van Zyl, 2010:1). Savings by households in South Africa are illustrated in figure 2.3.

Figure 2.3: Savings by Households in South Africa



Source: South African Reserve Bank (2010f:1)

Figure 2.3 shows a negative savings trend as from 2006 (-R9 229 million) to 2009 (-R4 372 million) (South African Reserve Bank, 2010f:1), which means that consumers are either borrowing or utilising their current savings to pay off debt or consume it (Summers & Kroes, 2009:1).

2.4.3.2 International comparisons

Growing consumer debt has become a major concern in first world countries such as the US, the UK and Germany. The real debt load on households can only be completely analysed by looking at households' financial assets and liabilities distribution. In a survey performed in these three countries during 2006, results showed that the poorest and the youngest households are generally at risk if any changes occur in their financial position. Approximately 11% of Germany's households, 8% of Great Britain's households and 6% of US' households do not comprise any assets to cover their debts (Brown & Taylor, 2008:615-620).

By the end of 2007, the household debt-to-income ratio in the US was 133% (Weller, 2008:1), while in the UK it was 173% (Conway, 2008:1). In the first half of 2009, the US' households only managed to repay 3.1% of their debt (Wolf, 2009:1). In 2009, the total US' household consumption amounted to $10 trillion (Baily & Lund, 2009:23). In the middle of 2008, households in the UK owed more than £1.6 trillion, which is an average of £60 000 per household (Hellebrandt & Young, 2008:385).

From the discussion in section 2.4.1 to 2.4.3 it is clear that households face various obstacles, such as higher debt payments, increased living costs and lower savings which cause over-indebtedness. It is also visible that the impact of the recession on households contributed a great deal to the indebtedness of households. The recession also impacted the commodity prices and employment rates which are discussed in the following section.

2.5 THE IMPACT AND RESULT OF THE ECONOMIC RECESSION ON SOUTH AFRICA

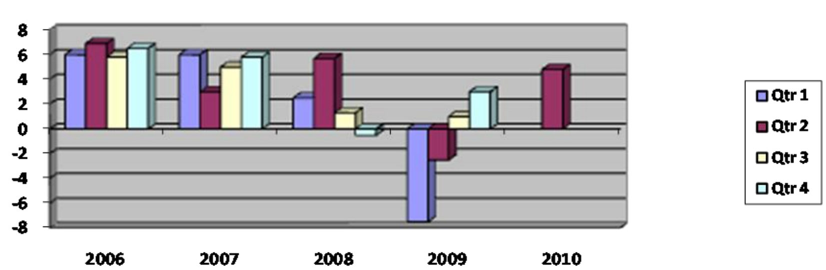
The economic recession has a severe impact on South Africa. There is a fall in demand for export products and a fall in prices for export commodities. South Africa is relying heavily on exports of manufactured products and commodities to keep the economy growing together with a strong currency, and to ensure employment. Different sectors within the economy are affected differently. These sectors were broken up into 4 groups: 1) unaffected sectors; 2) weakly affected sectors; 3) mildly affected sectors and 4) strongly affected sectors. The unaffected sectors are assumed to have no decline in demand or price and include gold, food and beverage commodities. The weakly affected sectors are not greatly dependent on foreign trade; these include agriculture, clothing and wood. The mildly affected sectors, consisting of transportation, trade and construction, are also not greatly dependent on foreign trade, but they depend on other sectors that are strongly affected by the recession. The strongly affected sectors consist of fossil fuels, other mining, machinery and equipment. These sectors rely heavy on exports and imports of products and commodities. When the demand decreases, production will also decrease. When production decreases, the sectors cannot reduce income levels as unions are strongly against it. Thus, workers will be retrenched. Households depend on labour income and when job losses occur, a vicious cycle evolves. Households will consume and save less, which has a negative effect on firms and the government. As much as 50% of governments' revenues come from direct taxes (households' and firms' income) and 33% from indirect taxes on products (Chitiga, Mabugu & Maisonnave, 2010:6-20).

2.5.1 Falling commodity prices

- *Real gross domestic product*

  The gross domestic product (GDP) is an instrument used to determine the overall economic growth of a country. Thus, any change in the GDP signals a change in actual economic growth (Clark & Daniel, 2006:29). Figure 2.4 illustrates the GDP rate in South Africa from 2006 to 2010.

Figure 2.4: Real Gross Domestic Product (South Africa)



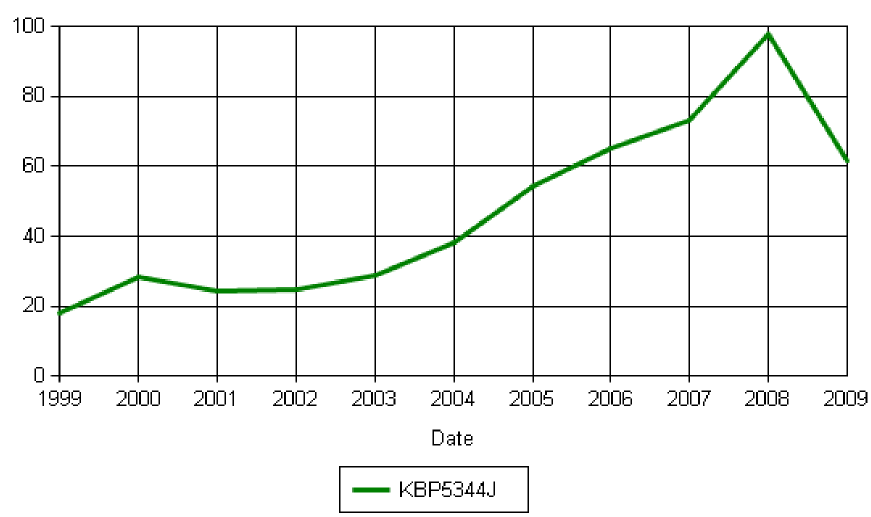
Source: South African Reserve Bank (2010e:4)

After a decade of an increase in the real GDP, it started to decline during 2008 (OECD Economic Outlook, 2009:208). Figure 2.4 shows a drop of more than 10% GDP from 2008 to 2009 when the crisis was in its worst state. Since late 2009 and the beginning of 2010 a recovery was again perceived (South African Reserve Bank, 2010e:4). Consumer expenditure forms the greater part of GDP and short-term interest rates influence consumer spending. Any changes in interest rates will have an effect on consumer spending. High interest rates will force consumers to spend less, whereas when interest rates are low, consumers will have more money available to spend (Muellbauer, 2007:2). When interest rates reached high levels in 2008, consumers' spending on durable and non-durable goods (except fuel, electricity and services) dropped, which resulted in a drop in the GDP, as seen in figure 2.4.

- *US dollar per barrel*

The oil price contributed to the increased expenditure of households on non-durable goods such as fuel, electricity and services (South African Reserve Bank, 2010a:22-23). Figure 2.5 illustrates the brent crude oil price from 1999 to 2009.

Figure 2.5: Brent Crude Oil Price in U.S. Dollar



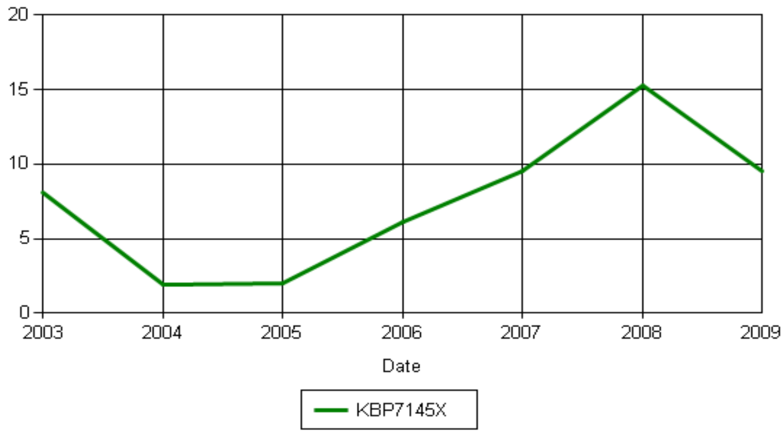
Source: South African Reserve Bank (2010a:1)

At the same time that the drop in the GDP occurred during 2008, the oil price started to increase significantly to almost $100 per barrel (figure 2.5).

- *Food prices*

The increased oil prices and a drop in the GDP affected food prices negatively, which it is apparent in figure 2.6.

Figure 2.6: Consumer Prices of Goods: Food and Non-Alcoholic Beverages (All Urban Areas) in South Africa



Source: South African Reserve Bank (2010b:1)

The rise in food prices occurred at the end of 2008, the same period in which the GDP dropped and oil prices increased (South African Reserve Bank, 2010b:18-19). The UN World Food Program depicts the rising food prices during 2008 as a silent tsunami (Wade, 2008:26).

2.5.2 Rising unemployment rates

From 2007 to 2009, countries worldwide experienced a recession and South Africa was no exception (Van Tonder, 2009a:1). In the first quarter of 2010, the South African population between the ages of 15 and 64 years totalled 31.350 million. This number can be divided into different categories:

- Labour force: 17.113 million

Employed: 12.803 million (41%)

Unemployed: 4.310 million (14%)

- Not economically active: 14.237 million (45%)

From 2009 to 2010, there were a total of 833 000 job losses and the number of people not economically active increased by 1.071 million (Statistics South Africa, 2010:vi). From these statistics one can argue that for people already struggling to meet their monthly payment obligations, the loss of their jobs could finally ruin them financially.

2.6 CONCLUSION

The after-effects of a recession are visible in a country's economic wellbeing. The recession of 2007–2009 started in the US and then spread to other parts of the world, including South Africa. South Africa did not endure the worst of the recession due to strict policy practices. Nevertheless, South Africa still experienced a downturn in the economic market, which resulted in job losses, bankruptcies, higher commodity prices, and poorer households. Amidst all these effects, households need to survive financially. Households were forced to review their monthly expenditure, savings rate and the amount of debt they accumulate before and after the recession. When a recession strikes a country, those households with enormous debts can be pushed over the edge financially. The amount of savings put aside by households as well as their spending habits will determine how well they will overcome financial difficulties.

In the next chapter the discussion is going a step further by investigating the cause and effect of poor personal financial management by an individual, which include demographic factors relating to personal financial management, factors causing personal financial problems and the result there of.

CHAPTER THREE

THE CAUSE AND EFFECT OF POOR PERSONAL FINANCIAL MANAGEMENT

3.1 INTRODUCTION

Individuals observe, value and treat money in different ways (Newcomb & Rabow, 1999:852-869). Individuals with a higher financial education are more likely to make better financial management decisions and are better able to create a well-secured financial future. They do not only add value to their own personal financial life, but also to that of their families and the community (Hilgert, Hogarth, & Beverly, 2003:309). Agarwal, Driscoll, Gabaix and Laibson (2007:2-3) confirmed this notion by stating that knowledgeable, intelligent and skilful individuals are the best performers when it comes to personal financial management. With age, but up to a point, the cognitive capability to manage finances will also increase.

In this chapter, a discussion will follow on the importance of personal financial management, demographic factors related to personal financial management, factors causing personal financial problems, and the consequences of personal financial problems.

3.2 THE IMPORTANCE OF PERSONAL FINANCIAL MANAGEMENT

For many people, the word finances causes mixed emotions such as anxiety, worry and depression (Furnham, 2006:185). Shapiro (2007:279) and various other researchers stated that in US society, the word money is a taboo subject to talk about in public as it is closely related to feelings such as success, competence, safety, security, and acceptance in a society. These feelings, again, can cause anxiety – which can prevent individuals from discussing their finances. Not withstanding that, finances form part of most individual’s everyday life and cannot be ignored. In Chapter 4 (paragraph 4.2) the importance of personal financial management will be discussed in more detail where the focus will be within the marriage.

3.3 DEMOGRAPHIC FACTORS RELATED TO PERSONAL FINANCIAL MANAGEMENT

Personal financial management trends include consumption, debt and savings. These trends can be related to factors such as living standards, material and social needs, existing indebtedness, net worth and disposable income. The level and changes of one's disposable income and future income determine one's current consumption expenditure (Prinsloo, 2002:63).

Several demographic factors, such as age, gender, money personality, and financial illiteracy influence the personal financial management behaviour of individuals (Anthes & Most, 2000:1-2; Bakewell & Mitchell, 2003:97; Braunstein & Welch, 2002:445-457; Humpel, O'Loughlin, Wells & Kendig, 2009:401; Koh, 2008:14-21; Mandell, 2006a:3).

3.3.1 Age – Generation X and Y

A Generation X person is aged from 35 to 46 years old in 2011, and Generation Y from 17 to 34 years old in 2011 (Timmermann, 2007:25). From these statistics one can argue that Generations X and Y make up the largest consumer group due to the fact that they are currently in the employment phase of their life-cycle and therefore earn an income.

3.3.1.1 Generation X consumer

The spending and saving behaviours of Generation X are very conservative as they realise they are in control of their own finances (Timmermann, 2007:27). They put high value on financial security, thus saving for retirement forms a great part of their total savings (Martin & Prince, 2008:49-50). They prefer customer convenience, community relations and branding. Generation X's are highly educated and will obtain credit to finance their education (Heaney, 2007:198).

They are a generation who watched their parents working long hours to establish a great career. For Generation X, quality of life is more important than a great career (Timmermann, 2007:27). They will even obtain goods and services that can make life easier so they can spend more time with their families. Personal possessions are of low value to them (Martin & Prince, 2008:50-53).

Bauer *et al.* (2009:3) summed it up as follows:

- "Generation X views financial independence as very important."
- "Generation X is less risk-averse than previous generations."
- "Generation X is not relying heavily on others for financial advice/needs."

3.3.1.2 Generation Y consumer

Financial institutions are focusing mainly on the Generation Y group due to their extensive buying power in relation to their personal income (Maloles & Chia, 2009:219). Generation Y consumers have substantial knowledge about products and constantly look for bargains (Heaney, 2007:199). Technological innovations changed Generation Y's into a more aggressive materialistic and consumer culture (Bakewell & Mitchell, 2003:97).

Bakewell and Mitchell (2003:100) conducted a study that revealed that among Generation Y female consumers, 33% shop for the enjoyment of it and only buy expensive quality products; 16% look for bargains and will buy as much as possible at discounted prices; 16% buy the best product at the lowest price and they usually do not enjoy shopping; 14% buy the latest fashion, but are not interested in best quality or product; and 21% spend according to a strict budget and do not spend much time on deciding between different products.

Generation Y consumers finance their consumption through debt rather than savings (Bakewell & Mitchell, 2003:95-98). They have poor financial skills and are unwise when it comes to financial planning (Der Hovanesian, 1999:12).

Young people have many financial literacy education programs available, but still do not know how to invest. Only about 15% of young investors in the US focus on long-term investment (Cudmore, Patton, Kemble & McClure, 2009:2-16). The percentage of bankruptcies under young people is, however, on the rise (Shryk, 2008:1). Many young adults believe bankruptcy is a tool they can use to manage their debt (Roberts & Jones, 2001:233).

People's retirement age is mainly influenced by their financial position (Johnson, 2008:246). According to research done on "timing of retirement" in Australia (Humpel, O'Loughlin, Wells & Kendig, 2009:401) people at retirement age still continue to work due to insufficient retirement savings. The Australian Bureau of Statistics (2008:1) revealed that of the people already retired, 27% retired before the age of 55 years; 53% retired between the ages 55 and 64 years; and 20% retired at 65 years or older. 90% of South Africans belonging to a retirement fund do not have enough funds at the time of retirement (Fisher-French, 2010:1). Australia's financial services industry showed that less than 10% of employees retiring have a proper financial plan and others who seek financial planning advice cannot initiate future goals (Johnson, 2008:246).

3.3.2 Gender – men versus women

Men and women alike face financial issues and challenges, such as planning their income, getting insured, maintaining good credit, providing for their own retirement, saving and investing for future life goals, and many more. Both genders must work towards becoming financially independent regardless of whether they are single or married, because they often have financial dependants such as children or aging parents. Facing all these financial issues and challenges and being financially independent are often more difficult for women than men, because they experience it in different ways. Women face more financial challenges than men although both genders have to provide for their own financial future.

After much research a financial portrait of women were drawn as follows:

- "Women are more intimidated about financial issues than men"
- "Women earn less money than men"
- "Women are less prepared for retirement"
- "Women receive smaller retirement benefits"
- "Women live longer than men"
- "Women are poorer in retirement than men"
- "Women are more conservative investors than men"
  (Anthes & Most, 2000:1-2).

Oleson (2004:88-89) points to the relationship between money attitudes, gender and human needs. The results of Oleson's research showed that men are more concerned about obsession, power, budget and achievement, while women tend to be more anxious when it comes to money issues. According to research done on "the role that gender plays in influencing aggregate saving rates" in semi-industrialised countries (Seguino & Floro, 2003:161) women have a higher tendency to save than men. Men, on the other hand, tend to make riskier financial investment decisions than women (Chaulk, Johnson, & Buleroft, 2003:259-260).

How money is utilised within a household clearly depends on whether the husband or the wife controls it and these differences in utilization can also have an effect on their children's wellbeing. Studies worldwide show that household money in control of the wife tends to benefit children. In general, women tend to utilise their household income share on education. Men tend to spend their household income share on food. A study based on British couples found that men in low-income households tend not to be very good at managing the household finances, whereas men earning a high income have good knowledge of how to manage their household finances (Kenny, 2007:3-10).

A women‘s quality of life focus is on interpersonal relationships with family and friends, whereas men focus more on being financially secure. Thus, gender differences exist when it comes to the importance of financial planning (Johnson, 2008:247-256).

3.3.3 Money personality

Each individual has a certain level of desire to create wealth and a willingness to take risks. Individuals even have different ideas about money and during their childhood they experience finances in different ways. The combination of all of the above results in an individual's money personality (Koh, 2008:9; Connecticut Post, 2002:1). One can understand an individual's personal financial management behaviour better when his/her money personality is known. A money personality is an explanation of how an individual earns, spends, saves and invests, and borrows money (Leckey, 2007:5). In Chapter 4 (paragraph 4.3.1) a more thorough discussion will follow with regard to money personalities.

3.3.4 Financial literacy

Financial literacy is an important demographic factor as financial markets continue to grow and become more complex (Orton, 2007:3-4). Orton (2007:5) reports on surveys performed by the Organisation for Economic Co-operation Development, which revealed that many consumers have a low understanding of finances – especially low-educated individuals and individuals coming from poor households. Financial illiteracy results in low savings rates, which in turn have a negative impact on capital development and financial welfare (Mandell, 2006a:3). Financial literacy is an important tool that can influence an individual's day-to-day personal financial management (Braunstein & Welch, 2002:445-457).

3.4 FACTORS CAUSING PERSONAL FINANCIAL PROBLEMS

Individuals having personal financial problems may be suffering as a result of their own poor financial behaviours (Garman *et al*., 1996:158-159). Possible reasons why individuals experience personal financial management difficulties are discussed in the following sections:

3.4.1 Financial illiteracy

According to research studies conducted to test the financial literacy of consumers in various countries, consumers are basically financially illiterate (Mandell, 2005:1). Many financial education programmes have been implemented in American schools to improve financial literacy and instil a culture of saving, because children end up being financially uneducated due to their parents' lack of financial knowledge (Beverly & Clancy, 2001:1). Thus, it can be argued that a child's family is the key foundation to gaining financial knowledge.

In 2001, the literacy and basic education levels of South Africans of 15 years and older were as follows:

- Full general education (Grade 9 and more) – 15.8 million (52%)
- Less than full general education (less than Grade 9) – 14.6 million (48%)

  The 48% is made up of:
  - Less than Grade 7 – 9.6 million (32%)
  - No schooling – 4.7 million (16%)

(Aitchison & Harley, 2006:91).

From the above statistics one can argue that individuals first obtain basic literacy and education before they continue to obtain financial literacy knowledge. The current low levels of basic literacy and education could indicate how low the financial literacy levels among these individuals must be. During 2007, the South African Insurance Association (SAIA) implemented financial literacy programs at various settings such as community workshops, transportation sites and schools to address the low financial literacy and education levels. Currently, financial literacy even forms part of school curriculums in South Africa (Stokes, 2008:1).

The survey performed by the Organisation for Economic Co-operation Development (2005:177) was conducted on Japanese adult consumers regarding finances. The results show that:

- As many as 71% revealed minimal knowledge of equity and bond investments.
- More than 50% knew nothing about financial products.

Thus, consumers are basically illiterate about financial products, which may affect an individual's ability to provide for retirement (Lusardi & Mitchell, 2007:43). Financial illiteracy causes high levels of debt, which again results in low saving rates (Mandell, 2006a:2). A survey performed on young people between the ages of 18 and 24 in Britain showed that those individuals who have extremely high debt wind up with financial problems as a result of their financial illiteracy (Atkinson & Kempson, 2004:1-13). Being financially illiterate can lead to the mismanagement of personal finances (Kotze & Smit, 2008:49).

3.4.2 Financial phobia

Financial phobia or, in other words, a fear of personal finances is a psychological and physiological condition that affects sufferers' daily financial management. Individuals diagnosed with the condition are afraid to open bank statements, never check their bank account balances and throw away bills. One in every five individuals (nine million) in the UK suffers from financial phobia of which 12% are physically ill as a result of it. Others show behavioural symptoms of anxiety, guilt, boredom or complete denial of the situation at hand (Ashworth, 2003:27; Senior, 2005:8; The Times, 2003:7). Bloch (2011:1) states that any individual who fails to pay sufficient attention to his/her personal finances and do not keep their personal finances up to date may display some level of financial phobia.

3.4.3 Low income spiral

Poverty is caused by various factors including unemployment, low levels of education and income inequality (Mashigo, 2006:5). Mashigo (2006:5) and various other researchers explain that the income level of poor households is rarely enough to cover basic standard living needs. Poor households are often forced to seek financial help, which can lead to the risk of being financially dependent on financial institutions or money lenders. Money lenders can trick them into borrowing more than they can afford, which can lead to over-indebtedness (Mashigo, 2006:5).

3.4.4 High living standards (Social pressure)

According to Finney, Collard and Kempson (2007:34), social pressure takes place during different life-style stages when individuals are influenced and pressured by social groups to live up to an appealing lifestyle. These social groups can also be described as a materialistic and impulsive society. They will even borrow money just to obtain professional status and power.

3.4.5 Compulsive buying behaviour

O'Guinn and Faber (1989:155) describe compulsive buying as "chronic repetitive purchasing that becomes a primary response to negative events or feelings". In addition, Roberts and Jones (2001:229-234) point out two factors that aggravate the problem of compulsive buying among consumers:

- The desire for power and status; and
- Credit card usage.

Related to this, Joji and Raveendran (2007:550) found that materialism and compulsive buying behaviour are positively related to each other. Individuals with a higher level of materialism are likely to spend more and save less. They will easily obtain debt to spend it on expensive material goods or holidays that will leave them in an indebted situation (Watson, 2003:723-739).

Dittmar (2004:411-450) describes materialists as compulsive shoppers and identifies three foundation features of this group:

- For them, the urge to buy is irresistible;
- They have no control over their buying behaviour; and
- They do not have the ability to stop buying regardless of their growing debt.

Compulsive buying behaviour can lead to serious financial problems (Faber, 2004:169-188).

3.4.6 Consumer debt

Rising consumer debt can cause severe financial problems, which may lead to over-indebtedness (ABI World, 2003:1). Installment debt and credit card debt are the biggest contributors to excessive consumer debt (Federal Reserve Board, 2011:1). Using credit cards to finance consumption can at first have a positive effect on the economy, but when consumer debt levels reach the limit, consumers will be forced to spend less. This will not just slow down economic growth, but consumers will also experience severe personal financial problems (Ekici & Dunn, 2008:3).

3.5 CONSEQUENCES OF FINANCIAL PROBLEMS

Individuals' poor financial behaviours lead to personal financial problems, which then again affect both their families and employers negatively. The effect of an individual's personal financial problems results in broken homes or divorce, stress, depression, suicide, bankruptcy, and reduced employee productivity (Garman *et al*., 1996:159; Lorgat, 2003:1).

3.5.1 Broken homes or divorce

In 2006, a third of all marriages in South Africa ended in divorce (Bojuwoye & Akpan, 2009:260). During 2008, there were 28 924 divorces recorded in South Africa, which is a 17% increase since 1999 (Cottrill, 2009:1). Amato and Previti (2003:612) mention that one of the reasons couples experience problems in their marriage is due to the lack of money or not having enough money. There often exists an inequity in marriages when it comes to the access to and influence over money. This inequity causes dissatisfaction, strain and dispute, which are just a few of the many money issues that predict a divorce (Amato & Rogers, 1997:612-623). Shin (2011:5) comments on a survey performed by researchers at the University of Virginia who found that 29% of married couples experienced financial stress in their marriage due to the recession. The survey also indicated that the more financial problems couples experience, the more likely their marriages were to be at the risk of a divorce. The after-effect of a divorce not only affects the couple, but also their children who end up with emotional pain and severe stress (Bojuwoye & Akpan, 2009:262).

3.5.2 Stress and depression

Young and middle-age adults face a higher level of financial stress during the development and sustainment phase of their careers (Wrosch, Heckhausen & Lachman; 2000:388). Generally, when individuals cannot meet their financial obligations and live according to a desired lifestyle, they suffer enormous financial stress regardless of how much they earn. These high levels of financial stress can cause a negative perception of one's own personal finances (Kim & Garman, 2003:9) and can be linked to health problems, such as depression (Rosengren, Hawken, Ôunpuu, Silwa, Zubaid, Almahmeed, Blackett, Sitthi-Amorn, Sato & Yusuf, 2004:957).

A study by Garman, Leech and Grable (1999:165-168) on consumer credit counseling clients revealed that due to financial stress:

- 80% experienced poor sleep patterns;
- 65% reported a change in eating habits; and
- 10% signified an increase in alcohol consumption

Kerkmann *et al.* (2000:56) and various other researchers reason that economic factors such as unemployment can cause huge amounts of stress, which can lead to marital dissatisfaction and instability.

3.5.3 Bankruptcy

Individuals' poor financial behaviours lead to personal financial problems such as excessive debt levels (Lorgat, 2003:1) and then again influence individuals' consumption and saving. A growth in individual or household debt levels could result in personal bankruptcies. From 1984 to 2007, bankruptcies in the US started to increase by 10% each year (Summers & Kroes, 2009:6). A quarter of all bankruptcies in the US consist of young people up to the age 25-years (Shryk, 2008:1). The total number of insolvencies of individuals and partnerships in South Africa increased by 134% from 2005 to 2010 (Statistics South Africa, 2011:8).

3.5.4 Decline in employee performance and productivity

The personal financial problems of employees can affect the employer in various ways such as:

- Theft;
- Embezzlement;
- Absenteeism; and
- Using work hours to deal with personal financial problems, which in turn lead to a decrease in workplace productivity
  (Edmiston & Gillett-Fisher, 2006:6-7).

A study involving white-collar workers of an insurance company in the US showed that those with high financial stress levels were less committed to their job and more absent from work (Kim & Garman, 2003:9). Howard (2001:72) also indicates that lower financial stress levels reduce violence and accidents at the workplace.

Individuals who experience great distress when making important decisions regarding their personal finances will often make the wrong financial decisions. These wrong decisions can make an individual end up with personal financial problems, which then again affect employee productivity negatively (Joo & Grable, 2000:2-3). Joo and Grable (2000:8-10) conducted a study on the personal financial behaviours of employees and examined whether there is a need for financial counselling and education at the workplace. More than 80% of the employees indicated a need for it. On top of the list for needs included in financial counselling was retirement planning, investing and debt management. Employees who have undergone financial counselling and education at the workplace showed improvement in their financial knowledge, attitude and behaviour.

3.6 CONCLUSION

Individuals manage finances in different ways, because they have different perspectives of money. They disclose different values and observations regarding money, most of which were obtained during childhood. How persons manage money depends on their age, gender, money personality and financial literacy.

Different factors lead to poor financial behaviours, which again could lead to personal financial problems. Financial illiterate individuals struggle with the management of their personal finances on a daily basis. It leaves individuals with high levels of debt, low savings and little or no retirement planning. Some individuals even have a fear of personal finances.

Furthermore, there are two extreme groups of people. The one group is stuck in a low income spiral and whenever they try to get out of it, they need to obtain more debt, which puts them further back from where they were. The other group endorses an affluent lifestyle and strives only for status and power, regardless of the consequences.

Another group comprises people who are obsessed with materialism, which leads to compulsive buying. They have no control over themselves and will obtain more and more debt just to spend it. All these factors can lead to high consumer indebtedness, which will almost certainly result in personal financial problems.

These problems can have negative consequences such as broken homes or divorce, stress and depression, bankruptcy, and a decline in employee performance and productivity.

This chapter focussed mainly on the personal financial management of an individual, while Chapter 4 investigates the importance of sound financial management within a marriage, how young married couples manage their personal finances and debt, married couples' communication and conflict with regard to their personal finances, the differences between couples' behaviours and attitudes with regard to their personal finances and the level of decision-making.

CHAPTER FOUR

COUPLES' ATTITUDES, SPENDING BEHAVIOURS, PERSONAL FINANCIAL PERCEPTIONS AND MANAGEMENT

4.1 INTRODUCTION

The manner in which adults use and observe money; and the impact it has on their relationships is often a result of how they experienced money during their childhood. In the early stages of a relationship, couples rarely show how they feel about excessive debt and instead talk about their future financial goals. When young families decide to have children, they experience deeper financial concerns. It is usually the wife that has to quit her job or work part-time to raise children. This can make the wife feel unacknowledged and disempowered when she suddenly earns no income or a very low income. The husband in this case is then the main breadwinner and this could cause him to feel excessively worried and burdened. In the later stages of a marriage with children the parents have to provide financially for school fees, and later on possibly college or university funds, which can lead to even more stress. In anticipation of the retirement stage of a married couple, they will need to decide what to do with everything they had accumulated through-out their marriage and if they indeed have enough funds to be able to retire. Marriage is thus a continuous cycle of planning and decision-making and managing finances in the best possible way (Shapiro, 2007:279-287).

In the rest of the chapter a discussion will follow on the importance of sound financial management within marriage; the various ways in which young married couples manage their personal finances; communication and conflict among married couples with regard to their personal finances; and, finally, the differences between couples' behaviours and perceptions as reflected in the decisions they make regarding their personal finances.

4.2 THE IMPORTANCE OF SOUND FINANCIAL MANAGEMENT WITHIN A MARRIAGE

In Chapter 3 (paragraph 3.2), the importance of personal financial management was discussed. In this section however, a discussion on the importance of financial management will be discussed in more detail, not only for the individual itself, but within the marriage as well.

Numerous households struggle to save and invest wisely as a result of a lack of basic knowledge of economic concepts. This can prevent households from making the right decisions with regard to savings and investments, retirement planning, mortgage and other financial factors (Lusardi & Mitchell, 2007:36). Lusardi (2007:8) found that households who plan for the future accumulate more than double the amount of wealth than those who do not plan at all. Thus, planning is a crucial foundation for household wealth.

Dew (2008:342) points out that married couples' financial practices can predict marital satisfaction, marital distress, and ultimately also divorce. It is very important for spouses to recognise one another's money management style as each one grew up with different ideas about money and experienced it in a different way during their past. Thus, the manner in which spouses deal with those differences is most important in preventing financial problems (Connecticut Post, 2002:1). Couples who experience financial problems can suffer a huge amount of stress, which can put their marriage at risk of a divorce (Shin, 2011:5).

Sound financial management within a marriage is also of key importance for couples' future retirement. Fisher-French (2010:1) conducted a study on Sanlam's retirement fund holders and pensioners and found that:

- Nine out of 10 retirement fund holders will not have enough funds to live on when deciding to retire;
- 50% of retirement fund holders live with the idea that they will have enough funds to retire on;

- when people change jobs, 80% of the time they will withdraw their retirement funds;
- 60% of the pensioners do not have enough funds to live on;
- of the 60% mentioned above, 64% had to scale down their living standards and 31% had to continue working;
- 50% of the pensioners still support their family members; and
- 29% of the pensioners still have debt.

What makes it worse, apart from the statistics above, is that the current retirement fund contribution rate by employee and employer, in general, is less than 12 %. For a person to retire comfortably the total employee and employer retirement fund contribution should be 15%. Self-employed people contribute only a merely average of 3.6% of their salaries (Fisher-French, 2010:1).

Nowadays people are forced to work past retirement age just to cover their monthly expenses and to make sure they will have enough to live on later (Whitfield, 2011:13). Whitfield (2011:13) points out that more than 50% of people contributing to a retirement fund will receive a pension that is less than 30% of their final salary. These concerns originated from early employment when people either do not have faith in investment schemes or start too late in the employment phase to provide for retirement. People are ignorant of the current situation, which brings one back to the lack of financial literacy (Whitfield, 2011:14). Thus, planning for retirement is also an integral part of sound financial management within a marriage.

4.3 HOW YOUNG MARRIED COUPLES MANAGE THEIR PERSONAL FINANCES AND DEBT

People grew up with different ideas about money, and how they experience it during childhood also differs. These ideas and experiences shape a person's financial management style (Connecticut Post, 2002:1). In this section the focus will be on the different money personalities of people; how each couple pool their income; who controls the finances within the household; and the distribution of household income.

4.3.1 Money personalities

In this section several money personalities will be discussed, but the main focus will be on the personalities defined by Koh (2008:14), which will be used in the analyses of this particular study.

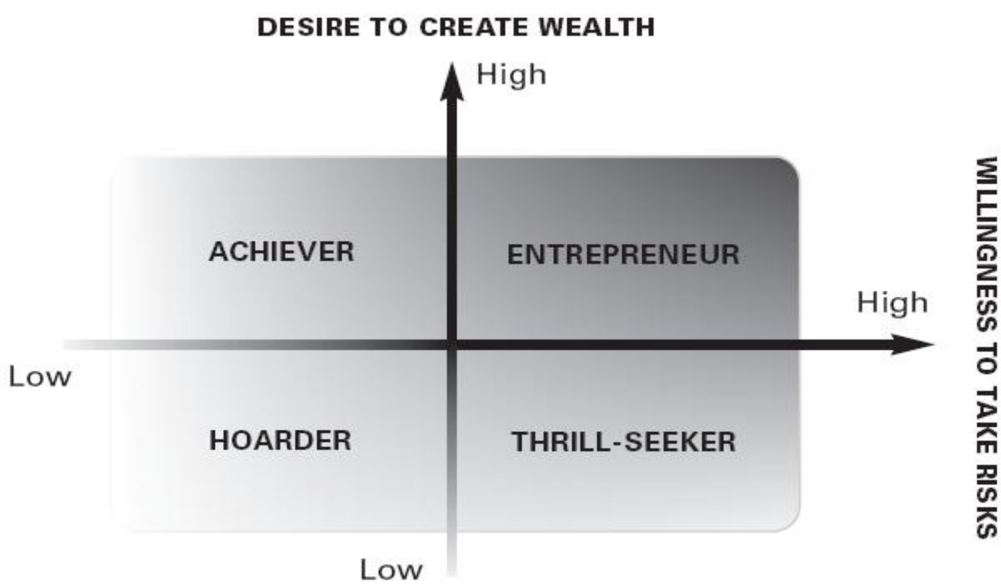
Pireu (2010:1) discussed nine money personalities, namely:

- Safety players – they are non-risk takers, seeking only security and will not change their way in managing money, unless it is not working for them.
- Entrepreneurs – They strive for excellence and commitment in what they do. Money is not the driver that motivates them to achieve success.
- Optimists – they are non-risk takers, close to retirement, and choose to manage their money as little as possible as they are afraid it will cause them stress, which then again will influence their happiness in life.
- Hunters – they are highly educated and high earning individuals that live in the moment and can sometimes behave impulsively. They lack confidence in their own ability to achieve success and when they do achieve success, they attribute it to luck.
- Achievers – They are risk-averse and conservative, striving to be in control of their money. They are highly educated and feel financially rewarded when earning high income through hard work rather than investments.
- Perfectionists – They avoid making decisions regarding their finances as they are afraid of making mistakes. They usually have a low self-esteem when it comes to finances. They always find fault with any decision they make.
- Producers – They are hard-working individuals, but have no self-confidence in managing their finances. They have low levels of financial knowledge about how to invest.
- High rollers – They are thrill and power seekers; work hard but also play hard. They choose high-risk investments and financial security is of little importance to them.

- Money masters – They strive for a balanced financial position that gives happiness and security. They like to be involved in the day-to-day management of their finances and attribute their success to their own ability.

Koh (2008:14) identified four money personalities, namely the hoarder, the achiever, the entrepreneur and the thrill-seeker. Koh explained the different money personalities by means of a chart, where the vertical axis indicates the desire to create wealth and the horizontal axis indicates the willingness to take risks. This is presented in Figure 4.1.

Figure 4.1: Money personality quadrant



(Adopted from Koh, 2008:14)

Hoarders are cautious in taking risks and manage their own money in a conservative manner. They live strictly according to a budget and will never exceed the budget; rarely will they obtain credit to buy something (Koh, 2008:15).

Achievers are also conservative money managers, but they have a strong desire to create wealth. They are highly educated, in professional jobs and only acquire assets that can boost their success in life. They prefer luxurious houses and cars, stylish clothes and send their children to private schools. Achievers are enormous spenders, but they do only buy quality goods (Koh, 2008:17).

Entrepreneurs have a huge desire to create wealth and take risks with the possibility of large gains. They can succeed with only a small amount of money or assets in their possession. If they do not have anything, they will borrow money from someone else to achieve their goals. Their success can be described as a rollercoaster; they experience extreme ups and downs regarding their finances (Koh, 2008:19).

Thrill-seekers are risky investors just for the enjoyment of it. They hunt for the one risk after the other and are not bothered to accumulate wealth. They will obtain huge amounts of debt to have an instant worthwhile experience. Like the achievers they are also big spenders, the only difference is they buy anything that gives them satisfaction, whether it has long-lasting values or not (Koh, 2008:21).

The four money personalities defined by Koh (2008:14-21) sums up the various money personalities defined by other researchers.

4.3.2 Pooling of income

When husband and wife put their income together, it is called income pooling. The main objective of doing so is to prevent "the division between a breadwinner and a homemaker", to be equal and function as one unit. The division can cause the one spouse to feel less valuable if his/her financial contribution is far less than the other spouse's financial contribution to the household. On the other hand, keeping a joint account can cause the one spouse to have limited access to the account if he/she is not the prime earner and decision-maker in the household, which again results in inequality. Other couples may choose to keep their finances apart to prevent inequality and be independent from each other. However, when one spouse earns extensively more income than the other it can cause even a higher inequality between spouses. The spouse who earns less income can feel negligible when it comes to decision-making with regard to joint household activities and have no access to additional funds, which forces him/her to be dependent on the other spouse (Hamplova & Le Bourdais, 2009:356-357). Young married couples tend to put their finances together, while couples that have been married before choose to keep their finances apart (Dew, 2008:338).

Hamplova and Le Bourdais (2009:368) conducted a study on married couples in Denmark, France, Spain and US and found that more than 70% of couples put their income together and a maximum of 20% of couples keep their income separate. Married couples with children have an even higher tendency to pool their income. In situations where the wife earns much more than the husband, they tend to keep their income separate. Klawitter (2007:424) cautions that the manner in which couples manage and pool their income may at a later stage affect who has control over it and decide how it will be spent.

4.3.3 Control over finances

Control over household finances can also be defined as power distribution within the household. The power distribution within a household can be determined by “the extent to which both partners’ preferences are weighed in the final household decisions” (Dobbelsteen & Kooreman, 1997:345-346). Power distribution can be based on a spouse’s income, education, and occupational status. In low income households, control over finances is not seen as source of power, but rather as a burden (Dobbelsteen & Kooreman, 1997:345-346).

Dobbelsteen and Kooreman (1997:346) suggest two factors that can determine how household finances are divided between spouses. The first aspect refers to power: the spouse who controls the finances can make the final decision regarding the finances. The second aspect refers to efficiency: the separation of financial management between spouses can be used to divide household tasks between husband and wife.

Waseem (2004:1-2;20) points out that in Australia, household finances are largely managed by the wife, which involves the control of spending decisions. When finances become a burden and less than a source of power, the wife manages the finances. The husband will either share the control of household finances equally with his wife or have no control at all, although joint control of household finances rarely happens. The more income the husband earns the greater control he exercises on the household finances. There is very little gender inequality when the wife manages the finances, but when the husband manages the finances there appears to be a high gender inequality.

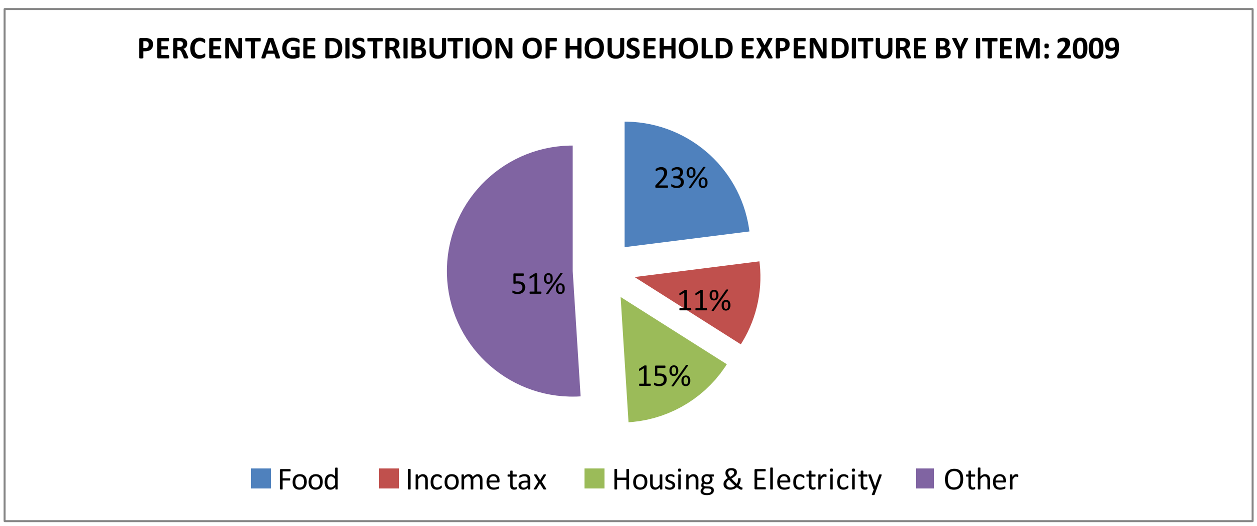
4.3.4 Household income distribution

The manner in which married couples distribute their income for consumption has an impact on their financial wealth; they can either end up wealthy or poor. Thus, wealthy households manage their income differently than poor households (Dew, 2008:338). Masemola, Van Aardt and Coetzee (2010:1 of 5) summarized the percentage distribution of South African households by income category at the end of 2009 as follows:

- 11% of households earn between R0 – R50 000 per year.
- 12% of households earn between R50 000 – R100 000 per year.
- 28% of households earn between R100 000 – R300 000 per year.
- 16% of households earn between R300 000 – R500 000 per year.
- 14% of households earn between R500 000 – R750 000 per year.
- 19% of households earn more than R750 000 per year.

The largest group falls under the middle income category. Masemola *et al.* (2010:5 of 5) capture the South African household expenditure distribution by the end of 2009 as follows:

Figure 4.2: Percentage distribution of household expenditure by item



Source: Masemola *et al.* (2010:5 of 5)

The other expenses include transport, medical and dental services, communication, furniture and household equipment (Masemola *et al.*, 2010:4-5 of 5).

As previously discussed in Chapter two, for every R1 income earned by the average household in SA, R0.78 of it is used to pay off debt (Mail & Guardian, 2010:1). Thus, there is little income left to pay the monthly living expenditures in the household, which can force both spouses to work just to pay all the necessary expenses.

Most studies showed that when both husband and wife are employed, the wife's income is mostly spent on household goods such as food, women's and children's clothing, child care and educational courses, while the husband tends to consume most of his income on alcohol, motor vehicles, house repairs, meals out, gambling and holidays. Most studies show that, generally, the wife tends to have less spending money available after necessary expenses than the husband due to lower income earnings and the manner in which their income is distributed individually. The husband is usually unaware of this fact (Waseem, 2004:1-2,25).

4.4 MARRIED COUPLES' COMMUNICATION AND CONFLICT WITH REGARD TO THEIR PERSONAL FINANCES

Young married couples need to communicate their finances and different money-management practices right from the start and on a regular basis (Gerstner, 2011:62). Numerous couples find it difficult to communicate their emotional experiences and thoughts regarding their finances with each another. They often find it easier to argue with their spouse to get the message through (Shapiro, 2007:290). Dew (2008:342) argues that the bigger the share of income the wife contributes, the more she communicates with her husband regarding the management of household finances. If the one spouse manages their financial planning without the other spouse's input, it can cause enormous conflict between the spouses (Garner, 2008:15).

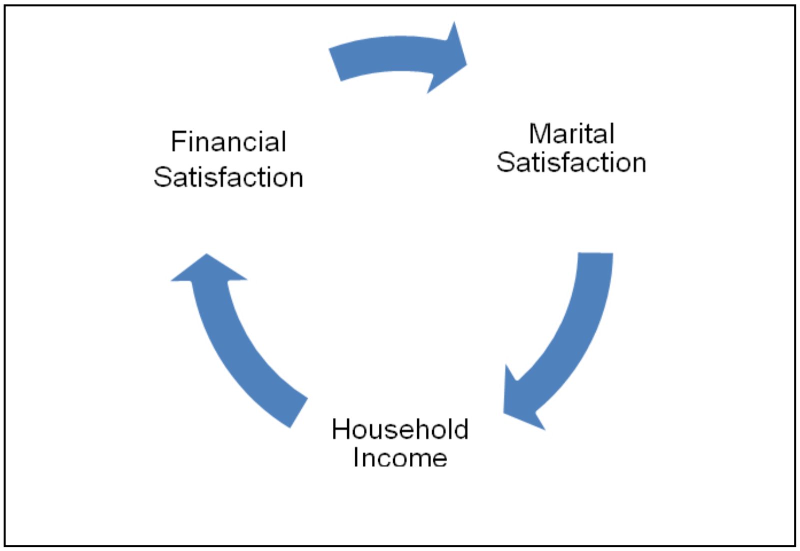
Money is an important area of discussion, regardless whether couples are rich or poor (Waseem, 2004:5). American studies show that money disputes are a regular occurrence among families; it can even be seen as the number one reason why couples argue. Statistics from the studies revealed that more than 50% of the respondents have money disputes. Studies also show that as couples get older or earn more income, arguments starts to decrease. Couples who pay bills late and choose to repair their household content themselves to save money argue more often about finances than others.

The management of finances is a more crucial point in marriage than the amounts of money couples earn (Lawrence *et al*., 1993:85-93). In the absence of financial management skills, couples are more likely to argue about finances (Kerkmann *et al.*, 2000:56). Arguments can also occur when the one spouse utilises the money irresponsibly (Dew, 2008:344).

A study conducted on American couples shows that couples experience a huge amount of stress due to their differences when it comes to managing their household finances. It was found that 48% of the couples indicated they have arguments about financial matters. The leading argument is about the partner's reckless spending. Some of the couples even indicated that they have hidden a purchase, credit card or secret account from their partner (Brandweek, 2010:1). More than 60% of women and men bring debt into the marriage. Studies show that the smaller the amount debt brought into a marriage by the husband and wife the bigger the probability of marital satisfaction (Loftus, 2004:46). For couples who are married for one year or less, the leading issue under discussion is debt brought into the marriage and their financial situation (Lawler & Risch, 2001:21).

Grable, Britt and Cantrell (2007:138) developed a model of factors influencing marital distress, as illustrated below:

Figure 4.3: Marital distress model



Source: Grable *et al.* (2007:138)

Grable *et al*. (2007:137-138) used the example of a married couple that needs to pay their expenses. If the household income is not enough to pay the expenses it will affect the financial satisfaction of the husband or wife negatively. Financial satisfaction in turn influences marital satisfaction, which in this case was influenced negatively. If nothing is done by either the husband or wife to bring in more household income, the financial satisfaction of both partners will decrease even more, which then again increases marital dissatisfaction. If the couple's financial satisfaction is very low and brings down the marital satisfaction of both partners, the likelihood of both thinking about divorce is very high. Thus, financial dissatisfaction causes marital dissatisfaction, which often leads to divorce.

4.5 THE DIFFERENCES BETWEEN COUPLES' BEHAVIOURS AND ATTITUDES WITH REGARD TO THEIR PERSONAL FINANCES AND THE LEVEL OF DECISION-MAKING

Couples have different views of household finances, financial management behaviours, purchase behaviours and decision-making levels (Cynamon & Fazzari, 2008:24-25; Dew, 2008:338-344; Sarabia-Sanchez, 2005:411-416; Zagorsky, 2003:127-144).

4.5.1 Husbands' and wives' views of household finances

Husbands' and wives' views of household finances differ to a large extent. Couples seldom agree on their household's financial wealth situation. Husbands, in general, proclaim higher earnings and put a great amount of value on household assets, whereas wives proclaim that the household contain more debt. When spouses complete household wealth surveys, they usually overestimate their own earnings and underestimate their partners' earnings (Zagorsky, 2003:127-143). Zagorsky (2003:144) found that women's views of household finances are most accurate, as they are usually taking control of the household finances, more so than men.

4.5.2 Financial management behaviour

Grable, Britt and Webb (2008:4-5) define behaviour as either goal-oriented or volitional. The actions of a goal-oriented individual will be in line with achieving his/her financial goal. An individual who is volitional will act according to his own desires with no predetermined financial goal. Various factors can influence an individual's behaviour – such as self-esteem, gender and age. Someone who experiences financial stress is the result of mismanagement behaviour towards his/her financial situation. Bankruptcy is the result of indebtedness and indebtedness is either the result of reckless borrowing behaviour or unforeseen circumstances, such as job loss.

Married couples are likely to pool their income and savings; whereas cohabiting couples keep it separate. After marriage, couples usually show less risky behaviours, strive to spend their money wisely and increase their financial well-being Thus, an individual's relationship with finances changes extensively after marriage (Dew,2008:338-344).

Poor financial behaviours can have a negative impact on the household's financial well-being. Poor financial behaviours such as the following can be seen as the mismanagement of personal finances:

- Regularly spending too much money
- Regularly obtaining credit for expenditure or the pay-off of other debts
- The absence of a pension fund
- Very few or no emergency savings funds
- Regularly losing money due to gambling
- Regularly accrued bills due to insufficient funds (Garman *et al.*, 1996:158-159).

A spouse's perception of his/her partner's money attitudes and spending behaviours can cause marital dissatisfaction and even lead to divorce (Britt, Grable, Goff & White, 2008:31-40).

Hilgert, Hogarth and Beverly (2003:320-321) found that there is a link between financial knowledge and behaviour. They conducted a study on U.S. households to determine their level of financial knowledge and whether it is reflected in their behaviour. Some of the focus points were credit management, saving and investment. Individuals who obtained their financial knowledge from family, friends, personal experiences and education showed a favourable improvement in their behaviour towards their finances.

4.5.3 Purchase behaviours

A consumer attitude towards the future is a perception an individual develops about his/her personal financial future with the tendency to behave favourably or unfavourably as a consumer (Sarabia-Sanchez, 2005:408-409).

Sarabia-Sanchez (2005:411-416) mentions four distinctions that one should take into account when determining purchase patterns. They are:

- Consumers who know what they want to buy or those who decide along the way.
- Consumers who like going shopping and those who do not.
- Consumers who prefer to pay cash and those who prefer to buy on credit.
- Consumers who buy on impulse and those who do not.

From these distinctions, Sarabia-Sanchez reached the following conclusions:

- Consumers who decide along the way what they want to buy have a lower consumer attitude towards the future than those who know exactly what they want to buy in advance.
- There was no difference between consumers' attitude towards the future in terms of who liked going shopping and those who do not.
- Consumers who prefer to pay cash showed a higher consumer attitude towards the future.
- And, consumers who buy with more impulsiveness have a lower consumer attitude towards the future.

Individuals' approach to their future economic situation can be linked to their present attitude towards expenditure and saving. When individuals show a negative approach, they tend to spend less and save more, but when they show a positive approach they spend more than they can earn (Sarabia-Sanchez, 2005:407). Individuals also tend to increase their consumption when there is a possibility of income growth (Ekici & Dunn, 2007:16).

Chien and Devaney (2001:175) explain that "a more favourable attitude toward using credit can lead to a higher likelihood of using credit". Thus, attitude predicts behaviour.

4.5.4 Decision-making

Households' decisions regarding their consumption and financial behaviours are based on social indicators. Social indicators such as real people and media models are observed by households in order to form a plan on how they will manage their own finances, especially debt. For example, when neighbours and co-workers use certain norms to monitor their debt and it seems to work for them, other households will capture and implement the same norms to manage their debt (Cynamon & Fazzari, 2008:24-25). Financially educated couples make better financial decisions regarding their household finances than those couples with very little or no financial education (Hilgert *et al.*, 2003:309).

Financial decision-making power has a strong influence on marital satisfaction. Those who share in the financial decision-making process are more satisfied than those who do not (Dew, 2008:344). Employed women have greater control in the decision-making process since they earn their own income and feel they have a right to decide how money is spent and saved within the household (Waseem, 2004:20).

4.5.5 Gender differences

Gender differences are discussed throughout chapter three and four. By now it is clear that men and women's views and management of money is often different. Facing financial challenges are often easier for men than for women (Anthes & Most, 2000:1-2). Even their financial focus differs from each other, in that women are more concerned with family relationships while men's concerns lie with financial security (Johnson, 2008:247-256). Most of the time they do not even share the same amount of control over their household finances (Waseem, 2004:1-2).

4.6 CONCLUSION

Individuals have different observations and views of money. How they manage their money is influenced by factors such as childhood experiences, previous relationships, friendships and the media. From the literature it is clear that the wife is usually the one managing the finances, such as paying bills. The husband's income is often spent entirely different compared to his wife's income distribution in general. Money is not an open topic for discussion. Young married couples find it difficult to communicate their feelings regarding their finances. This is one aspect that is usually not taught to young couples. With this situation on hand, young married couples have to face financial difficulties and solve their differences with regard to money. The easiest, but also the worst manner for couples to communicate in order to solve their financial problems and differences is through arguments. Couples' attitudes towards their finances predict their financial management behaviours favourably or unfavourably. Financially educated couples are in a better position to manage their finances, which is reflected in the decisions they make regarding their finances.

The literature review in Chapter 2, 3 and 4 found that individuals and couples experience difficulties in the management of their personal finances and debt. It is very important for married couples to manage their personal finances in an effective manner to reach their financial goals and to avoid the mismanagement of finances that can lead to over-indebtedness and even divorce as discussed in Chapter 3 and 4. Chapter 5 examines the research methodology used to investigate how young married couples manage their personal finances and debt. A thorough explanation of how data were collected and analysed will also follow.

CHAPTER FIVE

RESEARCH METHODOLOGY

5.1 INTRODUCTION

In Chapter 1 the research methodology was briefly explained. In this chapter, however, the research methodology is discussed more extensively since the essence of research is to develop a research design. The research methodology entails research methods used to carry out the data collection process during the course of the study. The objective of the research process was to investigate the financial management practices of young married couples in relation to their personal finances, which will be discussed and examined thoroughly.

Research commence with a specific purpose from a certain point of view, with the intention to persuade the reader of the importance of its argument based on a very specific belief or judgment (Clough & Nutbrown, 2005:4). Methodology is an explanation of how research problems are expressed by questions asked in that specific field. It also gives reasons to why a certain research method is used during the course of a specific study (Clough & Nutbrown, 2005:22).

Chapter five will, therefore, outlines the research design employed, the research methodology, the target population, the data collection and analysis, and the statistical test applied in the study.

5.2 RESEARCH DESIGN

Singh and Nath (2010:153-154) describe research design as the starting point before the initiation of the actual project. The researcher chooses the research design that is suitable for the components of his/her study. These components consist of the following:

- Research method
- Sampling design

- Selection of research tools
- Choice of statistical tests

Welman and Kruger (2001:46) defined research design as ‘the plan according to which we obtain research participants (subjects) and collect information from them’. Included in the plan is an explanation of what will be done with the participants, in order to reach findings and solve the research problem.

The personal financial management practices of young, married couples can be classified as exploratory research due to the fact that it is a fairly new area under discussion and not a great deal of research has been performed in this subject of study. The three main purposes of exploratory research are:

- The researcher’s interest and desire to better understand the field of study
- The testing of feasibility of the field of study for further extensive research
- The development of methods to be used in later studies.

(Babbie, 2010:92).

A quantitative approach will be applied as a research method in this study. A survey is one technique that may be used for exploratory research and are therefore made use of in this particular research study (Babbie, 2010:254). The aim of the study is to determine the extent to which young married couples manage their personal finances. Primary data will be collected by means of a structured questionnaire and secondary data will be collected by consulting relevant literature, such as published and unpublished reports, articles, academic journals and the internet, so as to outline the problem in full. Clough and Nutbrown (2005:118) explain that ‘questionnaires allow researchers to survey a population of subjects, with little or no personal interaction, and with the aim of establishing a broad picture of their experiences or views’.

5.3 RESEARCH METHODOLOGY

Research methodology is a process that involves ‘the systematic procedures by which the researcher starts from the initial identification of the problem to its final conclusions’.

Research methods are the tools and techniques used to address the research problem (Singh & Nath, 2010:156).

The technique used to conduct research involves the collection and analysis of data with the aim of gaining information from that data. In this study the survey method was used as a research technique to collect and analyse data. Research methods are employed to achieve one of three research objectives: theoretical, factual or application. The focus of this particular study falls on the theoretical issue where the survey method will be employed. The survey method can be further described as a descriptive survey where a structured questionnaire will be used as a measurement instrument, to obtain the data needed (Singh & Nath, 2010:187-190).

The structured questionnaires used in this study will obtain data from respondents regarding their personal financial management practices, the extent of communication and disagreement between couples concerning their personal finances and couples' different behaviours and attitudes, as well as respondents' perceptions towards their personal financial management practices.

Once the research method is determined the following aspects need to be described:

- The target population from which the participants will be selected
- The manner in which the participants will be recruited (sampling technique)
- How many participants will be included (sampling size)
- The statistical methods that will be used to process and analyse the data obtained (Welman & Kruger, 2001:253).

5.4 TARGET POPULATION

Welman and Kruger (2001:46) define a population as an object the researcher wishes to study, such as a group of people, organisations, human products or events. The findings of a study are then applied to the object or population studied (Fink, 2005:82).

The object of analysis in this study consists of young, married couples living in the Bloemfontein area. The young, married couples fall in the Generation X and Y age group up to the maximum age of 45. Both Generation X and Y was part of the population used in the study, although Generation Y respondents were the majority. Firstly it was decided to only include Generation Y individuals in the study, but it was difficult to find couples where both spouses fall in the specific category. Thus, it was decided to also include Generation X, due to the low response rate, but still it was required that at least one of the spouses should fall under Generation Y. Individuals in the Generation Y group are still considered as young adults according to this study, thus, when they are married for less than 9 years, they are classified as young married couples. Generation X is those individuals born between the years 1965 and 1976 (between the ages of 35 and 46). Generation Y are those individuals born between the years 1977 and 1994 (between the ages of 17 and 34) (Timmermann, 2007:25).

The target population are distinguished by their gender, age, employment conditions, number of years married, race and education levels to illustrate the differences in personal financial management practices. Each individual in the population were questioned on their personal financial management practices, and their behaviours, attitudes and perceptions regarding finances. Thus, both husband and wife completed the questionnaire.

Men and women face financial issues and challenges in different ways and also due to the difficulty of it (Anthes & Most, 2000:1-2). Numerous couples even struggle to save and invest wisely as a lack of basic financial knowledge (Lusardi & Mitchell, 2007:36). Studies showed that as couples get older, arguments regarding their finances start to decrease (Lawrence *et al*., 1993:85-93). One can therefore assume that couples manage their personal finances differently.

5.5 SAMPLING

Once the target population is identified, only a small portion of it will be selected as a sample to be observed and analysed (Singh & Nath, 2010:33). In most cases, it is nearly impossible to study a whole population (Babbie & Mouton, 2001:100). There are two ways to obtain a sample from a population, namely probability sampling and non-probability sampling.

When executing quantitative research, the main goal is to obtain a representative sample that will generate a broad and accurate observation of the larger population (Neuman, 2000:195-196). Quantitative researchers tend to use probability sampling for the reason that the sample 'has been selected in such a way that every element chosen has a known probability of being included' (Singh & Nath, 2010:164).

Non-probability sampling is used in situations that prevent the researcher from obtaining a probable sample from a population (Babbie, 2010:192). Thus, the chance of some elements chosen has a zero probability of being included in the sample (Welman & Kruger, 2001:47).

Due to the difficulty of gathering a sample of participants from the population to be studied, a non-probability sampling technique was implemented that is called snowball sampling. This type of sampling is used in situations where it is difficult to obtain a sample from the population to be studied. It is a 'process of accumulation as each located subject suggests other subjects'. Thus, the married couples willing to complete the questionnaire were then again asked to distribute the questionnaire to other married couples in the same age range. This technique is used mainly for exploratory research (Babbie, 2010:192-193).

The sample selection consists of young, married couples that fall in the Generation Y and Generation X age groups and live in the Bloemfontein area. Six hundred questionnaires were distributed, of which only 150 were returned. The sample consisted of seventy-five women and seventy-five men. At least one of the spouses had to be part of the Generation Y age group. Therefore, two age groups were identified, namely individuals aged 21 to 34 (Generation Y group) and between 35 and 45 (Generation X group).

Individuals were classified according to the number of years married and were divided as follows in four groups:

- Married fewer than 3 years;
- Married 3 years and longer, but fewer than 6 years;
- Married 6 years and longer, but fewer than 9 years; and
- Married 9 years and longer.

The study also included employment conditions, race and level of education. Employment conditions of respondents were divided into part-time, full-time or unemployed. Due to the low race response, race was not considered as an important measurement in the data analyses and interpretation process. The level of education of respondents is of great importance because financial literacy plays a major role in managing personal finances effectively. The importance of education was previously discussed in paragraph 3.4.1. Levels of education from respondents included grade 12, diploma, degree, postgraduate degree and any other type of education.

The main reason for choosing young, married couples is that managing finances not as an individual but as a couple (unit) is new to them and they are still in the early stages of their marriage where they have to sort out stumbling blocks that can prevent them from managing their finances effectively as a unit. The majority of the respondents fell in the Generation Y category, was married fewer than 3 years, employed full time, and had a degree or post graduate degree.

5.6 DATA ANALYSIS

Once the quantitative data is collected it needs to be organised and manipulated so as to obtain relevant information in order to solve the research problem (Neuman, 2000:313-314).

Before data can be analysed it needs to be prepared to enable the analyser to capture the information on a computer by way of converting the information incorporated in the questionnaire (Hair *et al.*, 2000:480). Data preparation is done in the following five steps:

- Data validation
- Data editing and coding
- Data entry
- Error detection
- Data tabulation

(Hair, Bush and Ortinau, 2000:480-501)

The questionnaire was conducted correctly and also free from bias and errors. Values were assigned to the various responses from the questionnaire and were captured on the computer using Excel. The captured data were then evaluated for any errors before the analyses and interpretation of the results.

5.7 METHOD OF DATA COLLECTION

Questionnaires were used as a research tool to obtain data from respondents with regard to their personal financial management practices. The questionnaire was designed to verify the money personalities, decision-making approaches, the level of disagreements between spouses, attitudes, behaviours and perceptions regarding the personal finances of respondents living in the Bloemfontein area. However, the main aim of the questionnaire was to determine the extent to which respondents manage their personal finances. The questionnaire consisted mainly of multiple choice questions.

5.7.1 Content of questionnaire

A structured questionnaire was distributed to respondents asking them questions on the following matters:

- Classification questions (demographics), asking respondents to provide their gender, age, number of years married, working conditions, race and their level of education. The demographic information was used for the ease of the analyses of data and interpretation of results in this study.

- Money management multiples choice questions determining the respondents' money personalities. The important role that an individual's money personality play with regard to sound financial management was discussed in Chapter 3 and 4.
- Pooling of income – determining whether couples put their finances together or keep it apart. In Chapter 4 a detailed discussion was given on the pooling of income.
- Types of credit held. Chapter 3 discussed the cause and effect of over-indebtedness of individuals.
- Decision-making power. A thorough discussion took place in Chapter 4 on the decision-making power between husband and wife.
- Conflict. Chapter 4 explained the causes of conflict between spouses and the impact it has on their personal financial management practices.
- Perceptions, attitudes and behaviours. Chapter 4 outlined what the effect is of individuals with different perceptions, attitudes and behaviours toward personal finances.
- Financial stress levels. This can be linked back to the causes of financial stress discussed in Chapter 3, and in Chapter 4, the various money personality types experience different levels of stress.

All these matters were included in the questionnaire to answer the main research question and subquestions indicated below as statements:

- The personal financial management practices of young married couples;
- How young married couples manage their personal finances and debt;
- The extent to which married couples communicate and disagree with regard to their personal finances;
- The differences between couples' attitudes and behaviours toward their personal finances; and

- The differences between how husbands perceive their own personal financial management practices compared to how the wife perceives her husband's personal financial management practices and *vice versa*.

The multiple choice questions on money management in the questionnaire were compiled from the book published by Liz Koh in 2008 which explains the various money personalities among individuals. Liz Koh, a Certified Financial Planner (CFP), an Authorised Financial Advisor (AFA) and a Chartered Accountant (CA), established her own financial planning company in 1999, working with hundreds of clients at all ages, from young single people to retired couples. Beforehand, she had a career in management. Her writings appeared in many newspapers, magazines and websites, and she also published a bestselling book called, *Your Money Personality: Unlock the Secret to a Rich and Happy Life*, Awa Press, 2008. After many years of experience in the field of financial planning, she laid out the importance a wealthy management of finances, which include the understanding of one's money personality that consist of hidden attitudes towards money (Moneymaxcoach.com, 2012:1). The importance of using Liz Koh's book in the questionnaire, made a huge contribution to the end results of the study.

Six hundred questionnaires were distributed from May 2010 until June 2011 among young, married couples and only seventy-five couples responded, which make up a total of 150 questionnaires and a response rate of 25%. Due to the low response rate, the results of this study can not be generalised. The compilation and distribution of the questionnaire were done solely by the researcher. It was thought, the easiest way to find young married couples in Bloemfontein was to approach churches, as they would have lists of couples who got married in recent years. These couples were then contacted via telephone and e-mail. A clear explanation of the study and the importance of it were explained to the couples orally and by a letter signed by both the study leader and researcher (student). Questionnaires were also distributed at kindergartens together with a letter explaining the study and the importance of it. The letter courteously requested the spouses to complete the questionnaire in private and not to share their response with their partner due to a few sensitive matters covered in the questionnaire which could lead to conflict between spouses. Questionnaires handed out were followed up by constantly reminding the couples via a telephone message and e-mail to complete the questionnaire and that their response is rated highly important to the study.

5.7.2 Content validity of questionnaire

Content validity can be defined as "the extent to which a measurement instrument is a representative sample of the content area (domain) being measured" (Leedy & Ormrod, 2005:92). Thus, the representative sample incorporated in the questionnaire of this study is the various factors (discussed in paragraph 5.7.1) that contributes to the personal financial management practices of young married couples (domain).

5.7.3 Internal consistency reliability of questionnaire

Internal consistency reliability can be defined as "the extent to which all the items within a single instrument yield similar results" (Leedy & Ormrod, 2005:93). It examines how unified items are in the measurement instrument (questionnaire) (Salkind, 2003:114).
Reliability is a ratio calculated as follows:

$$\text{Reliability} = \frac{\text{True score}}{\text{True score} + \text{Error score}}$$

The Alpha score calculated, will generate an answer between 0 and 1, where 1 is a perfect true score which means it is perfect internal reliability. An answer closer to 0, means that there no internal reliability (Salkind, 2003:109-110). The Cronbach's Alpha test was used to test the internal consistency reliability of the questionnaire.

Table 5.1: Internal consistency reliability – Cronbach's Alpha Test

Reliability Statistics for the main questions (Q11 – Q16)		
	Cronbach's Alpha	**Number of items**
Question 11	.861	4
Question 12	.691	9
Question 13 (a)	.656	6
Question 13 (b)	.625	5
Question 14	.782	5
Question 15	.803	5
Question 16	.905	5

The Cronbach's Alpha test was carried out on Question 11 to 16, as they truly reflected the research of this study. Question 13 was divided into 2 parts, namely: 13 (a) and 13 (b). Question 13 (a) consisted of positive statements and Question 13 (b) consisted of negative statements. Question 1 to 6 focussed on the demographics of the respondents and Question 7 consisted of the multiple choice questions that determined the respondents' money personalities, which were all calculated by hand. Question 8 to 10 were yes/no and multiple choice questions. The results in Table 5.1 indicate that Question 12 and 13 (a) and (b) have a comparably low Cronbach's Alpha, where Questions 11, 14, 15 and 16 have very high alphas, indicating high internal consistency reliability.

5.8 STATISTICAL TESTS APPLIED

The SPSS (version 13.0 for Windows) software programme was the statistical test applied in the study in order to analyse the data obtained from the respondents. It is a statistical program that analysed the information by means of descriptive statistical methods which included the following:

- Frequencies and percentages of the demographics (respondent's age, gender, number of years married, employment conditions, race, qualifications, money personalities, pooling of income, respondent's debt usage and the decision-making level) of the respondents were calculated.

- The mean which can be defined as the average score of specific variables in a data set which are calculated by taking the sum of the specific variables and divide it with the number of the specific variables (Salkind, 2003:155) The mean were used to calculate the average level of disagreement, average level of behaviour and attitudes, and the level of perception.
- Cross-sectional (tabulation) method takes place when several groups of people are compared against one variable at a time (Salkind, 2003:195). The different debt sources used, the extent of arguments, behaviours and attitudes regarding financial matters were compared to the demographic factors of the respondents.
- Pearson chi-squares are used to compute the correlation between two variables through the use of a numerical index, which reflects the relationship between the two variables (Salkind, 2003:198-201). The Pearson chi-square were used to test the statistical significance between the various demographic groups in relation to their debt usage, extent of their arguments, and behaviours and attitudes regarding their financial matters
- One-way ANOVA-analysis is used to determine if there is a statistically significant difference between three or more means by comparing the variances both within and across groups (Leedy & Ormrod, 2005:274). The ANOVA test was used to determine if there is a statistical significant difference between the stress levels of the various money personality groups.
- T-tests are used to determine if there is a statistically significant difference between two means (Leedy & Ormrod, 2005:274). The T-test was used when the means of Question 15 were compared with the means of Question 16 to determine if there was any statistical significant difference on the perceptions of spouses regarding their own financial management practices and that of their partners.

5.9 LIMITATIONS OF THE RESEARCH STUDY

From all the six hundred questionnaires handed out, only hundred and fifty came back. The main reason for this low response was that the husbands were less likely to complete the questionnaire. They either refused or just marked it as time-consuming to complete the questionnaire. The wives were a bit more willing to complete the questionnaire, but not to a very large extent. The overall response was negative due to privacy reasons and the idea of communicating their financial management practices was reflected as a taboo subject.

5.10 CONCLUSION

This chapter explains the research design and methodology used to collect and analyse data in order to solve the research problem. Thorough descriptions of the target population and the sample size obtained from the population were given. The data collection and analysis process by means of a questionnaire were discussed in detail. The statistical software applied to record and analyse the information obtained from the questionnaire was explained together with the limitations of the study. In Chapter 6 a detailed discussion will follow on the analyses of the data obtained in this study.

CHAPTER SIX

DISCUSSION OF RESEARCH RESULTS

6.1 INTRODUCTION

As previously discussed in Chapter 3 and 4, the mismanagement of personal household finances can result in broken homes, divorce, stress, depression, bankruptcy and a decline in employee productivity.

Married couples' personal financial management practices need to be examined to understand the extent to which they manage their personal finances. If married couples mismanage their personal finances it can lead to personal financial problems, which again can have negative consequences for couples' financial and physical wellbeing and even have a negative influence on the economy.

Chapter 6 evaluated the extent to which young married couples manage their personal finances. Spouses' money personalities, decision-making approaches, level of disagreements, attitudes, behaviours and perceptions regarding their personal finances were examined and compared with one another, as well as their demographic factors such as gender, age, number of years married, employment conditions and level of education in order to evaluate their personal financial management practices.

The most important area under examination in this chapter is to determine couples' different money management practices by comparing the data obtained from the husband with those of the wife in order to discover the problem areas that may cause them to mismanage their finances.

6.2 THE EMPIRICAL RESULTS, ANALYSES AND DISCUSSION

The empirical results revealed the respondents' money personalities, their decision-making approaches, disagreement levels, attitudes, behaviours and perceptions regarding their personal finances and financial management practices. Specific attention was paid to the differences between husbands and wives' money management practices compared to age, years married, employment conditions and qualifications.

6.2.1 Demographic profile of respondents

Individuals manage their finances differently, partly as a result of their diverse demographic make-up. The following demographic factors were assessed:

- Gender
- Age
- Years married
- Employment conditions
- Race
- Qualifications

These demographic factors will be assessed in the form of frequencies and percentages in Tables 6.1 to 6.6. The following table summarises the gender profile of the respondents:

Table 6.1: Gender profile of the respondents

Gender	Number	Percentage
Male	75	50,0%
Female	75	50,0%
TOTAL	**150**	**100%**

The table shows an equal percentage for both genders, with 50% being male and 50% female; therefore 75 married couples took part in the study.

Table 6.2 reflects the age groups of the respondents.

Table 6.2: <u>Age evaluation of the respondents</u>

Age groups	Number	Percentage
Generation Y (21 to 34 years):		
21 – 25	47	31,3%
26 – 30	62	41,3%
31 - 34	23	15,3%
Total Generation Y	**132**	**88%**
Generation X (35 to 45 years)		
35 - 40	16	10,7%
41 - 45	2	1,3%
Total Generation X	**18**	**12%**
TOTAL	**150**	**100%**

The respondents were divided into two groups, namely, Generation Y (aged from 21 to 34 years) and Generation X (aged from 35 to 45 years). The majority of the respondents fall in the Generation Y group, which was also divided into three smaller groups, whereas Generation X presents the smaller portion of the total respondents. More than 70% of the respondents were between the ages of 21 and 30 and in the early years of their marriages.

Table 6.3 shows for how long the respondents have been married. The author decided to divide the question on the number of years married into categories of three years, for the ease of data analyses and interpretation of results.

Table 6.3: <u>Number of years married</u>

Years married groups	Number	Percentage
Fewer than 3 years	98	65,3%
3 years and longer, but fewer than 6 years	20	13,3%
6 years and longer, but fewer than 9 years	14	9,3%
9 years and longer	18	12,0%
TOTAL	**150**	**100%**

The table shows that more than 65% of the couples are married for less than three years. The average age of the 65% respondents is 26 years old.

Table 6.4 indicates the employment conditions of the respondents.

Table 6.4: Employment condition profile of the respondents

Employment status	**Number**	**Percentage**
Part-time	16	11,1%
Full-time	119	82,6%
Unemployed	9	6,3%
TOTAL	**144**	**100%**

The table shows that the majority (82,6%) of the respondents are currently employed full-time, while the minority (6,3%) is unemployed. The table shows only a total of 144 respondents, which means that 6 respondents did not indicated their employment status. The current unemployment rate in South Africa is 14% as discussed in Chapter 2.

Table 6.5 summarises the race of the respondents.

Table 6.5: Race evaluation of respondents

Race group	**Number**	**Percentage**
White	121	81,8%
Black	18	12,2%
Coloured	8	5,4%
Indian	1	0,7%
TOTAL	**148**	**100%**

The greater part of the respondents (81,8%) is white, whereas the rest are black, coloured or indian. The latter three race groups are presented as “Other” in the rest of the chapter due to the small portion of the total sample they represent.

Table 6.6 sets out the qualifications obtained by the 150 respondents.

Table 6.6: Qualification profile of the respondents

Qualification	**Number**	**Percentage**
Grade 12	39	26,2%
Diploma	18	12,1%
Degree	40	26,8%
Postgraduate degree	46	30.9%
Other	6	4,0%
TOTAL	**149**	**100%**

The table shows that more than a quarter (26,2%) of the respondents only have Grade 12, which means that they have not obtained any further education after high school or they are still in their early studying years. The other two groups who also present more than a quarter (26,8%) of the total respondents either have a degree or a post graduate degree (30,9%). Thus, more than 50% of the respondents are highly educated individuals. From the total respondents group it is clear that only 26,2% are merely slightly educated.

In terms of the demographic profile of respondents, the overall profile of the respondents consist of 50% male and 50% female, from which the majority is white, between the ages of 21 and 30 years, married for shorter than 3 years, working full-time and have either Grade 12, a degree or a postgraduate degree.

The next section investigates the money personality type of the respondents.

6.2.2 Money personalities

The money personality test used in the study was obtained from the book *Your money personality* written by Liz Koh (2008), a former financial advisor. The money personalities discussed by the author were based on two subject matters, namely: ‘the desire to create wealth’ and ‘the willingness to take risks’. Respondents were asked to complete 12 multiple-choice questions, where specific financial management statements were given. Respondents had to choose one of the answers provided that they thought applied the most to their specific personality and situation. The money personality of each respondent was calculated by hand and then presented as a percentage of the total respondents. Four types of money personalities were evaluated among the respondents, namely:

- Hoarders
- Achievers
- Entrepreneurs
- Thrill-seekers

These money personalities were discussed in detail in Chapter 5. Tables 6.7 and 6.8 depict the various money personalities of the 150 respondents.

Table 6.7: Money personality profile of respondents

Money personalities	**Number**	**Percentage**
Hoarders	99	73,3%
Achievers	24	17,8%
Thrill-seekers	7	5,2%
Entrepreneurs	5	3,7%
TOTAL	**135**	**100%**

The results in Table 6.7 show that 135 respondents are classified respectively mainly as a Hoarder, Achiever, Thrill-seeker or an Entrepreneur. From all the statements that were provided to them in the multiple-choice questions, it followed that primarily only one of the money personalities applied to them. The greater part of the respondents (73,3%) were identified as hoarders, whereas only 3,7% of the respondents were classified as Entrepreneurs. The various money personalities were discussed in detail in Chapter 3 and 4.

Table 6.8: Mixed money personality profile of respondents

Money personalities	**Number**	**Percentage**
Hoarders/Achievers	8	53,3%
Achievers/Thrill-seekers	3	20,0%
Achievers/Entrepreneurs	1	6.7%
Hoarders/Thrill-seekers	1	6.7%
Hoarders/Achievers/Thrill-seekers	1	6.7%
Hoarders/Achievers/Entrepreneurs	1	6.7%
TOTAL	**15**	**100%**

The table above indicates that 15 of the total 150 respondents had more than one personality type that applied to them. It was found that the 15 respondents had equal tendencies of two or three money personalities at the same time. The greater part (53,3%) of the mixed-money personalities of the respondents were found to be equally Hoarders and Achievers.

6.2.3 Bank accounts

Respondents were asked to indicate with a "yes" or a "no" whether they have a shared household bank account with their spouse and if they also have a bank account of their own. Frequencies and percentages were calculated to show the number of respondents that said "yes" to both questions. Table 6.9 indicates how many spouses share a household bank account and those that have their own bank account.

Table 6.9: The respondents' bank profile

	Number	**Percentage**
Share bank account with spouse	45	30,2%
Have an individual bank account	137	92,6%

The table shows that less than a third (30,2%) of the couples share a bank account. The majority of respondents (92,6%) have their own bank account. A possible reason for spouses to rather have their own bank account is if an individual want to become credit worthy when deciding to obtain a personal loan or any other type of credit. In Chapter 2, a discussion was lead on the strict national credit act in South Africa and that it is difficult for an individual to obtain credit if he/she is not credit worthy.

6.2.4 The different debt sources used

Respondents were asked to indicate the sources of debt they currently make use of. The results were analysed by means of a cross-tabulation between debt usage and the demographic factors. The Pearson chi-square test was used to determine if there is any significant difference in debt usage among the various demographic factors.

Below is a list of debt sources which are available to the public:

- Credit card
- Personal loan
- Microlender
- Clothing account
- Home loan
- Vehicle finance
- Furniture account
- Study debt

Table 6.10 indicates how many of the 150 respondents make use of the various debt sources that is available to the public.

Table 6.10: The respondents' debt profile

Debt sources	Population	Number	Percentage	Rank
Credit card	150	81	54,0%	**1**
Personal loan	150	37	24,7%	**4**
Microlender	150	3	2,0%	**7**
Clothing account	150	58	38,7%	**2**
Home loan	150	52	34,7%	**3**
Vehicle finance	150	58	38,7%	**2**
Furniture account	150	6	4,0%	**6**
Study debt	150	32	21,3%	**5**

Table 6.10 illustrates that the most acquired form of debt by the respondents is credit cards (54,0%).. A possible reason for this is that a credit card is a very convenient way to finance consumption as it was previously discussed in Chapter 3. Clothing account and vehicle finance have the same utility of 38,7%. Home loans, personal loans and study debt are also commonly used by respondents. Micro lenders and furniture accounts are the least utilised debt sources with less than 5%.

The various debt sources can be compared with the respondents' demographics, such as the following:

- Age
- Gender
- Employment conditions
- Number of years married
- Race
- Qualifications obtained

In Table 6.11 the various debt sources are compared with respondents' gender.

Table 6.11: <u>Correlation of debt usage with gender</u>

Debt sources	**Total respondents per gender**	**Male usage of debt**	**Percentage**	**Female usage of debt**	**Percentage**	**Significance Chi-square test**
Credit card	75	45	60,0%	36	48,0%	0,142
Personal loan	75	19	25,3%	18	24,0%	0,851
Microlender	75	2	2,7%	1	1,3%	0,563
Clothing account	75	24	32,0%	34	45,3%	0,095
Home loan	75	30	40,0%	22	29,3%	0,172
Vehicle finance	75	34	45,3%	24	32,0%	0,095
Furniture account	75	4	5,3%	2	2,7%	0,408
Study debt	75	15	20,0%	17	22,7%	0,693
Average % of debt usage by each gender			**29%**		**26%**	

As previously discussed, the total population consists of 75 male and 75 female respondents. From the table it follows that the male respondents have overall, obtained slightly more debt (3%) than the female respondents, but there is no major significant difference. Results that are somewhat significant regarding gender in Table 6.11 are as follows:

- 13,3% (45,3% - 32,0%) male respondents hold more vehicle finance debt than female respondents. In Chapter 3 it was found that men tend to use their income or obtain debt to increase the financial security of the household.

- Female respondents, again, have 13,3% (45,3% - 32,0%) more clothing accounts than male respondents. In Chapter 3 it was pointed out that women tend to focus more on the family and children, which means that they will rather spend their money or obtain credit that will benefit their basic needs by buying clothes.

Personal loans show the least significance according to gender from all the debt sources obtained by the respondents.

In Table 6.12 the various debt sources are compared with respondents' ages.

Table 6.12: Correlation of debt usage with age generation (X and Y)

Debt sources	**Population**	**Generation Y**			**Generation X**		**Significance**
		21 - 25	**26 - 30**	**31 - 34**	**35 - 40**	**41 - 45**	**Chi-square test**
Respondents per age	**150**	**47**	**62**	**23**	**16**	**2**	
Credit card		17	41	15	7	1	0,067
% of age population		36,2%	66,1%	65,2%	43,8%	50,0%	
Personal loan		6	21	7	3	0	0,219
% of age population		12,8%	33,9%	30,4%	18,8%	0,0%	
Microlender		0	1	1	1	0	0,107
% of age population		0,0%	1,6%	4,3%	6,3%	0,0%	
Clothing account		16	26	11	4	1	0,719
% of age population		34,0%	41,9%	47,8%	25,0%	50,0%	
Home loan		9	24	11	7	1	0,007
% of age population		19,1%	38,7%	47,8%	43,8%	50,0%	
Vehicle finance		13	24	11	8	2	0,019
% of age population		27,7%	38,7%	47,8%	50,0%	100%	
Furniture account		2	4	0	0	0	0,358
% of age population		4,3%	6,5%	0,0%	0,0%	0,0%	
Study debt		13	15	4	0	0	0,031
% of age population		27,7%	24,2%	17,4%	0,0%	0,0%	
Average % of debt usage by age and generation		**20,2%**	**31,5%**	**26,6%**	**23,5%**	**31,3%**	
		26,1%			**27,4%**		

Table 6.12 shows that:

- Credit cards are the most popular form of debt used by the respondents between the ages of 26 and 34 years, which represent more than 65% of the population
- Home loans and vehicle finance show significance in terms of the various age groups. Home loans and vehicle finance are largely obtained by respondents aged 31 to 45 years. This can be due to the fact that most respondents of that age have already paid off any student loans and have an acceptable household income which makes them credit worthy when applying for a home loan or vehicle finance.
- Study debt also show significance towards the various age groups. Study debt is most commonly found among the youngest age group of 21 to 25 years old as they are in the stage of recently having finished their studies.
- Clothing accounts obtained by the respondents have the least significance relation to their age. Clothing accounts were found widely among all five age groups.

In Table 6.13 the various debt sources are compared with the number of years respondents are married.

The results in Table 6.13 show that:

- Credit cards are largely used by couples irrespective of the number of years married, which results in a very low significance.
- Home loans, vehicle finance and study debt show significance regarding the number of years spouses are married.
- 61,1% of respondents who are married for more than nine years have home loans which is significantly larger than other couples married for fewer than nine years, due to the fact that both spouses possibly have a fix household income which enable them to easily afford a monthly household loan payment.
- Couples married for more than six years but fewer than nine years have the highest (85,7%) rate of vehicle finance.
- Study debt is found to be significantly higher for couples that have been married for fewer than three years than those couples married for more than three years.

Table 6.13: Correlation of debt usage with the number of years married

Debt sources	Population	Number of years married				Significance Chi-square test
		<3yrs	>3<6yrs	>6<9yrs	>9yrs	
Respondents per nr. of years married	**150**	**98**	**20**	**14**	**18**	
Credit card		54	10	8	9	0,723
Percentage		55,1%	50,0%	57,1%	50,0%	
Personal loan		26	7	4	0	0,208
Percentage		26,5%	35,0%	28,6%	0,0%	
Microlender		1	1	0	1	0,248
Percentage		1,0%	5,0%	0,0%	5,6%	
Clothing account		41	5	4	8	0,432
Percentage		41,8%	25,0%	28,6%	44,4%	
Home loan		27	9	5	11	0,007
Percentage		27,6%	45,0%	35,7%	61,1%	
Vehicle finance		30	9	12	7	0,008
Percentage		30,6%	45,0%	85,7%	38,9%	
Furniture account		6	0	0	0	0,770
Percentage		6,1%	0,0%	0,0%	0,0%	
Study debt		27	2	1	2	0,013
Percentage		27,6%	10,0%	7,1%	11,1%	
Average % of debt usage according to the nr. of years married		**27,0%**	**26,9%**	**30,4%**	**26,4%**	

In Table 6.14 the various debt sources are compared with respondents' employment conditions. Table 6.14 does not show any significance between the usage of debt sources' and the employment conditions of the respondents. Study debt is the closest to any real significance to employment conditions, which shows that the respondents who are unemployed have more study debt than those who work as part-time or full-time employees.

Table 6.14: Correlation of debt usage with employment conditions

Debt sources	Population	Employment conditions			Significance
		Part-time	Full-time	Unemployed	Chi-square test
Respondents per employment condition	**144**	**16**	**119**	**9**	
Credit card		8	66	3	0,635
Percentage		50,0%	55,5%	33,3%	
Personal loan		3	28	3	0,440
Percentage		18,8%	23,5%	33,3%	
Microlender		0	3	0	0,824
Percentage		0,0%	2,5%	0,0%	
Clothing account		4	46	4	0,275
Percentage		25,0%	38,7%	44,4%	
Home loan		5	44	1	0,532
Percentage		31,3%	37,0%	11,1%	
Vehicle finance		4	50	0	0,614
Percentage		25,0%	42,0%	0,0%	
Furniture account		0	6	0	0,751
Percentage		0,0%	5,0%	0,0%	
Study debt		4	22	5	0,244
Percentage		25,0%	18,5%	55,6%	
Average % of debt usage by employment condition		**21,9%**	**27,8%**	**22,2%**	

In Table 6.15 the various debt sources are compared with the respondents' race. Table 6.15 shows a statistical significance for race when it comes to personal loans, home loans and vehicle finance; however this result should be interpreted with caution as the incidence of respondents that are not white, are so low. Black individuals obtained the highest percentage (50%) of personal loans in comparison with other races. For home loans and vehicle finance black, coloured and Indian individuals show the highest debt usage of more than 50%. Credit cards, clothing accounts and study debt show the least significance to race. Black individuals have on average the highest debt usage of all race respondents. White individuals have an overall lower debt usage than the other race respondents.

Table 6.15: Correlation of debt usage with race

Debt sources	Population	Race				Significance
		White	Black	Coloured	Indian	Chi-square test
Respondents per race group	**148**	**121**	**18**	**8**	**1**	
Credit card		67	9	5	0	0,752
Percentage		55,4%	50,0%	62,5%	0,0%	
Personal loan		25	9	3	0	0,013
Percentage		20,7%	50,0%	37,5%	0,0%	
Microlender		3	0	0	0	0,414
Percentage		2,5%	0,0%	0,0%	0,0%	
Clothing account		47	7	3	0	0,836
Percentage		38,8%	38,9%	37,5%	0,0%	
Home loan		37	10	4	1	0,014
Percentage		30,6%	55,6%	50,0%	100%	
Vehicle finance		42	10	5	1	0,016
Percentage		34,7%	55,6%	62,5%	100%	
Furniture account		3	2	0	0	0,260
Percentage		2,5%	11,1%	0,0%	0,0%	
Study debt		25	6	1	0	0,641
Percentage		20,7%	33,3%	12,5%	0,0%	
Average % of debt usage by race		**25,7%**	**36,8%**	**32,8%**	**25,0%**	
Average % of debt usage by white and other race groups		**25,7%**	**31,5%**			

In Table 6.16 the various debt sources are compared with respondents' qualifications. Table 6.16 reflects that:

- Vehicle finance shows significance toward the various educational levels. Vehicle finance is mostly acquired by individuals with Grade 12, a diploma or a degree.
- Credit cards are found to be generally used by respondents with a postgraduate degree, which means they are possibly employed in a well paid job that allows them to qualify for a credit card.
- Study debt compared to qualifications achieved show the least significance.

Table 6.16: Correlation of debt usage with qualifications

Debt sources	Population	Qualification					Significance
		Grade 12	Diploma	Degree	Post graduate degree	Other	Chi-square test
Respondents per highest qualification	**149**	**39**	**18**	**40**	**46**	**6**	
Credit card		18	8	22	30	3	0,088
% of age population		46,2%	44,4%	55,0%	65,2%	50,0%	
Personal loan		12	4	11	6	4	0,416
% of age population		30,8%	22,2%	27,5%	13,0%	66,7%	
Microlender		2	0	0	1	0	0,368
% of age population		5,1%	0,0%	0,0%	2,2%	0,0%	
Clothing account		17	5	16	17	3	0,874
% of age population		43,6%	27,8%	40,0%	37,0%	50,0%	
Home loan		8	6	18	19	0	0,199
% of age population		20,5%	33,3%	45,0%	41,3%	0,0%	
Vehicle finance		16	9	20	11	1	0,044
% of age population		41,0%	50,0%	50,0%	23,9%	16,7%	
Furniture account		3	0	1	0	2	0,846
% of age population		7,7%	0,0%	2,5%	0,0%	33,3%	
Study debt		7	4	11	10	0	0,968
% of age population		17,9%	22,2%	27,5%	21,7%	0,0%	
Average % of debt usage by each qualification group		**26,6%**	**25,0%**	**30,9%**	**25,5%**	**27,1%**	

6.2.5 Decision-making

Various decisions need to be taken by married couples, whether it is taken by the husband or wife or the decisions are reached together. Data obtained from respondents regarding this decision-making within the household was calculated and presented as frequencies and percentages. The following is a list of financial matters on which decisions need to be taken:

- Buying groceries
- Purchase and repair of vehicles
- Making investments
- Financial matters regarding the children

- The bank we use
- Retirement plans
- Financial matters regarding the house

Table 6.17 indicates the level of decision-making distribution among spouses, either solely by the husband, or solely by the wife or together as a married couple.

Table 6.17: <u>Decision-making distribution</u>

Various matters	**Husband**	**Wife**	**Together**	**Separate**	**Not applicable**
Buying groceries	0,0%	44,0%	56,0%	0,0%	-
Purchase and repair of vehicles	42,7%	1,3%	56,0%	0,0%	-
Making investments	19,3%	8,0%	72,0%	0,7%	-
Financial matters regarding the children	6,0%	4,0%	62,0%	0,0%	28,0%
The bank we use	12,7%	6,7%	72,7%	8,0%	-
Retirement plans	12,0%	9,3%	74,0%	4,7%	-
Financial matters regarding the house	13,3%	8,0%	78,7%	0,0%	-
AVERAGE	**15,%**	**12%**	**67%**	**2%**	**4%**

Only two matters in Table 6.17 showed a huge difference when it comes to decision-making between the two spouses, which are:

- Buying groceries, which is traditionally viewed as the wife's responsibilities
- The purchase and repair of vehicles, which is conventionally viewed as part of the husband's duties

Table 6.17 further illustrates that more than 70% of the spouses share the responsibility in making decisions regarding investments, retirement plans, the bank they use and financial matters regarding the house. Almost a third of the respondents (28%) do not have children, but those who do have children share the decision-making on financial matters regarding their children. From the respondents that do not share in decision-making regarding the various matters mentioned in Table 6.17 men show an overall higher percentage than women.

Figure 6.1 illustrates the decision-making distribution among the household respondents when buying groceries. Spouses will either buy groceries together (56%) or the wife

(44%) will take the lead to do so. Husbands show a 0,0% that will buy groceries unaccompanied.

Figure 6.1: Decision-making distribution among spouses when buying groceries.

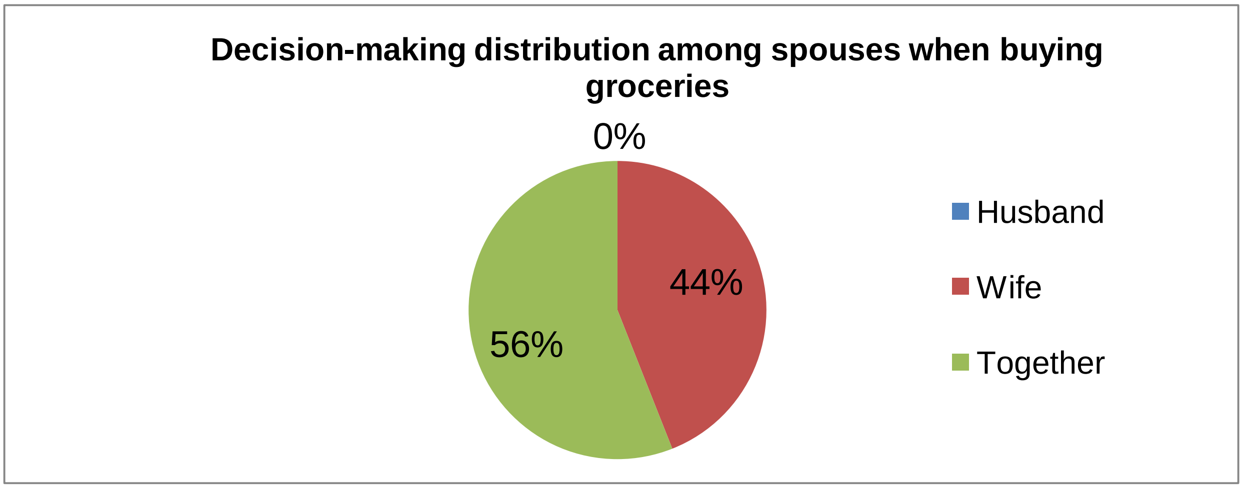


Figure 6.2: Decision-making distribution among spouses on the purchase and repair of vehicles.

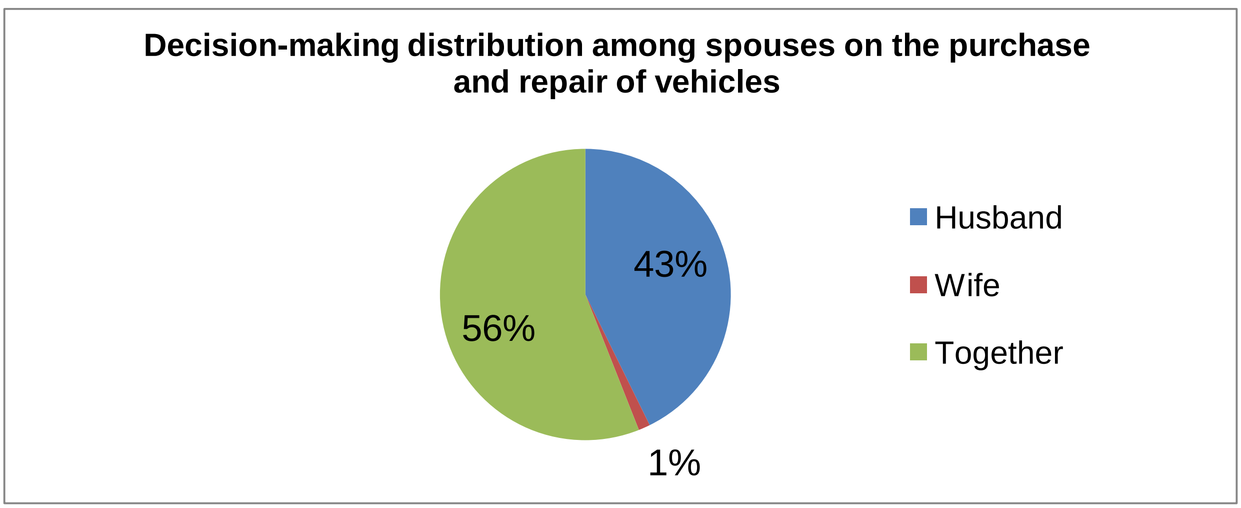


Figure 6.2 shows the decision-making distribution among household respondents when purchasing and repairing vehicles. Women have only a 1,0% interest in taking sole responsibility to purchasing and repairing vehicles. The responsibility is either shared (56%) by husband and wife or husbands (43,0%) will take the decision-making solely upon themselves.

Decision-making regarding financial matters in the household is mainly taken by the husband and wife together as a couple. Only two financial matters differed from these results, which are the buying of groceries – which is mainly done by the wife and the purchase and repair of vehicles, which is mainly done by the husband. In the next section the level of disagreement of the respondents on various financial matters will be discussed.

6.2.6 Extent of arguments

Respondents were asked to indicate how often they argue on certain matters with their spouses in order to estimate their level of disagreement. The respondents had to rank their level of disagreement towards various matters by indicating a number on a scale from 1 to 5. For example, 1 means they never argue about a certain matter, 3 means they sometimes argue about a certain matter and 5 means they always argue about a certain matter. Every matter is aimed at determining a certain disagreement level.

Table 6.18 presents the total level of disagreement experienced by the respondents for each matter presented, as well as the overall percentage of respondents that constantly argue about the respective matters. The answers were presented on a scale from 1 to 5 where the mean was calculated for each of the matters, as well as for the different demographic factors. The level of disagreement is calculated by using the following formula:

$$\text{Level of disagreement} = \frac{\text{Mean} - 1}{n - 1} \times 100$$

n = the number of answers available to the respondent.

In the formula *n* is 5 and to determine the number of intervals 1 is deducted from 4 which resulted in 4 intervals. It is assumed that 1 represents a 0% level of disagreement, where 2, 3 and 4 represents 25%, 50% and 75% respectively, where 5 represents a 100% level of disagreement. The level of disagreement (formula) is determined based on the above assumptions. The disagreeing percentage is determined by calculating the overall percentage of respondents that constantly argue about the various statements in the questionnaire.

A low level of disagreement is indicated by 1 and 2 on the scale, where as 4 and 5 can be regarded as a high level of disagreement. For example, if a respondent chooses 1 on the scale he/she experiences a low level of argument towards Matter 1 (How money is spent), but a 4 or a 5 on the scale would indicate that the respondent constantly argue with his/her spouse over Matter 1 (How money is spent).

Table 6.18: <u>Level of disagreement and the percentage of respondents who constantly argue about various matters</u>

Matters	**Level of disagreement**	**Disagreeing percentage**
Matter 1: How money is spent	50,4%	12,1%
Matter 2: Paying the bills	39,4%	6,1%
Matter 3: How much money should be saved	43,0%	14,1%
Matter 4: Your debt situation	43,0%	13,5%
AVERAGE	**44,0%**	**11,5%**

Table 6.18 reveals the following:

- The highest overall level of disagreement (50,4%) is about 'how money is spent'.
- 'Paying the bills' shows the lowest level of disagreement.
- More individuals (14,1%) constantly argue over the amount of money that should be saved.
- Most individuals show a high level of disagreement of 40% and more for the various financial matters.

The results in Table 6.19 to 6.22 were analysed by means of a cross-tabulation between the matters of disagreement within the household and the various demographic factors, such as gender, age, number of years married, employment conditions, race and qualifications. The overall level of disagreement for each demographical factor will be stated, as well as the disagreeing percentage for each matter.

6.2.6.1 Matter 1: How money is spent

Table 6.19 shows the level of disagreement for Matter 1 namely, 'How money is spent' compared to the six demographic factors respectively obtained from the respondents.

Table 6.19: Matter 1: How money is spent compared to the demographic factors

Matter 1	**Level of disagreement**	**Rank**	**Disagreeing percentage**	**Rank**	**Significance Chi-square test**
Total	50,4%		12,1%		
Gender					0,788
Male	51,9%	16	12,2%	9	
Female	48,8%	9	12,0%	8	
Age					0,891
21 – 25	49,8%	10	12,8%	11	
26 – 30	50,8%	11	11,5%	6	
31 – 34	51,3%	15	13,0%	12	
35 - 40	20,0%	1	12,5%	10	
41 - 45	52,2%	17	0,0%	1	
Years married					0,465
<3yrs	50,9%	12	14,4%	13	
>3<6yrs	54,0%	19	10,0%	4	
>6<9yrs	44,3%	4	0,0%	1	
>9yrs	47,8%	8	11,1%	5	
Employment conditions					0,120
Part-time	41,3%	2	0,0%	1	
Full-time	51,0%	13	11,9%	7	
Unemployed	46,0%	5	22,2%	16	
Race					0,000
White	47,2%	6	7,5%	3	
Other	60,7%	20	25,9%	17	
Qualifications					0,013
Grade 12	61,0%	21	20,5%	15	
Diploma	51,1%	14	16,7%	14	
Degree	47,5%	7	5,0%	2	
Postgraduate degree	42,7%	3	11,1%	5	
Other qualifications	53,3%	18	0,0%	1	

From Table 6.19 to 6.23, the last column represents the statistical significance, which was calculated using the Pearson chi-square test, for the different demographic factors. Statistical significance is regarded as anything less than 0.05. Both the level of disagreement and disagreeing percentage of the demographic factors are ranked from the lowest percentage and upwards.

The results of Table 6.19 presented as follows:

- A total of 12,1% of all respondents disagree on the manner in which money is spent.
- Matter 1 is statistically significant to race and qualifications.
- Other race individuals (25,9%) show a much higher disagreeing percentage on how money is spent than white individuals (7,5%).
- Individuals with a lower level of education tend to disagree more about money spending than those individuals with a higher level of education.
- Of unemployed individuals, 22,2% constantly argue over the spending of money. These results are in agreement with the literature review of Chapter 4, which means that the more money couples earn the less they argue about their finances.
- There seem to be no discernable difference between the different gender and age groups when it comes to how money is spent.

6.2.6.2 <u>Matter 2: Paying the bills</u>

Table 6.20 shows the level of disagreement for Matter 2 namely, ‘Paying the bills’ in terms of the six demographic factors respectively obtained from the respondents.

Table 6.20: Matter 2: Paying the bills compared to the demographic factors

Matter 2	**Level of disagreement**	**Rank**	**Disagreeing percentage**	**Rank**	**Significance Chi-square test**
Total	39,4%		6,1%		
Gender					0,962
Male	40,0%	14	6,8%	9	
Female	38,9%	12	5,3%	6	
Age					0,779
21 – 25	38,3%	10	8,5%	10	
26 – 30	42,0%	15	6,6%	7	
31 – 34	38,8%	11	4,3%	5	
35 - 40	20,0%	1	0,0%	1	
41 - 45	37,4%	7	0,0%	1	
Years married					0,384
<3yrs	42,1%	16	9,3%	11	
>3<6yrs	39,0%	13	0,0%	1	
>6<9yrs	32,9%	3	0,0%	1	
>9yrs	31,1%	2	0,0%	1	
Employment conditions					0,000
Part-time	36,3%	5	0,0%	1	
Full-time	38,0%	9	3,4%	4	
Unemployed	48,9%	19	33,3%	14	
Race					0,001
White	36,3%	5	1,7%	2	
Other	48,9%	19	18,5%	13	
Qualifications					0,392
Grade 12	47,7%	18	12,8%	12	
Diploma	37,8%	8	0,0%	1	
Degree	34,0%	4	2,5%	3	
Postgraduate degree	36,4%	6	6,7%	8	
Other qualifications	46,7%	17	0,0%	1	

Table 6.20 shows the following results:

- Matter 2 shows a positive level of disagreement (39,4%) and it was reassuring to see that only 6,1% of individuals disagree when it comes to paying bills.

- Matter 2 is statistically significant for the various employment conditions and qualification groups.
- Unemployed individuals (33,3%) show the highest disagreeing percentage towards the paying of bills.
- Other race individuals (18,5%) show the highest disagreeing percentage towards the paying of bills.
- There tends to be a decline in the frequency of arguments over the paying of bills with the increase of age. This result is in line with the literature discussed in Chapter 4, which indicated that the older couples get, the less they argue about finances.
- Only the individuals married for fewer than three years show signs of disagreement over the paying of bills. They are still in their early years of marriage and have to overcome financial difficulties, such as different ways of money management practices as previously discussed in Chapter 4.
- There is no significant difference between males and females regarding the paying of bills.

6.2.6.3 <u>Matter 3: How much money should be saved</u>

Table 6.21 shows the level of disagreement for Matter 3 namely, 'How much money should be saved' compared to the six demographic factors respectively obtained from the respondents. The following outcomes were obtained:

- There is an overall level of disagreement on the amount of money that should be saved of 43,0%, as well as 14,1% of the respondents that constantly argue over how much money should be saved.
- Matter 3 is statistically significant for the number of years couples are married and the race groups.
- Respondents married for fewer than six years tend to disagree on the amount of savings.
- Couples married for more than six years show no tendency to disagree on savings. These couples only represent a small sample, thus no overall

conclusion can be drawn based on these couples and regarding their level of disagreement.

Table 6.21: <u>Matter 3: How much money should be saved compared to the demographic factors</u>

Matter 3	**Level of disagreement**	**Rank**	**Disagreeing percentage**	**Rank**	**Significance Chi-square test**
Total	43,0%		14,1%		
Gender					0,664
Male	44,1%	15	13,5%	6	
Female	42,1%	10	14,7%	7	
Age					0,383
21 – 25	44,7%	16	19,1%	14	
26 – 30	46,9%	18	16,4%	10	
31 – 34	30,0%	3	8,7%	3	
35 - 40	20,0%	1	0,0%	1	
41 - 45	40,9%	9	0,0%	1	
Years married					0,021
<3yrs	45,6%	17	18,6%	13	
>3<6yrs	50,0%	21	15,0%	8	
>6<9yrs	35,7%	4	0,0%	1	
>9yrs	27,8%	2	0,0%	1	
Employment conditions					0,183
Part-time	40,0%	7	0,0%	1	
Full-time	43,2%	13	15,3%	9	
Unemployed	42,2%	11	22,2%	16	
Race					0,002
White	42,8%	12	11,7%	4	
Other	40,7%	8	18,5%	12	
Qualifications					0,242
Grade 12	49,7%	20	20,5%	15	
Diploma	47,8%	19	22,2%	16	
Degree	39,5%	6	5,0%	2	
Postgraduate degree	39,1%	5	13,3%	5	
Other qualifications	43,3%	14	16,7%	11	

- Unemployed individuals constantly argue and thus more often than employed individuals. This is due to the lack of income which results in little savings.
- The two genders and educational groups show no significant difference.
- There is also no significant difference between the different age groups, although the individuals between the ages of 21 to 25 years show a higher tendency to argue more often over the amount of money that should be saved than any other older age group.

6.2.6.4 Matter 4: Your debt situation

Table 6.22 shows the level of disagreement for Matter 4 namely, 'Your debt situation' compared to the six demographic factors respectively obtained from the respondents.

In table 6.22 the following outcomes were obtained:

- The overall level of disagreement on the individuals' debt situation is 43,0% and the total percentage of individuals that always disagree with their partner about their own debt situation is 13,5%. Chapter 1 pointed out that a communication gap between spouses regarding their own spending behaviors and debt can cause arguments between them.
- Matter 4 is statistically significant for different race groups. The other race groups (33,3%) disagree more often than the low disagreeing percentage of white individuals.
- Matter 4 is also statistically significant for the different education groups. The lower-educated individuals argue more often than the higher-educated individuals. Individuals with only a Grade 12 education show the highest disagreeing percentage of 23,1%
- The two genders show no major difference, although it seems that men feel their own debt situation cause more arguments than women's debt situations.
- The different age groups also show no major difference, although the younger individuals (21 to 25 years old) tend to argue more often over Matter 4.

Table 6.22: Matter 4: Your debt situation compared to the demographic factors

Matter 4	Level of disagreement	Rank	Disagreeing percentage	Rank	Significance Chi-square test
Total	43,0%		13,5%		
Gender					0,292
Male	45,4%	15	16,2%	14	
Female	40,5%	5	10,7%	8	
Age					0,846
21 – 25	43,4%	11	17,0%	16	
26 – 30	42,0%	8	11,5%	10	
31 – 34	46,3%	17	8,7%	6	
35 - 40	20,0%	1	18,8%	17	
41 - 45	44,3%	13	0,0%	1	
Years married					0,769
<3yrs	43,7%	12	15,5%	13	
>3<6yrs	42,0%	8	10,0%	7	
>6<9yrs	37,1%	4	7,1%	4	
>9yrs	44,4%	14	11,1%	9	
Employment conditions					0,900
Part-time	41,3%	7	6,3%	3	
Full-time	42,2%	9	11,9%	11	
Unemployed	46,7%	18	22,2%	18	
Race					0,000
White	40,5%	5	7,5%	5	
Other	49,6%	19	33,3%	20	
Qualifications					0,040
Grade 12	45,9%	16	23,1%	19	
Diploma	41,1%	6	16,7%	15	
Degree	43,0%	10	12,5%	12	
Postgraduate degree	34,7%	2	4,4%	2	
Other qualifications	36,7%	3	16,7%	15	

Individuals show the highest level of disagreement on the matter of how money is spent. The overall profile of individuals according to their demographics shows that males, individuals between the ages of 26 and 34, individuals married for fewer than six years, unemployed individuals and individuals with only a Grade 12 have the highest level of disagreement regarding financial matters. In the next section, the level of behaviour of the respondents regarding financial matters, whether positive or negative, will be examined.

6.2.7 Behaviours regarding personal finances

The respondents had to rank their opinion about a certain behaviour by indicating a number on a scale from 1 to 5. According to the scale 1 is never, 3 is sometimes and 5 is always. For every statement given, respondents had to select the regularity that applies to their particular personal financial situation. For example, 1 as an answer to Behaviour 1 means that the respondent never manages his or her own expenses, whereas 5 as an answer to Behaviour 1 means that the respondent always manages his or her own expenses.

The following behaviours were measured:

- Behaviour 1: I manage my own expenses
- Behaviour 2: I anticipate and plan for my partner's expenses
- Behaviour 3: I talk about personal financial matters with my partner
- Behaviour 4: I am open with my partner regarding all my personal finances
- Behaviour 5: I set money aside for savings
- Behaviour 6: I set money aside for retirement
- Behaviour 7: I have a monthly budget for the household
- Behaviour 8: I consult a financial advisor regarding financial matters
- Behaviour: I have a financial goal for the future
- Behaviour 10: I always exceed the maximum limit on my credit card
- Behaviour 11: I spend more than I have
- Behaviour 12: I easily agree with my partner on financial matters in the household
- Behaviour 13: I am a saver
- Behaviour 14: I am a spender

The level of behaviour is determined by using the following formula:

$$\text{Level of behaviour} = \frac{\text{Mean} - 1}{n - 1} \times 100$$

n = the number of answers available to the respondent

The formula is determined based on the assumptions discussed in 6.4.6 where:

- *n* = 5
- Four intervals
- 1 = 0%
- 2, 3, and 4 is 25%, 50% and 75% respectively
- 5 = 100%

The negative behaviour percentage is determined by calculating the overall percentage of respondents who signify a negative response to the behaviours in the questionnaire. In order to calculate the negative behaviour percentage the two most negative responses for the different behaviours were added up and divided by the total individuals who responded to those questions.

If a 1 and a 2 is chosen on the scale for Behaviours 1 to 11 it means the respondents have a negative behaviour regarding their financial situation. Thus, the lower the percentage for the level of behaviour the closer it is to a negative behaviour. If a 4 and a 5 is chosen on the scale for Behaviours 12 to 14 it means the respondents have a negative behaviour towards their financial situation. Thus, the higher the percentage for the level of behaviour the closer it is to a negative behaviour.

Table 6.23 displays the level of behaviour indicated by the respondents for the different behaviours in the questionnaire, as well as the overall negative behaviour percentage of the respondents.

Table 6.23: <u>Level of behaviour and the percentage of respondents with a negative behaviour towards their personal finances</u>

Behaviours	**Level of behaviour**	**Negative behaviour percentage**
1 - I manage my own expenses	84,6%	8,8%
2 - I anticipate and plan for my partner's expenses	58,8%	36,5%
3 - I talk about personal financial matters with my partner	87,6%	4,0%
4 - I am open with my partner regarding all my personal finances	88,8%	7,3%
5 - I set money aside for savings	65,4%	28,7%
6 - I set money aside for retirement	67,8%	32,7%
7 - I have a monthly budget for the household	77,0%	13,3%
8 - I consult a financial advisor regarding financial matters	43,6%	59,3%
9 - I have a financial goal for the future	78,2%	14,7%
10 - I easily agree with my partner on financial matters in the household	79,0%	9,3%
11 - I am a saver	65,6%	24,8%
AVERAGE	**72,4%**	**21,8%**
12 - I always exceed the maximum limit on my credit card	33,2%	8,8%
13 - I spend more than I have	38,8%	8,1%
14 - I am a spender	54,2%	26,9%
AVERAGE	**42,1%**	**14,6%**
TOTAL AVERAGE NEGATIVE BEHAVIOUR PERCENTAGE		**20,2%**

Table 6.23 shows the following results:

- Respondents show an overall average level of behaviour towards their financial situations, except for Behaviour 8, namely: 'I consult a financial advisor regarding financial matters', which shows a low level of behaviour of 43,6%. The majority (59,3%) of the respondents do not feel the need to consult a financial advisor regarding financial matters.
- A worrying figure of 28,7% and 32,7% of respondents respectively do not put money aside for savings or retirement.
- Just over a third of respondents (36,5%) do not anticipate and plan for their partner's expenses.
- Of the total respondents, 26,9% indicated that they are spenders and a lower 24,8% indicated that they are savers.

- Only a small number of individuals (4,0%) do not discuss their finances with their partner which is a positive result.
- Only 13,3% of respondents do not keep a monthly household budget and 14,7% do not have a financial goal for the future.

Behaviours 12 to 14 are shown separate in Table 6.23 as the scale used for these behaviours (1 on the scale is a positive behaviour and 5 on the scale is a negative behaviour) is the opposite from the scale used for Behaviours 1 to 11 (1 on the scale is a negative behaviour and 5 on the scale is a positive behaviour). The results for all fourteen behaviours that are presented in Table 6.24 to 6.37, were analysed by means of a cross-tabulation between the financial management behaviours and the demographic factors, such as gender, age, number of years married, employment conditions, race and qualifications. The overall level of behaviour for each demographical factor will be stated, as well as the negative behaviour percentage for each behaviour statement.

6.2.7.1 <u>Behaviour 1: I manage my own expenses</u>

Table 6.24 shows the level of behaviour for Behaviour 1 namely, 'I manage my own expenses' compared to six demographic factors respectively obtained from the respondents. From Table 6.24 to 6.37, the last column represents the statistical significance for the different demographic factors. The Pearson chi-square test was used to calculate the statistical significance. Statistical significance is regarded as anything less than 0.05. Both the level of behaviour and negative behaviour percentage of the demographic factors are ranked from the most positive behaviour to the most negative behaviour.

Table 6.24: Behaviour 1: I manage my own expenses compared to the demographic factors

Behaviour 1	Level of behaviour	Rank	Negative behaviour percentage	Rank	Significance Chi-square test
Total	84,6%		8,8%		
Gender					0,836
Male	86,7%	6	6,7%	5	
Female	82,7%	13	10,8%	11	
Age					0,002
21 – 25	84,3%	12	6,4%	4	
26 – 30	86,5%	7	8,1%	8	
31 – 34	91,3%	2	18,2%	16	
35 - 40	60,0%	21	0,0%	1	
41 - 45	78,2%	16	50,0%	19	
Years married					0,012
<3yrs	85,7%	9	7,1%	6	
>3<6yrs	78,0%	17	15,0%	14	
>6<9yrs	78,6%	15	21,4%	18	
>9yrs	91,8%	1	0,0%	1	
Employment conditions					0,001
Part-time	80,0%	14	18,8%	17	
Full-time	86,1%	8	8,4%	9	
Unemployed	77,8%	18	0,0%	1	
Race					0,582
White	84,8%	10	9,9%	10	
Other	84,6%	11	3,8%	3	
Qualifications					0,075
Grade 12	76,8%	19	13,2%	13	
Diploma	87,8%	4	11,1%	12	
Degree	87,0%	5	7,5%	7	
Postgraduate degree	90,0%	3	4,3%	2	
Other qualifications	70,0%	20	16,7%	15	

The following results were obtained:

- Respondents show a positive level of behaviour (84,6%) and low negative behaviour percentage of 8,8% towards the management of their own expenses.
- Behaviour 1 shows a statistical significance for the age groups, number of years married and working conditions.
- Educational groups are close to a statistical significance of 0,075.
- There is no major difference between the two genders and race groups.
- Individuals between the ages of 31 and 34 years seem to have less control over their expenses than younger individuals (21 to 30 years old).
- Individuals seem to lose control over their expenses the longer they are married. Individuals (21,4%) married for longer than six years and less than nine years show the least control over their expenses. It is important to note that no valid conclusion can be reached on these individuals due to their small represented sample.
- Due to the uncertainty of employment for part-time employees, 18,8% of them feel they have no control over their expenses.
- Individuals with a higher education level feel more in control of their finances than those individuals with a lower level of education.

6.2.7.2 <u>Behaviour 2: I anticipate and plan for my partner's expenses</u>

Table 6.25 compares Behaviour 2, namely: 'I anticipate and plan for my partner's expenses', with gender, age, number of years married, employment conditions, race and qualifications. The outcomes are:

- The average level of behaviour of respondents that anticipate and plan for their partner's expenses is 58,8% and 36,5% do not anticipate and plan for their partner's expenses at all.
- There is no statistical significance to any of the demographic factors.
- Gender is the only demographic that is the closest to any statistical significance (0,184).
- More men anticipate and plan for their partner's expenses compared women.

Table 6.25: <u>Behaviour 2: I anticipate and plan for my partner's expenses compared to the demographic factors</u>

Behaviour 2	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance**
					Chi-square test
Total	58,8%		36,5%		
Gender					0,184
Male	61,4%	4	32,4%	6	
Female	56,2%	13	40,5%	15	
Age					0,453
21 – 25	64,3%	1	27,7%	1	
26 – 30	57,4%	11	38,7%	13	
31 – 34	56,0%	14	45,5%	18	
35 - 40	20,0%	18	33,3%	7	
41 - 45	56,4%	12	100,0%	20	
Years married					0,594
<3yrs	59,2%	8	35,7%	10	
>3<6yrs	58,0%	10	35,0%	8	
>6<9yrs	64,3%	1	28,6%	3	
>9yrs	52,5%	16	50,0%	19	
Employment conditions					0,872
Part-time	61,3%	5	31,3%	5	
Full-time	59,5%	7	35,3%	9	
Unemployed	51,1%	17	44,4%	17	
Race					0,218
White	58,5%	9	38,0%	12	
Other	60,0%	6	28,0%	2	
Qualifications					0,377
Grade 12	57,4%	11	36,8%	11	
Diploma	63,3%	2	38,9%	14	
Degree	62,0%	3	30,0%	4	
Postgraduate degree	55,2%	15	41,3%	16	
Other qualifications	60,0%	6	33,3%	7	

6.2.7.3 *Behaviour 3: I talk about personal financial matters with my partner*

Table 6.26 compares Behaviour 3 namely, 'I talk about financial matters with my partner' compared to gender, age, number of years married, employment conditions, race and qualifications. If the level of behaviour in Table 6.26 shows a 50% and higher then, respondents show a positive behaviour.

Table 6.26: Behaviour 3: I talk about personal financial matters with my partner compared to the demographic factors

Behaviour 3	Level of behaviour	Rank	Negative behaviour percentage	Rank	Significance Chi-square test
Total	87,6%		4,0%		
Gender					0,258
Male	85,1%	18	6,7%	11	
Female	90,1%	7	1,3%	2	
Age					0,902
21 – 25	88,1%	10	2,1%	3	
26 – 30	85,8%	16	4,8%	7	
31 – 34	95,0%	3	8,7%	12	
35 - 40	80,0%	20	0,0%	1	
41 - 45	87,0%	12	0,0%	1	
Years married					0,769
<3yrs	86,1%	14	4,1%	5	
>3<6yrs	89,0%	8	5,0%	8	
>6<9yrs	94,3%	4	0,0%	1	
>9yrs	88,9%	9	5,6%	10	
Employment conditions					0,851
Part-time	91,3%	6	0,0%	1	
Full-time	86,6%	13	5,0%	8	
Unemployed	97,8%	2	0,0%	1	
Race					0,017
White	86,0%	15	4,1%	5	
Other	98,5%	1	0,0%	1	
Qualifications					0,226
Grade 12	85,6%	17	5,1%	9	
Diploma	84,4%	19	0,0%	1	

Degree	93,5%	5	2,5%	4	
Postgraduate degree	87,4%	11	4,3%	6	
Other qualifications	70,0%	21	16,7%	13	

The outcomes are:

- Respondents show a positive level of behaviour (87,9%) with a very low negative behaviour of 4,0% towards the discussion of personal financial matters with partners.
- Behaviour 3 is statistically significant for the different race groups. White individuals are not as positive as other race individuals about talking about personal financial matters with their partners.
- The two genders show that men have a higher tendency than women to avoid conversations regarding financial matters.
- There is no real difference between the educational groups, although individuals with other qualifications seem to be more negative about personal finance conversations.
- The discussion of personal financial matters with partners show no major difference between age groups, number of years married or employment conditions.

6.2.7.4 Behaviour 4: I am open with my partner regarding all my personal finances

Behaviour 4 sets out the openness that one partner has with another regarding his/her personal finances. Behaviour 4, namely: ‘I am open with my partner regarding all my personal finances, is compared with six demographic factors and the following results were obtained in Table 6.27.

Table 6.27: <u>Behaviour 4: I am open with my partner regarding all my personal finances compared to the demographic factors</u>

Behaviour 4	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance** Chi-square test
Total	88,8%		7,3%		
Gender					0,429
Male	87,7%	13	9,3%	12	
Female	89,9%	8	5,3%	5	
Age					0,793
21 – 25	88,5%	11	2,1%	2	
26 – 30	89,0%	10	8,1%	9	
31 – 34	90,0%	7	8,7%	11	
35 - 40	100,0%	1	12,5%	13	
41 - 45	87,0%	14	0,0%	1	
Years married					0,321
<3yrs	88,0%	12	7,1%	8	
>3<6yrs	96,0%	2	0,0%	1	
>6<9yrs	95,7%	3	0,0%	1	
>9yrs	80,0%	17	22,2%	16	
Employment conditions					0,594
Part-time	95,0%	4	0,0%	1	
Full-time	87,7%	13	8,4%	10	
Unemployed	100,0%	1	0,0%	1	
Race					0,010
White	89,1%	9	5,0%	4	
Other	91,1%	6	14,8%	14	
Qualifications					0,390
Grade 12	83,1%	16	15,4%	15	
Diploma	85,6%	15	5,6%	6	
Degree	94,0%	5	2,5%	3	
Postgraduate degree	90,0%	7	6,5%	7	
Other qualifications	90,0%	7	0,0%	1	

The following results were obtained from Table 6.27:

- The total level of behaviour by the respondents is positive (88,8%) with a low negative behaviour percentage of 7,3%.

- The openness about personal finances with partners is statistically significant for the different race groups. Other race individuals seem to be more negative towards the openness regarding personal finances with their partners compared to white individuals.
- Couples married for fewer than three years have a slight negative behaviour towards the transparency of personal financial matters with a partner.
- Individuals with a lower education level are less likely to be open with a partner regarding their personal finances.
- There is no distinct difference between the different age groups.

6.2.7.5 Behaviour 5: I set money aside for savings

Putting money aside for savings is an integral part of a healthy financial position.

Table 6.28 sets out the differences between the demographic factors:

- The level of behaviour of 65,4% shown in Table 6.28 are relative lower than the previous four behaviours discussed. It is worrying to see that 28,7% of the total respondents do not put money aside for savings at all.
- Putting money aside for savings is statistically significant for the number of years a couple is married. Individuals married for fewer than three years put less money aside for savings than individuals married for more than three years.
- Individuals between the ages of 26 to 30 (30,6%) and 35 to 40 (56,3%) are less likely to put money away for savings.
- According to the two gender groups, women have a higher tendency to save money than men.
- Individuals with the highest level of education save more money than any of the other respondents with a lower level of education. Individuals with only a Grade 12 education level save the least amount of money of all the respondents.
- Part-time employees (50,0%) are found to save less money than full-time employees and those individuals who are unemployed.
- Behaviour 5 shows no major difference for the different race groups.

Table 6.28: <u>Behaviour 5: I set money aside for savings compared to the demographic factors</u>

Behaviour 5	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance**
					Chi-square test
Total	65,4%		28,7%		
Gender					0,331
Male	66,1%	9	32,0%	15	
Female	64,8%	10	25,3%	8	
Age					0,148
21 – 25	70,6%	3	21,3%	5	
26 – 30	63,9%	12	30,6%	14	
31 – 34	52,5%	18	21,7%	7	
35 - 40	60,0%	15	56,3%	20	
41 - 45	68,7%	7	0,0%	1	
Years married					0,044
<3yrs	66,9%	8	29,6%	13	
>3<6yrs	62,0%	14	20,0%	4	
>6<9yrs	77,1%	1	21,4%	6	
>9yrs	52,2%	19	38,9%	17	
Employment conditions					0,378
Part-time	56,3%	16	50,0%	19	
Full-time	66,9%	8	26,1%	10	
Unemployed	68,9%	6	11,1%	2	
Race					0,430
White	64,8%	10	28,9%	12	
Other	70,4%	4	25,9%	9	
Qualifications					0,170
Grade 12	54,9%	17	43,6%	18	
Diploma	64,4%	11	33,3%	16	
Degree	63,5%	13	27,5%	11	
Postgraduate degree	76,1%	2	15,2%	3	
Other qualifications	70,0%	5	33,3%	16	

6.2.7.6 *Behaviour 6: I set money aside for retirement*

Saving for retirement is of most importance for every individual.

Table 6.29: Behaviour 6: I set money aside for retirement compared to the demographic factors

Behaviour 6	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance Chi-square test**
Total	67,8%		32,7%		
Gender					0,512
Male	67,7%	11	30,7%	9	
Female	68,0%	10	34,7%	13	
Age					0,534
21 – 25	63,8%	17	40,4%	17	
26 – 30	66,5%	14	33,9%	12	
31 – 34	65,0%	15	13,0%	2	
35 - 40	80,0%	3	37,5%	16	
41 - 45	80,9%	2	0,0%	1	
Years married					0,480
<3yrs	64,5%	16	36,7%	15	
>3<6yrs	76,0%	5	25,0%	5	
>6<9yrs	81,4%	1	14,3%	3	
>9yrs	66,7%	13	33,3%	11	
Employment conditions					0,618
Part-time	58,8%	19	50,0%	20	
Full-time	71,1%	8	27,7%	7	
Unemployed	57,8%	20	44,4%	29	
Race					0,108
White	66,8%	12	33,1%	10	
Other	75,6%	6	25,9%	6	
Qualifications					0,020
Grade 12	55,9%	21	41,0%	18	
Diploma	68,9%	9	27,8%	8	
Degree	72,0%	7	35,0%	14	
Postgraduate degree	76,1%	4	23,9%	4	
Other qualifications	60,0%	18	33,3%	11	

Table 6.29 showed the following results:

- Table 6.29 shows a total level of behaviour of 67,8% and a very high negative behaviour percentage of respondents (32,7%) that do not save for retirement.
- Saving for retirement shows no distinct difference between the two genders, although males display a higher tendency to save for retirement than females.
- There is also no major difference between the different age groups, although it is clear that individuals aged 21 to 25 years tend to save the least for retirement and individuals aged 31 to 34 years tend to save the most for retirement.
- There is no statistical significance for the different employment conditions.
- White individuals tend to save less for retirement compared to individuals from other race groups.
- Saving for retirement is statistically significant for the different educational groups. Individuals with only a Grade 12 education level tend to save the least for retirement and individuals with a postgraduate degree save the most for retirement compared to other educational levels.

6.2.7.7 Behaviour 7: I have a monthly budget for the household

A monthly household budget is important for married couples to minimize any unnecessary costs and increase their financial wealth by taking full control of how much they earn and how much is available to spend. Behaviour 7, namely: 'I have a monthly budget for the household', is compared with the different demographic factors.

The outcomes are:

- Behaviour 7 shows an overall percentage of 77,0% which means the respondents show on average a positive level of behaviour towards having a monthly budget for the household, although 13,3% is negative about keeping a monthly budget.
- Keeping a monthly budget for the household shows the closest statistical significance to the different educational groups. Individuals with a high level of education are more likely to keep a monthly household budget compared to low educated individuals.

Table 6.30: Behaviour 7: I have a monthly budget for the household compared to the demographic factors

Behaviour 7	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance**
					Chi-square test
Total	77,0%		13,3%		
Gender					0,433
Male	74,1%	15	18,7%	17	
Female	79,7%	8	8,0%	7	
Age					0,865
21 – 25	75,3%	13	12,8%	11	
26 – 30	76,8%	12	16,1%	14	
31 – 34	72,5%	16	4,3%	2	
35 - 40	80,0%	7	12,5%	10	
41 - 45	83,5%	3	0,0%	1	
Years married					0,122
<3yrs	74,3%	14	17,3%	16	
>3<6yrs	82,0%	4	5,0%	3	
>6<9yrs	85,7%	1	7,1%	5	
>9yrs	78,9%	10	5,6%	4	
Employment conditions					0,612
Part-time	70,0%	19	12,5%	10	
Full-time	76,8%	12	15,1%	13	
Unemployed	84,4%	2	0,0%	1	
Race					0,561
White	76,9%	11	13,2%	12	
Other	79,3%	9	11,1%	9	
Qualifications					0,077
Grade 12	71,3%	18	20,5%	18	
Diploma	72,2%	17	16,7%	15	
Degree	80,5%	6	7,5%	6	
Postgraduate degree	81,7%	5	8,7%	8	
Other qualifications	63,3%	20	33,3%	19	

- Couples married for fewer than three years have a higher tendency of not keeping a monthly budget for the household compared to couples married for longer than three years.

- The two genders do not show any major difference, although males are less likely to keep a monthly budget than females.
- There is also no distinct difference between the various age groups, race groups or employment conditions.

6.2.7.8 Behaviour 8: I consult a financial advisor regarding financial matters

Consulting a financial advisor regarding financial matters is an important factor in making the smartest decisions regarding one's financial future. Behaviour 8, namely: 'I consult a financial advisor regarding financial matters', is compared with gender, age, number of years married, employment conditions, race and qualifications.

The following results were found as indicated in Table 6.31:

- The overall level of behaviour of the respondents towards consulting a financial advisor is negative, which also results in a very high negative behaviour percentage of respondents (59,3%) that do not consult a financial advisor at all.
- Respondents consulting a financial advisor show no distinct difference for any of the demographical factors.
- For couples, as the number of years married increases the more likely they are to consult a financial advisor regarding their personal finances.
- Individuals between the ages of 35 to 40 years show the most negative level of behaviour of all the responded age groups, although this cannot be seen as a valid result due to the low response rate from individuals between the ages of 35 to 40.
- Part-time employees tend to be more negative towards consulting a financial advisor compared to those individuals that are either working full-time or are unemployed.

Table 6.31: Behaviour 8: I consult a financial advisor regarding financial matters compared to the demographic factors

Behaviour 8	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance** **Chi-square test**
Total	43,6%		59,3%		
Gender					0,469
Male	42,9%	13	61,3%	11	
Female	44,3%	10	57,3%	7	
Age					0,313
21 – 25	40,4%	18	68,1%	16	
26 – 30	43,9%	11	59,7%	10	
31 – 34	45,0%	8	43,5%	2	
35 - 40	20,0%	21	50,0%	3	
41 - 45	50,4%	2	100,0%	19	
Years married					0,182
<3yrs	40,8%	16	65,3%	15	
>3<6yrs	47,0%	4	55,0%	5	
>6<9yrs	55,7%	1	35,7%	1	
>9yrs	45,6%	7	50,0%	3	
Employment conditions					0,189
Part-time	38,8%	19	75,0%	17	
Full-time	43,7%	12	58,8%	9	
Unemployed	46,7%	5	55,6%	6	
Race					0,984
White	44,5%	9	57,9%	8	
Other	41,5%	15	63,0%	12	
Qualifications					0,233
Grade 12	40,5%	17	64,1%	13	
Diploma	47,8%	3	50,0%	3	
Degree	42,5%	14	65,0%	14	
Postgraduate degree	46,5%	6	52,2%	4	
Other qualifications	30,0%	20	83,3%	18	

6.2.7.9 Behaviour 9: I have a financial goal for the future

When one has a clear picture or goal for one's financial future, one can start to plan to reach that goal. With no goal in sight there is no willingness to manage one's finances in the best possible way that can be of benefit to oneself.

Table 6.32: Behaviour 9: I have a financial goal for the future compared to the demographic factors

Behaviour 9	Level of behaviour	Rank	Negative behaviour percentage	Rank	Significance Chi-square test
Total	78,2%		14,7%		
Gender					0,183
Male	82,4%	3	10,7%	6	
Female	73,9%	13	18,7%	14	
Age					0,850
21 – 25	80,9%	5	8,5%	4	
26 – 30	79,4%	7	14,5%	11	
31 – 34	67,5%	17	17,4%	13	
35 - 40	70,0%	16	31,3%	18	
41 - 45	77,4%	10	0,0%	1	
Years married					0,754
<3yrs	80,4%	6	11,2%	8	
>3<6yrs	74,0%	12	20,0%	15	
>6<9yrs	82,9%	2	7,1%	3	
>9yrs	66,7%	18	33,3%	19	
Employment conditions					0,748
Part-time	70,0%	16	25,0%	17	
Full-time	79,2%	8	14,3%	10	
Unemployed	73,3%	15	11,1%	7	
Race					0,830
White	77,9%	9	14,9%	12	
Other	81,5%	4	11,1%	7	
Qualifications					0,037
Grade 12	73,8%	14	10,3%	5	
Diploma	87,8%	1	5,6%	2	
Degree	76,5%	11	22,0%	16	

Postgraduate degree	80,9%	5	13,0%	9	
Other qualifications	63,3%	19	33,3%	19	

The results for Behaviour 9, namely: ‘I have a financial goal for the future’, are presented as follows:

- The total level of behaviour indicates a positive percentage of 78,2% and the total percentage of respondents that are feeling negative towards having a financial goal for the future is 14,7%.
- Having a financial goal for the future is statistically significant for the various educational groups. Lower-educated individuals seem to be less future goal-orientated than higher-educated individuals.
- In terms of the two genders, males are more likely to have a financial goal for the future.
- There is a decrease in the frequency of setting financial goals for the future as individuals get older.
- The high negative behaviour percentage of part-time individuals can be describe due to their job uncertainty, which prevent them from making definite financial plans for the future.
- There is no major difference for the different race groups or the number of years married, although white individuals seem to be less goal-orientated towards their financial future compared to other race individuals.

6.2.7.10 Behaviour 10: I easily agree with my partner on financial matters in the household

When couples agree easily on financial matters it makes the personal financial management process so much easier and couples are better able to reach prosperous financial outcomes. Behaviour 10, namely: ‘I easily agree with my partner on financial matters in the household’, is compared with six demographic factors.

Table 6.33: Behaviour 10: I easily agree with my partner on financial matters in the household compared to the demographic factors

Behaviour 10	Level of behaviour	Rank	Negative behaviour percentage	Rank	Significance Chi-square test
Total	79,0%		9,3%		
Gender					0,672
Male	78,9%	11	12,0%	13	
Female	78,9%	11	6,7%	5	
Age					0,980
21 – 25	78,3%	14	12,8%	15	
26 – 30	79,0%	10	8,1%	8	
31 – 34	80,0%	7	8,7%	11	
35 - 40	100,0%	1	6,3%	3	
41 - 45	77,4%	15	0,0%	1	
Years married					0,770
<3yrs	78,6%	13	12,2%	14	
>3<6yrs	80,0%	7	0,0%	1	
>6<9yrs	78,6%	13	7,1%	6	
>9yrs	80,0%	7	5,6%	2	
Employment conditions					0,761
Part-time	81,3%	6	6,3%	3	
Full-time	78,8%	12	8,4%	10	
Unemployed	86,7%	2	11,1%	12	
Race					0,952
White	79,5%	8	8,3%	9	
Other	79,3%	9	11,1%	12	
Qualifications					0,288
Grade 12	71,3%	16	15,4%	16	
Diploma	80,0%	7	5,6%	2	
Degree	81,5%	5	7,5%	7	
Postgraduate degree	81,7%	4	6,5%	4	
Other qualifications	83,3%	3	0,0%	1	

The following results were obtained as reflected in Table 6.33:

- Individuals agreeing easily on financial matter show a positive level of behaviour of 79,0% and a negative behaviour percentage of 9,3%.

- Agreeing easily with a partner on financial matters show no distinct difference between any of the demographic factors.
- Qualifications is the only demographic that is the closest to any significance. Lower educated individuals with only a Grade 12 find it more difficult to agree with their partner on financial matters in the household.
- Females tend to agree easier than males on financial matters within the household.
- Individuals between the ages of 21 to 25 years find it most difficult to agree on financial matters.

6.2.7.11 Behaviour 11: I am a saver

Table 6.34 shows the percentage of respondents that do not regard themselves as savers.

The following results were found in this regard, as indicated in Table 6.34:

- Respondents rating themselves as savers show an average level of behaviour of 65,6%. Individuals who do not rate themselves as savers are close to a quarter (24,8%) of the respondents.
- Being a saver is statistically significant for the different race groups and educational groups.
- White individuals tend to save more than individuals from other race groups.
- It seems that higher-educated individuals save more money than a lower-educated individual.
- There is no statistical significance for the two genders, age groups, number of years married or working conditions, although females tend to save more than males.

Table 6.34: Behaviour 11: I am a saver compared to the demographic factors

Behaviour 11	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance** **Chi-square test**
Total	65,6%		24,8%		
Gender					0,165
Male	66,1%	8	28,0%	13	
Female	65,1%	12	21,6%	4	
Age					0,288
21 – 25	66,4%	5	25,5%	12	
26 – 30	66,1%	8	22,6%	6	
31 – 34	65,0%	13	22,7%	7	
35 - 40	60,0%	16	31,3%	16	
41 - 45	63,6%	14	50,0%	19	
Years married					0,372
<3yrs	65,9%	9	25,5%	12	
>3<6yrs	66,3%	6	21,1%	3	
>6<9yrs	77,1%	2	7,1%	1	
>9yrs	54,4%	18	38,9%	18	
Employment conditions					0,989
Part-time	65,0%	13	25,0%	11	
Full-time	65,4%	11	24,6%	10	
Unemployed	68,9%	3	22,2%	5	
Race					0,037
White	65,7%	10	23,3%	9	
Other	67,4%	4	29,6%	14	
Qualifications					0,011
Grade 12	55,9%	17	30,8%	15	
Diploma	62,2%	15	33,3%	17	
Degree	66,2%	7	23,1%	8	
Postgraduate degree	76,5%	1	13,0%	2	
Other qualifications	46,7%	19	66,7%	20	

Behaviours 12 to 14 following will have a different level of behaviour. The lower the levels of behaviours reflect the closer it is to a positive behaviour.

6.2.7.12 Behaviour 12: I always exceed the maximum limit on my credit card

Individuals who constantly reach the maximum limit on their credit card will have extra costs each month to pay off, which can be avoided if the credit card debt is settled in full every month.

Table 6.35: Behaviour 12: I always exceed the maximum limit on my credit card compared to the demographic factors

Behaviour 12	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance Chi-square test**
Total	33,2%		8,8		
Gender					0,851
Male	34,6%	14	9,5%	11	
Female	31,6%	5	8,1%	7	
Age					0,184
21 – 25	32,4%	9	8,9%	10	
26 – 30	32,3%	8	4,8%	2	
31 – 34	37,5%	16	13,0%	12	
35 - 40	30,0%	3	18,8%	14	
41 - 45	33,9%	13	0,0%	1	
Years married					0,000
<3yrs	33,5%	12	8,3%	8	
>3<6yrs	32,0%	7	0,0%	1	
>6<9yrs	28,6%	2	7,1%	5	
>9yrs	35,6%	15	22,2%	16	
Employment conditions					0,196
Part-time	30,0%	3	0,0%	1	
Full-time	33,3%	11	8,5%	9	
Unemployed	44,4%	20	33,3%	17	
Race					0,004
White	30,4%	4	5,0%	3	
Other	42,2%	18	22,2%	16	
Qualifications					0,029
Grade 12	43,6%	19	20,5%	15	
Diploma	31,8%	6	5,9%	4	
Degree	32,5%	10	7,5%	6	

Postgraduate degree	24,4%	1	0,0%	1	
Other qualifications	40,0%	17	16,7%	13	

The results for Behaviour 12, namely: ‘I always exceed the limit on my credit card’, are set out in Table 6.35:

- Respondents show a low level of behaviour of 33,2% which means the overall respondents try not to reach the limit on their credit cards every month. Only a small percentage (8,8%) of individuals reach the limit on their credit cards every month.
- Reaching the limit on one’s credit card every month shows a statistical significance for the various race groups, educational groups and the number of years married.
- White individuals (5,0%) tend not to overspend their credit cards as much as other individuals (22,2%) from different race groups.
- Lower-educated individuals (20,5%) constantly reach the maximum limit on their credit cards. Postgraduate individuals never reach the maximum limit on their credit cards, which can also mean that they simply do not have a credit card.
- There is no distinct difference between the two gender groups, age groups or employment conditions, although males tend to use their credit cards to the limit more often than females.
- Unemployed individuals show a worrying rate of 33,3% in terms of always maxed out on their credit cards.

6.2.7.13 Behaviour 13: I spend more than I have

Individuals who constantly spend more money than they have available could be left with huge amounts of debt, which can lead to serious financial problems.

Table 6.36: Behaviour 13: I spend more than I have compared to the demographic factors

Behaviour 13	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance Chi-square test**
Total	38,8%		8,1%		
Gender					0,644
Male	38,4%	8	5,4%	4	
Female	39,2%	10	10,7%	12	
Age					0,003
21 – 25	33,2%	3	6,4%	7	
26 – 30	33,9%	4	0,0%	1	
31 – 34	53,3%	16	21,7%	17	
35 - 40	40,0%	11	26,7%	18	
41 - 45	53,9%	17	0,0%	1	
Years married					0,001
<3yrs	35,1%	6	4,1%	2	
>3<6yrs	40,0%	11	10,0%	10	
>6<9yrs	34,3%	5	7,1%	8	
>9yrs	62,4%	18	29,4%	19	
Employment conditions					0,616
Part-time	42,5%	12	12,5%	14	
Full-time	38,7%	9	7,6%	9	
Unemployed	40,0%	11	11,1%	13	
Race					0,060
White	36,7%	7	5,8%	6	
Other	47,7%	14	19,2%	16	
Qualifications					0,152
Grade 12	45,6%	13	10,3%	11	
Diploma	32,2%	1	5,6%	5	
Degree	40,0%	11	10,0%	10	
Postgraduate degree	33,0%	2	4,3%	3	
Other qualifications	50,0%	15	16,7%	15	

The following results are captured in Table 6.36:

- Respondents show a positive level of behaviour of 38,8% and a low (8,1%) negative level of respondents always spend more than they have.
- Respondents who feel they spend more than they have are statistically significant for the different age groups and the number of years married. The race groups are close to statistical significance.
- It seems that the individuals between 31 and 40 years of age have a higher tendency to spend more than they have.
- Individuals married for more than 3 years but fewer than 6 years have a higher tendency to spend more than they have compared to other couples married for fewer or more years.
- White individuals have a lower tendency (5,8%) to overspend their income compared to the high percentage (19,2%) of other individuals from other race groups who tend to do so.
- There is no major difference between the two genders, educational groups or working conditions, although females have a higher tendency to overspend their income compared to males.

6.2.7.14 Behaviour 14: I am a spender

Being regarded as a spender can cause an individual to accumulate many financial problems. Behaviour 14, namely: ‘I am a spender’, is compared with the various demographic factors. The following results were obtained from Table 6.37:

- Respondents show an average level of behaviour of 54,2% of being spenders and a worrying 26,9% of respondents strongly agree that they are spenders.
- Spenders are close to statistical significance for the different age groups and educational groups.
- Individuals between the ages of 35 to 40 years are considered to be the biggest spenders overall. This could be ascribed to the notion that individuals at this specific age will be relatively settled in their careers and will have money to spend.

Table 6.37: <u>Behaviour 14: I am a spender compared to the demographic factors</u>

Behaviour 14	**Level of behaviour**	**Rank**	**Negative behaviour percentage**	**Rank**	**Significance** **Chi-square test**
Total	54,2%		26,9%		
Gender					0,150
Male	51,1%	5	20,3%	4	
Female	57,3%	11	33,3%	14	
Age					0,059
21 – 25	51,1%	5	25,5%	7	
26 – 30	55,5%	9	25,8%	8	
31 – 34	47,5%	3	30,4%	11	
35 - 40	80,0%	19	25,0%	6	
41 - 45	60,9%	14	100,0%	18	
Years married					0,547
<3yrs	53,9%	7	25,5%	7	
>3<6yrs	57,9%	13	31,6%	12	
>6<9yrs	42,9%	1	14,3%	2	
>9yrs	61,1%	15	35,9%	15	
Employment conditions					0,514
Part-time	57,5%	12	43,8%	16	
Full-time	54,1%	8	27,1%	10	
Unemployed	51,1%	5	11,1%	1	
Race					0,268
White	52,5%	6	25,0%	6	
Other	61,5%	16	33,3%	14	
Qualifications					0,075
Grade 12	61,6%	17	26,3%	9	
Diploma	46,7%	2	16,7%	3	
Degree	56,0%	10	32,5%	13	
Postgraduate degree	48,7%	4	23,9%	5	
Other qualifications	66,7%	18	50,0%	17	

- It seems that individuals with a diploma tend to spend less than any other educational group.
- There is no distinct variance for the two genders, race groups, number of years married or employment conditions, although it seems that females are bigger spenders than males.
- Part-time employees spend more than full-time employees and unemployed individuals.
- White individuals spend less than other race individuals.

Respondents have an overall negative percentage that varies from 14% to 22% towards their personal financial situations. Respondents have an extremely high negative percentage (59,3%) towards consulting a financial advisor regarding financial matters. The results on money personalities, Table 6.7, showed that more than two thirds of the respondents are classified as hoarders and according to the literature in Chapter 4, hoarders are very conservative money managers which are in line with the negative behaviour of respondents towards a financial advisor. Almost a third (between 28,7% and 32,7%) of the respondents do not put money aside for retirement or savings. According to the demographics of the respondents, individuals married for fewer than 3 years, individuals who only have Grade 12 and those individuals that are working part-time show the most negative behaviours towards their personal financial situations. According to the two genders, race groups and age groups there is no distinct difference in the manner in which they behave towards their personal finances. In the next section an examination will follow on whether respondents show a positive attitude or a negative attitude towards their personal finances.

6.2.8 Attitudes regarding personal financial matters

Respondents were asked to rate themselves on certain statements in order to estimate their respective attitudes regarding their personal finances. The respondents had to rank their thoughts regarding a certain attitude by indicating a number on a scale from 1 to 5. For example, 1 as an answer to Attitude 1 means that the respondent thinks that he or she does not try to avoid debt as far as possible, whereas 5 means that the respondent thinks he or she tries to avoid debt as far as possible.

The following attitudes were measured:

- Attitude 1: I try to avoid debt as far as possible
- Attitude 2: Paying credit cards in full to avoid financial charges in not so important
- Attitude 3: I will rather obtain debt to live comfortably than to live on the breadline each month
- Attitude 4: I know exactly how much money I spend on paying off debt each month
- Attitude 5: I am satisfied with my present financial situation
- Attitude 6: My monthly income is sufficient to meet my monthly living expenses

The level of attitude is determined by using the following formula:

$$\text{Level of attitude} = \frac{\text{Mean} - 1}{n - 1} \times 100$$

n = the number of answers available to the respondent.

The same assumptions discussed in 6.4.6 apply to this formula.

- *n* = 5
- Four intervals
- 1 = 0%
- 2, 3, and 4 is 25%, 50% and 75% respectively
- 5 = 100%

If a 1 and a 2 is chosen on the scale for Attitudes 1 to 4 it means that the respondents have a negative attitude towards their personal finances. Thus, the lower the percentage on the level of attitude for Attitude 1 to 4 is, the closer it is to a negative attitude. If a 4 or a 5 is chosen on the scale for Attitudes 5 and 6 it means the respondents have a negative attitude towards their personal finances. Thus, the higher the percentage on the level of attitude for Attitude 5 and 6 is, the closer it is to a negative attitude. Thus, Attitudes 5 and 6 are shown separate in Table 6.38.

Table 6.38: <u>Mean percentage and the percentage of respondents with a negative attitude towards their personal finances</u>

	Mean percentage	Negative attitude percentage
1. I try to avoid debt as far as possible	84,2%	7,3%
2. I know exactly how much money I spend on paying off debt each month	83,2%	8,0%
3. I am satisfied with my present financial situation	57,8%	36,7%
4. My monthly income is sufficient to meet my monthly living expenses	71,8%	20,0%
AVERAGE	**59,5%**	**16%**
5. Paying credit cards in full to avoid financial charges is not so important	43,6%	21,6%
6. I will rather obtain debt to live comfortably than to live on the breadline each month	42,6%	18,8%
AVERAGE	**59,5%**	**16%**

Table 6.38 displays the mean percentage and the percentage of respondents that had a negative attitude to the 6 attitudes presented in the questionnaire.

- The average negative attitude of respondents is 16% towards their personal finances.
- Attitude 5, namely, ‘I am satisfied with my present financial situation’ has a very low (57,8%) positive attitude which results in a high percentage (36,7%) of respondents that are dissatisfied with their present financial situation.
- A high percentage (20,0%) of respondents also indicated that their monthly income is not sufficient to meet their monthly living expenses.
- In Attitude 5, respondents do feel that paying credit in full to avoid any financial charges is very important, although 21,6% of the respondents do not think it is of extreme importance.
- On average, respondents indicated that they will rather obtain debt in order to live comfortably than to live on the breadline each month without any debt (Attitude 6).

The results for all six attitudes that are presented in Table 6.39 to 6.44, were analysed by means of a cross-tabulation between the financial management attitudes and the demographic factors, such as gender, age, number of years married, employment conditions, race and qualifications. The overall mean percentage for each demographical factor will be stated, as well as the negative attitude percentage for each statement regarding personal finances.

6.2.8.1 <u>Attitude 1: I try to avoid debt as far as possible</u>

Table 6.39 shows Attitude 1 namely, ‘I try to avoid debt as far as possible’ compared to the six demographic factors respectively. From Table 6.39 to 6.44, the last column represents the statistical significance for the different demographic factors. The Pearson chi-square test was used to calculate the statistical significance. Statistical significance is regarded as anything less than 0.05. Both the mean percentage and negative attitude percentage of the demographic factors are ranked from the most positive attitude to the most negative attitude.

The results from Table 6.39 are as follows:

- Attitude 1 shows an overall positive mean percentage of 84,2% and only a few (7,3%) respondents do not make an effort to avoid debt.
- Attitude 1 is not statistically significant to any of the demographic factors.
- Males, in general, are more willing to take on debt compared to females.
- Respondents between the ages of 25 and 34 are found to be the least willing to avoid debt.
- The results indicate that part-time employees are more likely to take on more debt than full-time employees and unemployed individuals.
- White individuals show a higher negative attitude towards Attitude 1 compared to individuals from other races.

Table 6.39: <u>Attitude 1: I try to avoid debt as far as possible compared to the demographic factors</u>

Attitude 1	**Mean percentage**	**Rank**	**Negative attitude percentage**	**Rank**	**Significance**
					Chi-square test
Total	84,2%		7,3%		
Gender					0,453
Male	82,9%	12	9,3%	12	
Female	85,6%	8	5,3%	6	
Age					0,613
21 – 25	86,4%	6	2,1%	2	
26 – 30	82,9%	12	11,3%	14	
31 – 34	92,5%	3	13,0%	16	
35 - 40	80,0%	18	0,0%	1	
41 - 45	78,3%	19	0,0%	1	
Years married					0,788
<3yrs	84,3%	9	8,2%	10	
>3<6yrs	81,0%	15	5,0%	5	
>6<9yrs	91,4%	4	0,0%	1	
>9yrs	82,2%	14	11,1%	13	
Employment conditions					0,636
Part-time	82,5%	13	12,5%	15	
Full-time	84,0%	10	7,6%	9	
Unemployed	93,3%	1	0,0%	1	
Race					0,195
White	82,5%	13	8,3%	11	
Other	92,6%	2	3,7%	4	
Qualifications					0,333
Grade 12	86,2%	7	2,6%	3	
Diploma	81,1%	15	16,7%	17	
Degree	80,5%	17	7,5%	8	
Postgraduate degree	87,0%	5	6,5%	7	
Other qualifications	83,3%	11	16,7%	17	

6.2.8.2 *Attitude 2: I know exactly how much money I spend on paying off debt each month*

The following table measures whether individuals know exactly how much money they spend on paying off debt each month.

Table 6.40: Attitude 2: I know exactly how much money I spend on paying off debt each month compared to the demographic factors

Attitude 2	**Mean percentage**	**Rank**	**Negative attitude percentage**	**Rank**	**Significance**
					Chi-square test
Total	83,2%		8,0%		
Gender					0,401
Male	85,1%	7	6,7%	6	
Female	81,4%	14	9,5%	10	
Age					0,645
21 – 25	82,2%	12	6,5%	5	
26 – 30	85,5%	6	4,8%	2	
31 – 34	78,8%	18	8,7%	8	
35 - 40	100,0%	1	25,0%	16	
41 - 45	80,9%	16	0,0%	1	
Years married					0,803
<3yrs	83,5%	8	6,2%	4	
>3<6yrs	82,0%	13	15,0%	14	
>6<9yrs	87,1%	4	0,0%	1	
>9yrs	80,0%	17	16,7%	15	
Employment conditions					0,790
Part-time	81,3%	15	12,5%	12	
Full-time	82,7%	11	8,5%	7	
Unemployed	88,9%	3	0,0%	1	
Race					0,437
White	83,2%	9	6,7%	6	
Other	85,9%	5	11,1%	11	
Qualifications					0,498
Grade 12	76,4%	19	12,8%	13	
Diploma	90,0%	2	0,0%	1	
Degree	85,5%	6	5,0%	3	

Postgraduate degree	83,1%	10	8,9%	9	
Other qualifications	90,0%	2	16,7%	15	

- The mean percentage in Table 6.40 shows a positive average of 83,3% for Attitude 2.
- The negative attitude percentage for Attitude 2 shows a very low percentage of 8,0%
- Attitude 2 is not statistically significant for any of the demographical factors.
- According to the two genders, females tend to be more ignorant of the total amount they spend on paying off debt each month compared to males.
- A high percentage (25,0%) of individuals between the ages of 35 to 40 do not know how much money they pay off on debt.
- Lower-educated individuals are less knowledgeable about the amount they pay off on debt each month.

6.2.8.3 <u>Attitude 3: I am satisfied with my present financial situation</u>

Attitude 3 measures the dissatisfaction of individuals about their personal financial situation. The following results were obtained:

- The average percentage of respondents shows a negative attitude towards their personal financial situation.
- A worrying 36,7% of the respondents are extremely dissatisfied with their present financial situation.
- Attitude 3 shows no statistical significance for the any of the six demographical factors.
- The number of years married is the closest to any significance. Couples married for more than 3 years but fewer than 6 years are the least satisfied with their present financial situation.
- Low-educated individuals also seem to be less satisfied with their financial situation compared to other educational groups.
- Females tend to be more dissatisfied with their present financial situation compared to males.

Table 6.41: <u>Attitude 3: I am satisfied with my present financial situation compared to the demographic factors</u>

Attitude 3	**Mean percentage**	**Rank**	**Negative attitude percentage**	**Rank**	**Significance** **Chi-square test**
Total	57,8%		36,7%		
Gender					0,265
Male	59,2%	4	33,3%	5	
Female	56,3%	11	40,0%	11	
Age					0,599
21 – 25	62,1%	2	29,8%	3	
26 – 30	55,8%	12	40,3%	12	
31 – 34	57,5%	8	34,8%	6	
35 - 40	40,0%	18	43,8%	13	
41 - 45	55,7%	13	50,0%	16	
Years married					0,108
<3yrs	57,3%	9	37,8%	10	
>3<6yrs	57,0%	10	40,0%	11	
>6<9yrs	60,0%	3	28,6%	2	
>9yrs	58,9%	5	33,3%	5	
Employment conditions					0,730
Part-time	55,0%	15	43,8%	13	
Full-time	58,5%	6	35,3%	7	
Unemployed	55,6%	14	33,3%	6	
Race					0,531
White	57,5%	8	37,2%	9	
Other	58,5%	6	37,0%	8	
Qualifications					0,501
Grade 12	50,3%	17	48,7%	15	
Diploma	55,6%	14	44,4%	14	
Degree	58,0%	7	30,0%	4	
Postgraduate degree	64,3%	1	28,3%	1	
Other qualifications	53,3%	16	50,0%	16	

6.2.8.4 *Attitude 4: My monthly income is sufficient to meet my monthly living expenses*

Attitude 4 measures whether the respondents' income is sufficient to meet their monthly living expenses. Attitude 4 is compared with gender, age, number of years married, employment conditions, race and qualifications.

Table 6.42: Attitude 4: My monthly income is sufficient to meet my monthly living expenses compared to the demographic factors

Attitude 4	Mean percentage	Rank	Negative attitude percentage	Rank	Significance Chi-square test
Total	71,8%		20,0%		
Gender					0,543
Male	73,9%	6	18,7%	8	
Female	69,9%	11	21,3%	12	
Age					0,065
21 – 25	78,3%	2	10,6%	2	
26 – 30	71,6%	9	21,0%	11	
31 – 34	67,5%	12	26,1%	14	
35 - 40	50,0%	20	31,3%	16	
41 - 45	64,3%	16	50,0%	19	
Years married					0,191
<3yrs	73,7%	7	17,3%	7	
>3<6yrs	66,0%	14	35,0%	18	
>6<9yrs	81,4%	1	7,1%	1	
>9yrs	61,1%	19	27,8%	15	
Employment conditions					0,353
Part-time	62,5%	17	31,3%	16	
Full-time	73,9%	6	20,2%	10	
Unemployed	66,7%	13	11,1%	3	
Race					0,071
White	73,4%	8	19,0%	9	
Other	65,2%	15	25,9%	13	
Qualifications					0,312
Grade 12	61,5%	18	33,3%	17	
Diploma	74,4%	4	16,7%	6	

Degree	74,0%	5	15,0%	4	
Postgraduate degree	77,4%	3	15,2%	5	
Other qualifications	70,0%	10	16,7%	6	

- Table 6.42 shows an average mean percentage of 71,8% for Attitude 4, namely, ‘My monthly income is sufficient to meet my monthly living expenses.
- The average dissatisfied individuals regarding their insufficient monthly income is 20,0%.
- Attitude 4 shows no distinct difference between any of the demographical factors.
- Females are less satisfied with their monthly income to cover their expenses.
- As individuals age, it seems that they become less satisfied with their monthly income to cover their living expenses.
- Couples married for more than 3 years but fewer than 6 years are the least satisfied with their monthly income to cover their expenses.
- White individuals tend to be more satisfied with their income to cover their monthly living expenses compared to individuals from other racial groups.
- Low-educated individuals show a very high, dissatisfied percentage of 33,3% towards attitude 4.

Attitudes 5 and 6 following will have a different mean percentage. The lower the mean percentages reflect the closer it is to a positive attitude.

6.2.8.5 Attitude 5: Paying credit cards in full to avoid financial charges is not so important

Paying credit cards in full to avoid financial charges is very important to prevent individuals ending up with huge amounts of debt. This attitude was measured and compared with gender, age, number of years married, employment conditions, race and qualifications.

Table 6.43: Attitude 5: Paying credit cards in full to avoid financial charges is not so important compared to the demographic factors

Attitude 5	**Mean percentage**	**Rank**	**Negative attitude percentage**	**Rank**	**Significance**
					Chi-square test
Total	43,6%		21,6%		
Gender					0,900
Male	45,4%	13	24,3%	12	
Female	41,9%	7	18,9%	6	
Age					0,612
21 – 25	40,0%	5	14,9%	3	
26 – 30	43,2%	9	22,6%	10	
31 – 34	38,7%	4	31,8%	17	
35 - 40	60,0%	19	20,0%	8	
41 - 45	53,5%	18	50,0%	20	
Years married					0,440
<3yrs	41,2%	6	17,3%	5	
>3<6yrs	61,0%	20	45,0%	19	
>6<9yrs	34,3%	1	14,3%	2	
>9yrs	45,0%	12	25,0%	13	
Employment conditions					0,588
Part-time	40,0%	5	25,0%	13	
Full-time	43,4%	10	19,5%	7	
Unemployed	46,7%	15	33,3%	18	
Race					0,252
White	43,0%	8	20,8%	9	
Other	46,9%	16	26,9%	14	
Qualifications					0,840
Grade 12	50,3%	17	28,2%	16	
Diploma	45,6%	14	27,8%	15	
Degree	44,6%	11	23,1%	11	
Postgraduate degree	37,4%	3	13,0%	1	
Other qualifications	36,7%	2	16,7%	4	

- Attitude 5 shows an average mean percentage of 43,6%. It is distressing to see that 21,6% of the respondents do not try to pay their credit cards in full to avoid financial charges.

- There is no statistical significance between the various demographic factors.
- Females in general are more cautious to pay off their credit cards in full to avoid financial charges.
- Couples married for more than 3 years but fewer than 6 years show the highest negative attitude percentage of 45,0% towards Attitude 5 compared with other couples married for fewer than 3 years.
- Unemployed individuals (33,3%) tend not to care about the accumulating of financial charges on credit cards.
- Highly educated individuals tend to avoid financial charges on credit cards as far as possible by paying off credit cards in full every month.

6.2.8.6 <u>Attitude 6: I will rather obtain debt to live comfortable than to live on the breadline each month</u>

Attitude 6 measures whether individuals will rather obtain debt to live comfortably than to live on the breadline each month.

The following results were obtained:

- The average mean percentage is 42,6% of respondents towards Attitude 6.
- From the total respondents, 18,8% will rather obtain debt to live comfortably than to decrease their living standards.
- Attitude 6 is statistically significant for the different race groups. White individuals are less willing to take on debt just to live a comfortable lifestyle compared to individuals from other racial groups.
- There is no major difference for any of the other demographical factors.
- Individuals with other qualifications are more willing to obtain debt to live comfortably than to decrease their living standards.
- As individuals age, the more willing they are to obtain debt to sustain comfortable lifestyles.

Table 6.44: Attitude 6: I will rather obtain debt to live comfortably than to live on the breadline each month compared to the demographic factors

Attitude 6	Mean percentage	Rank	Negative attitude percentage	Rank	Significance Chi-square test
Total	42,6%		18,8%		
Gender					0,404
Male	44,9%	14	21,6%	12	
Female	40,5%	5	16,0%	7	
Age					0,742
21 – 25	41,7%	7	14,9%	5	
26 – 30	39,0%	4	14,8%	4	
31 – 34	42,5%	9	34,8%	16	
35 - 40	50,0%	17	18,8%	11	
41 - 45	53,9%	20	50,0%	20	
Years married					0,324
<3yrs	41,9%	8	16,5%	8	
>3<6yrs	53,0%	19	35,0%	17	
>6<9yrs	32,9%	3	14,3%	3	
>9yrs	43,3%	11	16,7%	9	
Employment conditions					0,242
Part-time	48,8%	16	37,5%	18	
Full-time	43,1%	10	17,8%	10	
Unemployed	31,1%	1	11,1%	2	
Race					0,045
White	41,5%	6	15,8%	6	
Other	46,7%	15	29,6%	15	
Qualifications					0,103
Grade 12	51,3%	18	28,2%	14	
Diploma	44,4%	12	11,1%	2	
Degree	44,5%	13	25,0%	13	
Postgraduate degree	31,7%	2	6,5%	1	
Other qualifications	60,0%	21	40,0%	19	

On average, 16% of the respondents have a strong negative attitude towards their personal finances. More than a third (36,7%) of the respondents are not satisfied with their present financial situation, although the majority still choose to rather obtain debt to live comfortably than to live on the breadline each month without any debt. It is clear from the demographic results of the respondents that females, lower-educated individuals, couples married for more than 3 years but fewer than 6 years and as individuals getting older have a more negative attitude towards their personal finances than other categories. In the next section a comparison will be made between the stress levels of individuals and their respective money personalities.

6.2.9 Level of stress

Respondents were asked to rate themselves on certain statements in order to estimate their levels of stress regarding their personal financial situation. The respondents had to rank their stress levels regarding certain financial matters between the respondent and his or her partner by indicating a number on a scale from 1 to 5. For example, 1 as an answer for Matter 1 means that the respondent experiences a very low level of stress regarding his or her partner's spending patterns, whereas 5 means that the respondent experiences a high level of stress regarding his or her partner's spending patterns. Every statement determines a certain level of stress.

The level of stress is determined by using the following formula:

$$\text{Level of stress} = \frac{\text{Mean} - 1}{n - 1} \times 100$$

n = the number of answers available to the respondent.

The same assumptions discussed in 6.4.6 apply to this formula.

- *n* = 5
- Four intervals
- 1 = 0%
- 2, 3, and 4 is 25%, 50% and 75% respectively
- 5 = 100%

Table 6.45 indicates the level of stress caused by the various matters.

Table 6.45: *The level of stress respondents experience regarding their personal finances*

Matters	Level of stress
Matter 1: Your partner's spending patterns	45,1%
Matter 2: Your own debt situation	51,4%
Matter 3: Your partner's debt situation	46,4%
Matter 4: Deciding who pays the bills every month	33,6%
Matter 5: Who earns more money between you two	32,3%
AVERAGE	**41,8%**

The following data were obtained:

- The overall level of stress experienced by respondents on all five matters shows an average of 41,8%.The higher the level of stress percentage the more stress respondents experience regarding a certain matter.
- Matter 2 shows the highest stress percentage of 51,4% namely, 'Your own debt situation'.
- Matter 1 and 3 also show a high level of stress where both focus on financial matters regarding the partner.
- Matter 5 shows the lowest level of stress namely, 'Who earns more money between you two'.

The results for the five matters that are presented in Table 6.46 to 6.50, were analysed by means of a cross-tabulation between the various financial stress matters and the respondents' money personalities. The overall level of stress for each money personality will be stated.

6.2.9.1 Matter 1: Your partner's spending patterns

Table 6.46 compares Matter 1 namely, 'Your partner's spending patterns' with the various money personalities of respondents. From Table 6.46 to 6.50, the last column represents the statistical significance for the different demographic factors. The one-way ANOVA-analysis test was used to calculate the statistical significance. Statistical significance is regarded as anything less than 0.05. The level of stress is ranked from the lowest level of stress to the highest level of stress.

Table 6.46: Matter 1: Your partner's spending patterns compared to the money personalities

Matter 1	Percentage of population	Level of stress	Rank	Significance One-way ANOVA test
Total	135	45,1%		
Money personalities				0,379
Hoarder	73,3%	43,1%	2	
Achiever	17,8%	50,8%	4	
Thrill-seeker	5,2%	45,7%	3	
Entrepreneur	3,7%	32,0%	1	

The following results were found:

- The overall level of stress for Matter 1 is 45,1%.
- There is no statistical significance between the stress caused by one's partners spending patterns and individuals' money personalities.
- Achievers experience the highest level of stress when it comes to their partner's spending patterns.
- Entrepreneurs experience the lowest level of stress regarding their partner's spending patterns. Note that entrepreneurs only represents a very small sample of the total population, thus no valid comment can be made.

6.2.9.2 Matter 2: Your own debt situation

Debt is one of the main sources of stress for an individual. The debt situation of individuals is compared with the various money personalities of the respondents.

- Matter 2 shows a high level of stress of 51,4%. Individuals overall experience a high level of stress regarding their own debt situation.
- Respondents feeling stressed as a result of their own debt situation are statistically significant among the various money personalities.
- Thrill-seekers show a very high level of stress (77,1%) regarding their own debt situations. As previously discussed in Chapter 4, thrill-seekers will obtain huge amounts of debt just to have a worthwhile experience. One should keep in mind those thrill-seekers only makes out a very small sample of the total population.

- Achievers also show a high level of stress of 58,3%. This can be explained by the high living standards they choose to maintain although they cannot afford it.
- Entrepreneurs show the lowest level of stress (40,0%). They will only obtain debt with the possibility of large gains. Still this is no valid comment, due to the small sample.

Table 6.47: Matter 2: Your own debt situation compared to the money personalities

Matter 2	Percentage of population	Level of stress	Rank	Significance One-way ANOVA test
Total	135	51,4%		
Money personalities				0,002
Hoarder	73,3%	47,1%	2	
Achiever	17,8%	58,3%	3	
Thrill-seeker	5,2%	77,1%	4	
Entrepreneur	3,7%	40,0%	1	

6.2.9.3 Matter 3: Your partner's debt situation

The debt situation of one's partner is compared with the four money personalities.

Table 6.48: Matter 3: Your partner's debt situation compared to the money personalities

Matter 3	Percentage of population	Level of stress	Rank	Significance One-way ANOVA test
Total	135	46,4%%		
Money personalities				0,084
Hoarder	73,3%	43,9%	2	
Achiever	17,8%	49,2%	3	
Thrill-seeker	5,2%	62,9%	4	
Entrepreneur	3,7%	28,0%	1	

- Respondents show a stress level of 46,4% towards their partner's debt situation.
- There is no statistical significance among the four money personalities.

- Between the majority of the respondents who consist of achievers and entrepreneurs, the achievers show a higher stress level towards a partner's debt situation.
- Thrill-seekers show the highest stress level towards their partner's debt situation compared to the other money personalities, whereas entrepreneurs show the lowest stress level regarding a partner's debt situation. This cannot be seen as a valid comment due to the small sample.

6.2.9.4 *Matter 4: Deciding who pays the bills every month*

Deciding who pays the bills every month can evoke huge arguments, which can lead to higher stress levels.

Table 6.49: Matter 4: Deciding who pays the bills every month compared to the money personalities

Matter 4	**Percentage of population**	**Level of stress**	**Rank**	**Significance One-way ANOVA test**
Total	135	33,6%		
Money personalities				0,365
Hoarder	73,0%	31,4%	2	
Achiever	17,8%	36,7%	3	
Thrill-seeker	5,2%	40,0%	4	
Entrepreneur	3,7%	24,0%	1	

Table 6.49 captures the following results that were obtained:

- Deciding on who pays the bills every month show a low stress level of 33,6%.
- There is no distinct difference between the various money personalities.
- According to the majority of the respondents, achievers experience more stress in deciding who pays the bills every month.

6.2.9.5 Matter 5: Who earns more money between you two

If a spouse earns less than his/her partner it can make him/her feel less worthy, which then again can cause tension between them.

Table 6.50: Matter 5: Who earns more money between you two compared to the money personalities

Matter 5	Percentage of population	Level of stress	Rank	Significance One-way ANOVA test
Total	135	32,3%		
Money personalities				0,027
Hoarder	73,3%	30,2%	2	
Achiever	17,8%	36,7%	3	
Thrill-seeker	5,2%	51,4%	4	
Entrepreneur	3,7%	20,0%	1	

The following results were obtained from Table 6.50:

- The average level of stress among the respondents show a low percentage of 32,3%.
- The matter of who earns more money between the husband and wife show a statistical significance among the various money personalities.
- The majority of the respondents do not feel extremely stressed about the matter of who earns more in the household.
- Thrill-seekers again show the highest stress level and entrepreneurs show the lowest stress level concerning who earns more money between spouses.

Respondents feel extremely stressed as a result of their own debt situations. In Chapter 2, it was pointed out that from 2009, the number of people entering debt counseling, who were unable to pay their debt, increased significantly. Chapter 3 explained that individuals who struggle to meet their monthly financial obligations suffer enormous stress. Subsequent to this, matters causing stress is a partner’s spending patterns and debt situation. The result of who earns more money between spouses seems to cause little stress in the respondents. Overall, thrill-seekers experience the most stress, followed by achievers, hoarders and lastly entrepreneurs. In the next part of the chapter males' perceptions regarding their own personal financial management practices will be compared with the perception the wife has of her husband's personal financial management practices and *vice versa*.

6.2.10 Respondents' perceptions regarding their personal financial management practices

Male respondents were asked to rate their perceptions of their own personal financial management practices and those of their partner's, and at the same time the female respondents were also asked to rate their perceptions of their own personal financial management practices and those of their partner's. The statement given to the respondents regarding their own personal financial management practices were exactly the same as the statements given to them on their partner's personal financial management practices. The respondents had to rank their level of perception of their own personal financial management practices by indicating a number on a scale from 1 to 5. For example, 1 as an answer for Statement 1 means that the respondent feels that he or she has very little knowledge to manage his or her own personal finances, whereas 5 means that the respondent feels he or she has adequate knowledge to manage his or her own personal finances. At the same time respondents had to rank their level of perception towards their partner's personal financial management practices by indicating a number on a scale from 1 to 5. For example, 1 as an answer for Statement 1 means that the respondent feels that his or her partner has very little knowledge to manage their own personal finances, whereas 5 means that the respondent feels that his or her partner has adequate knowledge to manage their own personal finances. Every statement determines a certain level of perception.

The level of perception is determined by using the following formula:

$$\text{Level of perception} = \frac{\text{Mean} - 1}{n - 1} \times 100$$

n = the number of answers available to the respondent.

The same assumptions discussed in 6.4.6 to 6.4.8 apply to this formula.

- *n* = 5
- Four intervals
- 1 = 0%
- 2, 3, and 4 is 25%, 50% and 75% respectively
- 5 = 100%

The results that are presented in Table 6.51 to 6.52, were analysed by means of a cross-tabulation between the level of perception regarding the financial management practices of one's own finances and their partner's and gender. The overall level of perception of a husband and a wife regarding the husband's financial management practices will be stated and *vice versa*.

Table 6.51 illustrates the husbands' perceptions of their own financial situation and the perceptions wives have towards their husband's financial situation. In Table 6.51 and 6.52, the last column represents the statistical significance for husband and wife. The T-test was used to calculate the statistical significance. Statistical significance is regarded as anything less than 0.05.

The following data were obtained from the Table 6.51:

- Husbands have an overall positive perception (82,0%) of the management of their own personal finances, where as wives show a slightly lower perception (80,7%) of their husband's personal financial management practices.
- There is no statistical significance between the perceptions of husbands and wives towards the husbands' personal financial management practices.
- Husbands show the most positive perception (86,1%) regarding the fact that they can distinguish when something is needed and wanted (Statement 1). Wives also show the most positive perception (82,9%) regarding Statement 1.
- Husbands show the lowest positive perception (79,7%) of Statement 3, namely: 'I know exactly how much I spend and save each month'. Wives also show the lowest positive perception (77,3%) of their husband's knowledge on how much he spend and save each month.

- Statement 5, namely: 'I am responsible with my money', are the only statement where husbands rated themselves lower (80,5%) compared to their wife's rating (81,9%).

Table 6.51: <u>Husbands' perceptions of their own personal financial management practices versus wives' perceptions of their husband's personal financial management practices</u>

Husband's personal financial management practices	**Level of perception**	**Significance T-test**
Average perception of husband	82,0%	
Average perception of wife	80,7%	
Statement 1		0,669
I have adequate knowledge to manage my own personal finances	81,1%	
My husband has adequate knowledge to manage his own personal finances	80,0%	
Statement 2		0,686
I have control over my personal finances	82,4%	
My husband has control over his personal finances	81,3%	
Statement 3		0,388
I know exactly how much money I spend and save each month	79,7%	
My husband knows exactly how much money he spend and save each month	77,3%	
Statement 4		0,208
I can distinguish when something is needed and wanted	86,1%	
My husband can distinguish when something is needed and wanted	82,9%	
Statement 5		0,577
I am responsible with my money	80,5%	
My husband is responsible with his money	81,9%	

Table 6.52 illustrates the wives' perceptions of their own personal financial management practices and the perceptions husbands have of their wife's personal financial management practices.

Table 6.52: <u>Wives' perceptions of their own personal financial management practices versus husbands' perceptions of their wife's personal financial management practices</u>

Wife's personal financial management practices	**Level of perception**	**Significance T-test**
Average perception of wife	79,5%	
Average perception of husband	78,6%	
Statement 1		0,338
I have adequate knowledge to manage my own personal finances	76,0%	
My wife has adequate knowledge to manage her own personal finances	78,4%	
Statement 2		0,789
I have control over my personal finances	77,1%	
My wife has control over her personal finances	77,9%	
Statement 3		1,000
I know exactly how much money I spend and save each month	77,1%	
My wife knows exactly how much money she spend and save each month	77,1%	
Statement 4		0,000
I can distinguish when something is needed and wanted	84,8%	
My wife can distinguish when something is needed and wanted	74,1%	
Statement 5		0,918
I am responsible with my money	80,8%	
My wife is responsible with her money	80,5%	

The following results were obtained from Table 6.52:

- Wives show a higher positive perception (79,5%) of the management of their own personal finances, compared to the husband's perception (78,6%) of the wife's personal financial management practices.
- Statement 4, namely: 'I can distinguish when something is needed and wanted', show a statistical significance between the perceptions of wives and husbands. Wives show a much higher positive perception of 84,8% of Statement 4 compared to husbands' perceptions (74,1%) of the thought that the wife can distinguish when something is needed and wanted.
- Statement 3, namely: 'I know exactly how much money I spend and save each month', show the lowest positive perception (77,1%) for both wives and husbands.

In both circumstances the husband and wife show a higher positive perception of their own personal financial management practices than the perception of their partner of their personal financial management practices. Husbands and wives show the highest perception regarding Statement 4, namely: ‘I can distinguish when something is needed and wanted’, and the lowest positive perception towards Statement 3, namely: ‘I know exactly how much money I spend and save each month’. Wives show a higher perception of their husband’s personal financial situation than of their own personal financial situation. Husbands on the other hand show a lower perception towards their wife’s personal financial situation than of their own personal financial situation. Thus, both husband and wife have more confidence in the management practices of the husband because husbands are generally rated higher than wives.

In Chapter 1, eight secondary objectives were listed, of which four were answered by way of the data obtained from the respondents through a questionnaire. Secondary Objective 4, namely: ‘To investigate the various ways in which young married couples manage their personal finances and debt’, was answered by 6.4.3: Bank accounts; 6.4.4: The different debt sources used; 6.4.5: Decision-making; and 6.4.7: Behaviour 1, 2, 5, 6, 7, 8 and 12. Secondary Objective 5, namely: ‘To determine the extent to which married couples communicate and disagree with regard to their personal finances’, was answered by 6.4.6: Extent of arguments; 6.4.7: Behaviour 3, 4 and 10; and 6.4.9: Level of stress. Secondary Objective 6, namely: ‘To investigate the differences between couples’ attitudes and behaviours toward their personal finances’, was answered by 6.4.7: Behaviours and 6.4.8: Attitudes. Secondary Objective 7, namely: ‘Determining the difference between how husbands perceive their own personal financial management practices compared to how the wife perceives her husband’s personal financial management practices and *vice versa’*, was answered by 6.4.10: Respondents’ perceptions regarding their personal financial management practices.

6.3 CONCLUSION

The aim of Chapter 6 was to present the results obtained from the respondents and to evaluate and investigate the research results of the empirical study. Firstly, it was found that the majority of the respondents are hoarders, which means they are conservative money managers that will rarely take risks. Couples in general choose to keep their money separate in order to keep some sort of independence, but when it comes to making decisions regarding financial matters in the household the responsibility is shared between husband and wife. Secondly, the level of disagreement between couples show that the majority sometimes disagree and that one in every ten individuals always disagree with their partner on financial household matters. Individuals are in general open with their spouse regarding their personal finances and always talk about financial matters with their partner. The individual’s debt situation is the biggest stress contributor to the marriage. Thirdly, one out of every five respondents has a strong negative behaviour towards their personal finances and more than 16% of the respondents have an extremely negative attitude towards their personal finances. Fourthly, couples show more confidence in the financial management practices of the husband.

Chapter 7 will summarize the findings and recommendations of the research study.

CHAPTER SEVEN

FINDINGS AND RECOMMENDATIONS

7.1 INTRODUCTION

The main objective of this study was to determine the personal financial management practices of young married couples, with specific reference to how young married couples manage their personal finances and debt, communicate and disagree, and the level of their perceptions, attitudes and behaviours with regard to their personal finances. A literature review was performed concerning the impact of debt during the economic crisis and the importance of sound financial management for an individual and within a marriage.

7.2 METHOD EMPLOYED IN THE STUDY

Information was obtained from married couples who fall in the Generation Y age group in the sense that they were born between the years 1977 and 1994 and are between the ages of 17 and 34 – which was also the main focus group of the study, and the Generation X age group including people born between the years 1965 and 1976 (between the ages of 35 and 46). The target population were distinguished by their gender, age, employment conditions, number of years married, race and educational levels to illustrate the differences in personal financial management practices.

Structured questionnaires were used in this study to determine the married couples' personal financial management practices, levels of communication and disagreement, and the level of their perceptions, attitudes and behaviours regarding their personal finances. The questionnaires consisted mainly of multiple choice questions. The questionnaires were structured to obtain information from respondents on their various money management practices, the forms of debt they make use of, the level of decision-making between couples, disagreements on financial matters, behaviours, attitudes, and perceptions about their personal finances, and the levels of stress about their personal financial situation.

7.3 MAIN FINDINGS

The next section summarizes the findings on the secondary objectives of this study.

7.3.1 Findings on secondary objective one

Secondary objective one sought to determine the extent of the economic crisis and the part that debt play in the crisis. The world economy is driven by consumer spending, which, in turn, is maintained by consumer debt. When consumers can no longer maintain their spending due to over-indebtedness, it affects the economy negatively as a result of a decline in retail sales. Consumer debt is one of many factors that can contribute to an economic crisis. Strict consumer credit policies can help prevent over-indebtedness of consumers. After the 2007 economic crisis, South Africans faced increased living costs, which forced them to spend less on both durable and non-durable goods. Consumers who had incurred debt struggled to pay it off due to higher interest rates. As a result of this, consumers cut their savings just to keep their heads above water. Currently, only 25% of Generation X and 12% of Generation Y saves for retirement. The decline in savings rate is an ongoing cycle in South Africa.

7.3.2 Findings on secondary objective two

The aim of secondary objective two was to investigate the importance of sound financial management for an individual. Financial literacy is of vital importance for an individual to make well-informed decisions about one's personal finances and to create a well-secured financial future. An individual's personal financial management practices are influenced by factors such as age, gender, money personality and his/her level of education. The older generations manage their finances in a more responsibly way than the younger generations. Even men and women manage household finances in different ways. Women tend to spend their income on children and education whereas men tend to use it more on food. Money personalities also have an effect on the way in which an individual manages his/her finances. Money personalities are formed by a combination of desires to create wealth and take risks and the way in which money was experienced during childhood. Various factors can cause financial problems for an individual, such as a lack of financial literacy and consumer debt. These financial problems can have detrimental consequences for the individual such as divorce, stress and depression, bankruptcy and a decline in employee performance and productivity.

7.3.3 Findings on secondary objective three

The aim of secondary objective three was to investigate the importance of sound financial management within a marriage. Finances are an important topic of discussion throughout an individual's life. When couples marry, they have to combine their management practices and ideas about money in order to manage it in the best possible way for them to reach their financial goals. It is crucial to understand the money management style of one's partner.

The management of finances is a constant cycle, whether it is at the early, middle or later stages of a marriage. Many couples fail to save and invest wisely as a result of a lack of financial knowledge. Nine out of ten individuals do not have enough funds to live on when they decide to retire due to lack of savings during their employment phase. Thus, people are forced to continue working past retirement age. Whether couples decide to combine their income or keep it apart, there will always be the possibility of the one spouse feeling less valuable or being limited in terms of access to the access of funds which results in inequality.

It was found that in poor households, the wife tends to manage the finances, but in the higher income households where the husband also earns more than the wife, the husband tends to exercise more control over the finances. More than 50% of households earn less than R300 000 per year and more than 50% of the income is spend on transport, medical and dental services, communication and household equipment.

Communication between couples regarding the management of their finances is of extreme importance. A lack of communication between couples can be seen as the number one reason why couples argue. The number one leading argument is about the partner's reckless spending. A couple's attitude towards their personal finances can influence their future financial management behaviour favourably or unfavourably. Lack of communication, financial illiteracy, debt and insufficient funds to pay expenses can influence financial satisfaction, which then again influences marital satisfaction negatively. Marital dissatisfaction can ultimately lead to divorce.

7.3.4 Findings on secondary objective four

The aim of secondary objective four was to investigate how young married couples manage their personal finances and debt.

- From the total respondents the following results were obtained regarding their personal financial management practices:
  8,8% indicated that they do not manage their own expenses;
  36,5% do not plan for or anticipate for their partner's expenses;
  28,7% do not lay money aside for savings;
  32,7% do not lay money aside for retirement;
  13,3% do not have a monthly budget for the household;
  59,3% do not consult a financial advisor regarding financial matters; and
  8,8% indicated that they always exceed the maximum limit on their credit card.

- In Chapter 2, literature revealed that between 12% and 25% of individuals lay money aside for retirement. This corresponds with the results obtained from the respondents, which show an average savings behaviour of 67,8% - which means that the average respondent rarely lays money aside for retirement and 32,7% never lays money aside for retirement.

- Only 30,2% of respondents share a bank account with their partner, whereas 92,6% have a personal bank account. These results do not correspond with the literature discussed in Chapter 4. The literature indicated that couples living in Denmark, France, Spain and the US 70% put their income together and 20% choose to keep their income separate.

- Credit cards are the most acquired debt (54,0%) incurred by the respondents. The second most acquired debt by respondents are clothing accounts (38,7%) and vehicle finance (38,7%).

- Men, overall, make more debt than women. Credit cards (60,0%) and vehicle finance (45,3%) are the most popular sources of debt that men make use of. Credit cards (48,0%) and clothing accounts (45,3%) are the most popular sources of debt that women make use of.

- Generation Y owns less debt than Generation X individuals. Individuals from the age 31 to 45 have contracted significantly more debt on home loans and vehicle finance. The reason for the higher amount of debt among the older generation can be a result of them having better jobs where they earn more and having bigger houses compared to the younger generation who are only at the start of their careers and also at the point of where they start to accumulate personal assets. Debt in the form of study loans is found mainly among the youngest respondents between the ages of 21 to 25. As the respondents' age increase, the study debt decreases, which follows logically as the older respondents have finished studying and joined the working force in South Africa.

- Couples married for longer than 3 years have more debt in the form of home loans and vehicle finance. This corresponds with the age group, because couples married for longer are usually also older than the couples married for a short time of period. The couples married for fewer than three years (27,6%) are still paying off their study loans.

- There is no significant difference in the use of debt according to employment conditions.

- Debt usage among racial groups cannot yield valid interpretations as white respondents made up 81,8% of the total response rate.

- On average, respondents with a degree have mounted more debt than any other qualification group. Vehicle finance is the only form of debt that shows any statistical significance among the qualification groups. Respondents with a diploma and a degree both show a vehicle finance usage of 50,0% - which is much higher than respondents with a Grade 12, postgraduate degree or other qualifications. A possible reason for higher educated individuals to have more debt could be a result of having more access to credit.

- Overall 67,0% of individuals make decisions regarding household matters together with their partner as a unit. The decision-making distribution between husband and wife that do not share decision-making on certain matters shows that men have a slightly higher control of 3% of the decisions that need to be taken in the household. Buying groceries for the household is either done by the couples together as a unit (56,0%) or by women (44,0%) alone. The purchase and repair of vehicles are mainly done by husbands (42,7%) or as a couple together (56,0%). Deciding on matters regarding the children is rarely done alone by only one of the spouses. These results do not correspond with the literature discussed in Chapter 4. The literature indicated that women mainly manage the household finances, which include decision-making and husband and wife rarely share the control over decision-making with regards to their household finances.

Secondary objective four was reached by determining how couples manage their finances and debt by way of completing a questionnaire asking specific questions on the management of their expenses, pooling of income, debt usage and decision-making distribution.

7.3.5 Findings on secondary objective five

Secondary objective five sought to determine the extent to which married couples communicate and disagree with regard to their personal finances.

- Just 11,5% of respondents indicated that they always argue over matters regarding their personal finances. The amount of money that should be saved and a spouse's debt situation are the two matters that cause disagreements between spouses most of the time. The literature in Chapter 4 showed that a partner's reckless spending is the leading matter causing arguments between spouses. Individuals with only Grade 12 fight more often about how money is spent than any other individual with a different qualification. Unemployed individuals (33,3%) always disagree more often with their partner when it comes to paying the bills. Couples married for fewer than three years fight more often about the amount that should be saved for savings or retirement. Individuals with only Grade 12 argue more often with their partner on their own debt situation. Men, in general, disagree more often with their partner compared to women. The younger the individual, the more often arguments will occur in the household. In the early stages of the marriage, couples seem to disagree more often.

- Only 4,0% of respondents indicated that they never talk about personal financial matters with their partner. Husbands seem to communicate less and argue more often with their wives than wives communicate and argue with their husbands over financial matters regarding the house. Some 7,3% indicated that they are never open with their partner regarding all their own personal finances. Of the total respondents 9,3% indicated that they do not easily agree with their partner on financial matters regarding the household.

- Enormous stress in a marriage is mainly caused by the spouse's debt situation. Thrill-seekers only represent a small sample of the total respondents, but they still show a very high level of stress compared to hoarders, achievers and entrepreneurs, which can be the result of their reckless spending habits.

Secondary objective five was reached by determining the extent of communication between spouses by way of asking them specific questions on their levels of stress caused by financial matters, the regularity of arguments and disagreements regarding their finances, and the extent to which spouses discuss their finances with one another.

7.3.6 Findings on secondary objective six

The aim of secondary objective six was to investigate the differences between couples' attitudes and behaviours with regard to their personal finances.

- Of the total respondents, 20% show negative behaviour towards their personal finances. The level of behaviour towards the matter of consulting a financial advisor regarding financial matters shows that 59,3% of respondents feel extremely negative about this matter. Literature confirms this finding; household finance is not an everyday discussion topic which is also seen as a taboo subject by some households and consulting someone outside the household regarding one's finances makes individuals even more negative towards the topic.

- Individuals between the ages of 31 and 34 feel very negative about the management of their own expenses. The negative behaviour of couples towards the management of their own expenses seems to increase the longer they are married. Part-time employees find it difficult to manage their own expenses as a result of no permanent income. Literature showed that spouses sometimes regard the management of household finances as a burden.

- In the earlier stages of a marriage couples tend to lay less money aside for savings. Individuals with only Grade 12 lay the least amount of money aside for retirement. Individuals between the ages of 31 and 40 tend to spend more than they have. These results could be explained by the fact that after school and university individuals enter the workforce for the first time, and later on when they get married and have children, this prevents them from laying savings aside for retirement in the early stages of a marriage. The literature revealed that only one in every ten individuals has enough money to live on when they reach their retirement age.

- Individuals with a degree or other qualifications other than a diploma or postgraduate degree seem to be less likely to have a financial goal for the future.

Individuals with a lower level of education are less likely to see themselves as savers and will usually exceed the limit on their credit cards more often than other groups

- There is no significant difference in the level of behaviour of men compared to women as far as their personal finances are concerned.

- Sixteen per cent of all respondents show an average negative attitude towards their personal finances. Of the total respondents, 36,7% are dissatisfied with their present financial situation. There is no real significance for the different demographic factors with regard to the level of attitude toward personal finances. The literature indicated that an individual's attitude toward his/her finances can predict their present behaviour.

Secondary objective six was reached by determining couples' attitudes and behaviours regarding their personal finances by asking them to rate their attitudes and behaviours towards certain statements regarding their finances. The results then showed whether they had a positive or a negative attitude and behaviour towards their finances.

7.3.7 Findings on secondary objective seven

This objective sought to determine the difference between how husbands perceive their own personal financial management practices compared to how the wife perceives her husband's personal financial management practices and *vice versa.*

- Each spouse view their own management practices higher compared to how their partner rates them. Overall, husbands and wives have more confidence in the personal financial management practices of the husband compared to the wife's management practices. For both genders, husbands scored the highest rating with regards to their personal financial management practices.

- Husbands and wives both think they can best distinguish when something is needed and wanted. This statement is only significant for the wife's personal financial management practices. Husbands show a much lower perception towards the fact that wives can distinguish when something is needed and wanted. Both husbands and wives feel less confident in knowing exactly how much they spend and save each month. This statement does not show any statistical significance between the spouses' views regarding their own and their partner's financial management practices.

- These findings can also be compared with the literature in Chapter 4. The literature showed that husbands and wives overestimate their own earnings and underestimate their partner's earnings. These findings match the spouses' rating of each other's personal financial management practices.

Secondary objective seven, namely: the perceptions of husbands about their own personal financial management practices and those of their spouses and *vice versa*, were determined by asking the couples specific questions regarding the management, knowledge and responsibility of their finances, as well as those of their spouses.

7.4 OTHER FINDINGS

Four types of money personalities were evaluated among the respondents by means of the completed questionnaires, namely hoarders, achievers, thrill-seekers and entrepreneurs. Of the total 150 respondents, 135 showed one dominating money personality whereas the rest showed more than one dominating money personality. Of the 135 individuals, 73,3% were found to be hoarders, 17,8% achievers, 5,2% thrill-seekers and 3,7% entrepreneurs. Due to the low level of representation of those individuals who were found to be thrill-seekers and entrepreneurs, no really valid conclusion could be drawn on their stress levels. The respondents were given statements on their financial situation and they had to indicate the level of stress that was caused by each situation.

Two situations were found to be statistically significant; namely, the individual's own debt situation and the matter of who earns more money between the two spouses. Thrill-seekers showed an extremely high stress level about their own debt situation, which also causes stress in the marriage. These results correspond with the literature discussed in Chapter 4 on money personalities, which showed that thrill-seekers are reckless spenders that will run up huge amounts of debt just to have an instant enjoyment of shopping. Thrill-seekers also showed the highest level of stress about the matter of who earns more money within the marriage. Of the other three money personality types, achievers showed the second highest level of stress about their financial situations, which also corresponds with the literature that characterizes achievers as enormous spenders that prefer only luxury goods and a comfortable lifestyle. Hoarders showed the third highest level of stress, while entrepreneurs showed the lowest level of stress among all four money personality types.

7.5 MANAGERIAL IMPLICATIONS

Another aim of the study was to contribute to the overall management of personal finances and to provide guidelines for effective personal financial management within a marriage. Very little South African research was found on the personal financial management practices of young married couples. This study therefore contributes to the existing literature on the personal financial management practices of young married couples and related literature in this field of study. The findings of the study also contribute to the financial management in the business sector. Individuals experiencing financial problems can end up with large amounts of debt, which in turn can lead to stress, bankruptcy and divorce. These factors can influence employee performance and productivity at the workplace. Thus, it is crucial for the employer to improve and maintain the financial management skills of employees to create a healthy and productive environment at the workplace.

7.6 LIMITATIONS OF THE STUDY

This section highlights the problems that were encountered when performing the study.

Firstly, it was difficult to identify couples in Bloemfontein that are married and also fall in the required age category. At first it was decided to enquire at churches as it is the one place where the majority of couples get married and their names and contact details would appear in the church's data bases. Most churches wanted to stay anonymous. Once the couples were phoned, it was discovered that most of them were not interested in completing the questionnaire as they have developed a negative attitude towards people phoning them with regard to the selling of one or other product. As a result of this, the couples refused to even consider completing the questionnaire.

A large number of questionnaires were also e-mailed to couples and distributed at kindergartens, but this made it more difficult as couples just ignored the request. The snowball effect was eventually used by distributing questionnaires to married couples that was known by friends and they then again distributed it to their married couple friends. Overall, the husbands were less likely to complete the questionnaire compared to the wives. The researcher experienced extreme negativity regarding the questionnaire, especially on the side of the males contacted. Other reasons for not being willing to complete the questionnaires was privacy and that communicating their financial management practices was considered taboo.

There is also a limitation on the use of the target population in Bloemfontein, as the population was not a representative sample of the whole South African population. The majority of the population was also white married couples, while only a small sample of other races was obtained. There is definitely a need to conduct this study throughout South Africa and even abroad. The geographical region can play a considerable role due to generalised uniqueness. Married couples in other parts of South Africa could have different views and information.

7.7 RECOMMENDATIONS

Recommendations with regard to this study are as follows:

- Strict credit policies must be maintained by the government, financial institutions and workplaces to prevent the over-indebtedness of individuals.
- Personal financial knowledge is of extreme importance in order to make the best possible personal financial management decisions. Couples need to educate themselves on the critical components of the effective management of personal

finances to prevent financial problems, which can cause divorce, bankruptcy and a decline in employee performance and productivity at the workplace.

- Married couples must acknowledge and understand one another's money management personality in order to overcome conflict and differences that may occur with regard to their personal finances.
- A more strict retirement savings policy and awareness must be instigated by the government to prevent inadequate savings at retirement age.

7.8 CONCLUSION

The aim of this study was to obtain an indication of the personal financial management practices of young married couples. It was found that there is a lack of financial knowledge and communication among couples on the management of their personal finances. The majority of the couples have an overall positive behaviour and attitude towards their personal finances and they have a good perception of their own personal financial management practices.

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APPENDIX A

PERSONAL FINANCIAL MANAGEMENT QUESTIONNAIRE

Couple Nr:

Please answer the following questions. The questionnaire will be regarded as anonymous. Please answer all the questions.

SECTION A
Demographics:

1. Gender	MALE	FEMALE	**2. Age:**	

3. For how long have you been married?	Less than 3 years	
	3 years and longer, but less than 6 years	
	6 years and longer, but less than 9 years	
	9 years and longer	

4. Working conditions	PART-TIME	FULL-TIME	UNEMPLOYED

5. Race:	WHITE	BLACK	COLOURED	INDIAN	OTHER

6. What is the highest level of education that you have completed:	
Grade 12	
Diploma	
Degree	
Post graduate degree	
Other (Specify)	

SECTION B
Money Management:

7. For each statement, choose the answer that strikes you first as being closest to your tendencies, without thinking about it too much. There is no right answer, just be as honest as you can.

Most of my money is…		**If I won 10 million rand I would…**	
A	Owed to the bank due to maxed out credit cards	**A**	Throw a party… On a cruise ship, for everyone I know
B	In the bank	**B**	Put it in the bank and phone my adviser
C	Tied up in shares or property investments	**C**	Use it to set up that business on the side I have been dreaming of
D	Dedicated to my new car or home renovations	**D**	Buy a better house and car

My philosophy on money is…		**My favourite way to spend spare time is…**	
A	It doesn't come easily, so be careful with it	A	Shopping till I drop
B	You can't take it with you when you die so you may as well live to the max	B	Something that is fun, but free
C	You need to surround yourself with things you love	C	Working on my house
D	It comes and goes, and that's just the way it is…	D	Dreaming up a new business venture

What I am most concerned about is that…	
A	I earn plenty, but don't have any savings to show for it
B	I have all my money tied up in savings, but it's not really growing
C	I don't mind taking risks with my money, but it does upset my loved ones
D	I probably shouldn't shop so much, but I can't help myself

Other people consider me to be…	
A	A big spender
B	Careful with my money
C	Well-off, because of my lifestyle
D	A successful investor

When I spend my money, I buy…	
A	Mostly on impulse
B	Only after I have shopped around for the best price
C	Only what I need, because I would rather invest it
D	Quality things that will last, even if they cost a bit more

My view on retirement savings is…	
A	I save money each payday for my retirement
B	I'll get around to when I've paid off my mortgage
C	I'm investing mostly in property and businesses for my retirement
D	I don't need to save because someone else or the Government will take care of me

When it comes to managing money…	
A	I'm hopelessly out of control
B	I keep track of what I've got and how much I've spent
C	I have a good income, but I don't know where my money goes
D	I take big risks, but they usually pay off

A friend wants you to invest R150 000 in an exciting new business venture. You say…	
A	Yes, even if you have to borrow the money
B	Yes, but only if you can afford it
C	No, because it's too risky
D	No, because if you had R150 000 you'd rather spend it

When it come to buying a house to live in…	
A	I can't save enough to buy the one I'd like
B	I'd buy what I can easily afford
C	I'd buy the house I like, even if it means it's a struggle to pay the mortgage
D	I'd buy an average house to live in so that I can buy one or more investment properties as well

When it comes to credit cards…	
A	I either don't have one or have one but I pay it off in full each month
B	All my cards are maxed out
C	I still have credit available and I pay off as much as I can each month
D	I would borrow money on one for a good investment opportunity

8. Indicate yes or no.	Yes	No
Do you and your partner have a shared household bank account?		
Do you have your own personal bank account?		
9. Do you have any of the following debt sources? Indicate yes or no.		
	Yes	No
Credit card		
Personal bank loan		
Micro lender (loan shark)		
Clothing account		
Home loan		
Vehicle finance		
Furniture account		
Study debt		

10. Who makes decisions regarding the following:			
	Husband	Wife	Together
Buying groceries.			
Purchase and repair of vehicles.			
Making investments			
Financial matters regarding the children			
The bank we use (e.g. ABSA, Standard bank)			
Retirement plans			
Financial matters regarding the house.			

11. Please indicate how often you and your partner argue on the following matters by indicating one of the numbers from 1 to 5, where 1=never, 3=sometimes and 5=always.					
	1	**2**	**3**	**4**	**5**
How the money is spent					
Paying the bills					
How much money should be saved					
Your debt situation					

12. Please indicate if the following statements apply to you, by indicating one of the numbers from 1 to 5, where 1=never, 3=sometimes and 5=always.					
	1	**2**	**3**	**4**	**5**
I manage my own expenses.					
I anticipate and plan for my partner’s expenses.					
I talk about personal financial matters with my partner.					
I am open with my partner regarding all my personal finances.					
I set money aside for savings.					
I set money aside for retirement.					
I have a monthly budget for the household.					
I consult a financial advisor regarding financial matters.					
I have a financial goal for the future.					

13. The following statements relates to your attitude, behaviour and spending patterns regarding your finances. For each statement, please indicate your current impression by indicating one of the numbers from 1 to 5, where 1 = strongly disagree and 5 = strongly agree.					
	1	**2**	**3**	**4**	**5**
I try to avoid debt as far as possible.					
I always exceed the maximum limit on my credit card.					
Paying credit cards in full to avoid financial charges is not so important.					
I will rather obtain debt to live comfortable than to live on the breadline each month.					
I know exactly how much money I spend on paying off debt each month.					
I am satisfied with my present financial situation.					
My monthly income is sufficient to meet my monthly living expenses.					
I spend more than I have.					
I agree easily with my partner on financial matters in the household.					
I am a saver.					
I am a spender.					

14. Please indicate the level of stress the following matters cause between you and your partner by indicating one of the numbers from 1 to 5, where 1=very low and 5= very high.					
	1	2	3	4	5
Your partner’s spending patterns					
Your own debt situation					
Your partner’s debt situation					
Deciding who pay the bills every month					
Who earns more money between you two					

15. For each statement, please indicate how you feel about the following statements, where 1 = strongly disagree and 5 = strongly agree.					
	1	2	3	4	5
I have adequate knowledge to manage my own personal finances					
I have control over my personal finances					
I know exactly how much money I spend and save each month					
I can distinguish between when something is needed and wanted					
I am responsible with my money					

16. For each statement, please indicate how you feel about the following statements, where 1 = strongly disagree and 5 = strongly agree.					
	1	2	3	4	5
My partner has adequate knowledge to manage his/her own personal finances					
My partner has control over his/her personal finances					
My partner knows exactly how much money he/she spend and save each month					
My partner can distinguish between when something is needed and wanted					
My partner is responsible with his/her money					