

Investigating the attitudes of young employed graduates towards debt management

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DECLARATION

I hereby declare that:

INVESTIGATING THE ATTITUDES OF YOUNG EMPLOYED GRADUATES TOWARDS DEBT MANAGEMENT is my own work and that i have not submitted this dissertation previously for any degree at any other university. All sources used in this dissertation have been completely cited and acknowledged through references.

J Sibanda

February 2021

Mafikeng

DEDICATION

I would like to dedicate this dissertation to God almighty and to myself for persevering through this journey.

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With the submission of my dissertation, I would like to acknowledge and show gratitude for the guidance, support and encouragement of the following individuals:

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Do not be anxious about anything, but in every situation, by prayer and petition, with thanksgiving, present your requests to God. And the peace of God, which transcends all understanding, will guard your hearts and your minds in Christ Jesus. – Philippians 4:6-7

LIST OF ACRONYMS

BASA	Banking Association South Africa
DHET	Department of Higher Education and Training
NCR	National Credit Regulator
SA	South Africa
SAS	Statistical Analysis System
SPSS	Statistical Package for the Social Sciences
UK	United Kingdom
USA	United States of America
Stats SA	Statistics South Africa
FET	Further Education and Training
SARB	South African Reserve Bank

ABSTRACT

The purpose of this study was to investigate the attitudes of young employed graduates towards debt management. Literature has observed that young graduates in emerging economies are highly indebted and thus consequently prolong or increase the time they need to accumulate wealth. Young graduates are perceived to have a potential to earn high income and have access to excessive debt while socially pressured to live a life of high social status, which may lead to taking on debt to finance their current lifestyle. This study therefore establishes the causes of high incidence of debt among employed young graduates in the Gauteng Province, South Africa. This study adopted a mixed method approach using a sequential explanatory design where the quantitative phase was firstly conducted through a Likert scale questionnaire that was distributed to 150 young graduates employed and residing in Gauteng Province. This was followed by the qualitative phase where interviews were conducted with 15 young graduates from the quantitative phase. Quantitative data was statistically analysed using the Statistical Package for Social Science (SPSS) and Statistical Analysis System (SAS), while qualitative data was analysed through open coding with the aid of ATLAS.ti, findings were interpreted and discussed. The main findings indicate that young graduates are raised in a credit-led environment where they have easy access to debt, and they possess little or no financial literacy, which leads to the increase in the use of debt when they start employment. The study recommends the introduction of financial education at an early stage in the education system to ensure that young graduates are prepared when they enter the labour market and for it to be of benefit to them in making debt decisions. The study further recommends the review of policy on the issuing of debt by financial institutions.

Keywords: Attitudes to debt, young graduates, South Africa, financial literacy, debts, access to debt, personal financial management, debt management

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CHAPTER ONE

ORIENTATION OF THE STUDY

1.1 INTRODUCTION

The purpose of this study is to investigate the attitudes of young employed graduates towards debt management. This is as a result of the significant increase in the use of debt by young adults, particularly amongst young graduates. According to Bank Association of South Africa (BASA) (2017), 53% of consumers in South Africa who take out debt are between the ages of 31 to 45 years. Alam, Rahim, Haq and Khan (2014) stated that young adults have adapted a new culture of indebtedness, accepting overspending and excess buying, which creates an environment that changes one's behaviour, attitudes and personal norms. This is especially so for the new entrants into the market (teenagers 18 years and older young adults) due to the fight for the market share among retailers and the competition from cash stores (Alam *et al.*, 2014). These trends have led to attitude towards debt becoming increasingly tolerant as debt becomes more socially acceptable. This may particularly apply to young graduates as they are perceived to have high earning potential and are targeted by financial institutions as they considered to be a lucrative market.

Debt accumulated at an early stage in life may be hard to manage over time, leading to negative long-term financial implications. Young adults are a group like no other as they are at a crucial stage of their lives and the decisions, they make in the early stages of their career may affect the rest of their lives (Beale & Cude, 2017). The acquisition of exorbitant debt at a young age causes challenges later in life as it can hinder the ability to accumulate wealth and manage debt (Lusardi, Mitchell & Curto, 2010). Furthermore, high amounts of debt is detrimental to young adults' financial well-being (Vosloo, Fouché & Barnard, 2014). This reveals that young adults' ability to accumulate wealth has decreased over the years due to increased financial obligations from the accumulation of debt as income may be used to pay off debts leaving less or no disposable income to save and acquire assets. In addition, most households headed by young adults who have outstanding debt and high amounts of debt are less likely to report complete psychological well-being (Brown, Grigsby, Van Der Klaauw, Wen & Zafar, 2016). This infers that the accumulation of debt does not only affect the financial well-being but also affects their psychological well-being.

This is more so for young graduates as they tend to accumulate debt upon obtaining employment without understanding the financial management practices on how to control the debt. The increase in the use of debt has caused great concern such that young adults are at risk of starting their careers burdened by huge amounts of debt that cannot be repaid (Houle, 2014). However, little is known about the debt behaviour of young graduates, this study therefore aims to explore the attitudes of employed young graduates towards debt management.

This research commences with a brief discussion of the study's background, followed by a brief outline of the research problem, research questions and research objectives, and a brief discussion of the research methodology used for the study.

1.2 BACKGROUND TO STUDY

The use of debt among young adults in general is an important issue and there is some indication that young adults may be the highest users of debt (Beale & Cude, 2017; Norvilitis & Mao, 2013). Young adults in emerging economies such as Brazil, India and China are heavily indebted (Norvilitis & Mendes-Da-Silva, 2013). Emerging economies are faced with economic recession and inflation, which has increased the cost of living, this results in individuals taking debt as a source of finance (Perri & Neumeyer, 2004). Moreover, this means that the cost of living and pressures to live luxurious thereby accelerating the use of debt.

South Africa is a developing country; however, its people live as though they are in a rich country, doing so primarily by means of debt (South African Reserve Bank [SARB], 2020). Household debt increased at a faster pace in the fourth quarter of 2020, with the ratio of debt to disposable income increasing slightly to 75.3%, from 74.9% in the third quarter while .which implies that debt is a significant problem as individuals spend more than 70% of their disposal income on paying debt (SARB, 2020). The debt-to-disposal income ratio has fallen in the last decade from 88.8% in the first quarter of 2008 (SARB, 2020), however households are still considered to be high in debt as the debt-to-disposable income ratio exceeds the average benchmark of 40% (Xiao & Yao, 2011). It is evident that consumers in South Africa like any other emerging economies are challenged with the high use of debt. According to BASA (2017), 53% of consumers who take out debt are between the ages of 31 to 45 years. This insinuates that South Africa is faced with

significant increase in the use of debt amongst young adults. It is concerning since the youth in South Africa make up more than half of the population (Statistics South Africa (Stats SA , 2017).

The increase in the use of debt in emerging economies has led to young adults' adaption of a new culture of indebtedness, accepting overspending and excess buying, which creates an environment that changes one's behaviour, attitudes and personal norms without understanding how they can effectively control their debts (Alam *et al.*, 2014). Houle (2014) points out that entering the adulthood phase and starting a career is the initial stage where debt is introduced to young people. This is a vital stage where young adults start earning an income, acquiring assets and making significant financial decisions such as completing their education, purchasing a home, and getting married, most of which lead them to acquire debt (Houle, 2014). This is supported by Riach, McDonald and Grant-Smith (2017) who state that obtaining an ATM card and store cards when starting to receive income are an entry point for young consumers into the world of finance and access to debt. This implies that young adults are faced with financial decisions as they embark on their adulthood, which is a fundamental stage characterised by important life-changing decisions such as starting a career, establishing financial management practices for the first time, starting a family of their own, purchasing a home, and saving for the future. It is also at this stage that young adults are introduced to debt, which will likely lead to the acquisition of debt as they have not reached their earning potential. Koloba (2018) also asserts that debt diminishes the savings behaviour amongst young graduates leading to lack of future investments. This trend may have a negative effect on the savings habits of young graduates consequently increasing the likelihood of taking on more debt in future as they don't have any savings to finance emergencies, leaving debt as their only alternative to finance the shortfall.

It is evident that the use of debt has increased drastically among university students, this behaviour may also continue after the students have graduated and started employment (Norvilitis & Mao, 2013; Nissen, Hayward & McManus, 2019). McDonald and Grant-Smith (2016) agree that less attention has been given to how the financial behaviours of young people changes through different life stages and how past experiences influence their current decision-making. It is important to note that young graduates are at a critical stage of their lives where they are embarking on adulthood accompanied by financial independence, parenthood, marriage, and building financial

stability (Beale & Cude, 2017). Therefore, it is necessary to investigate their attitudes towards debt as they start employment and establish their financial management practices. This study aims to discover this dimension.

Studies such as Adzis, Bakar and Shahar (2017), Agnew and Harrison (2015) and Norvilitis and Mao (2013) have addressed attitudes towards debt in psychology, sociology, and economics but rarely in financial management or accounting. Debt is both a psychological and economic behaviour; therefore, it is important to not only look at the psychological effects but financial implications of debt as well. Furthermore, these studies have addressed student debt, young adults, and credit card borrowing, which may not be generalisable to other types of consumers or debt. It is therefore important to explore how the attitudes of students who are now graduates and embarking on adulthood change when they start employment. Three important questions are therefore posed in this study; firstly, determine whether young graduates are accumulating too much debt; secondly, what are their attitudes towards debt (are they more likely to take on more debt in future); and lastly, what factors influence their attitudes towards debt. This study extends the existing studies by focusing on the financial aspect of debt and extending the scope to employed young graduates within the age of 18 to 35.

1.3 PROBLEM STATEMENT

Obtaining an educational qualification has always been considered an investment for future economic status (Dwyer, McCloud & Hodson, 2012), this has led to young graduates becoming a high focus area for marketers while debt has becoming increasingly available (Koloba, 2018). Due to the strong competition, retailers have introduced credit store cards with incentives to attract new customers; however, there is a lack of sufficient screening for eligibility of credit applicants leading to high use of debt (Koloba, 2018). This could be interpreted as suggesting that the young graduates are perceived to have high earning potential which leading to most financial institutions targeting them with incentives of debt as they are new entrants to the market and are considered to be a very lucrative market. This assertion is supported by Pérez-Roa and Ayala (2020) who states that the significant growth is mostly apparent among young graduates.

The use of debt is driven by high demand of consumption and purchasing of assets such as houses and cars (Koloba, 2018). Young adults at the early stages of their career and have not yet achieved significant financial milestones such as the acquisition of assets, getting married and investments which often leads to the high demands which cannot be met by current income thereby placing reliance on debt (Pérez-Roa & Ayala (2020). Beale and Cude (2017) supports this view that young adults are at the distinctive stage of their lives and faced with decisions about acquiring and managing debt. This suggests that high demand can be the leading factor to accumulate debt, since young graduates are entering adulthood with high financial demands of buying houses, it is most likely that they will be the highest users of debt who might end up being over-indebted. This leads us to believe that young graduates may have a more lenient attitude towards debt which means they are willing to accept debt as part of their daily life.

Credit products have become increasingly available and credit cards have replaced cash as a form of payment, however most of those who hold debt lack the knowledge to manage it (Koloba, 2018). Berger and Houle (2019) reports that a majority of those who have debt, spend a great amount of their income pay debts every month. Furthermore, the total amount of debt accumulated has risen to an exorbitant amount which is an indication of over-indebtedness (Berger & Houle 2019; Houle & Berger, 2015). It can therefore be argued that we are educating an over-indebted generation which ruins future job opportunities due to negative credit profile such as blacklisting. The accumulation of debt also creates poverty as it delays the accumulation of wealth due to lack of financial well-being. In addition, it is at this stage that young graduates are establishing their financial management practices which they might adopt for the rest of their lives.

It is clear that the accumulation of debt at a young age is detrimental to the livelihood of young graduates and the economy as a whole. This causes a major concern as young graduates are the future of South Africa as they are crucial for economic growth and development through investments, housing market and job opportunities (Berger & Houle 2019; Houle & Berger, 2015). It is evident that debt is a problem faced by young adults in South Africa and there might be an indication that young graduates might be the highest users of debt, however little research has been conducted on the debt behaviours of young graduates. This is surprising for young graduates as they are considered a very lucrative market and are perceived to have future strong earnings. The

study therefore aims to investigate the attitudes of employed young graduates towards debt while establishing financial management practices.

1.4 RESEARCH QUESTIONS

The following section highlights the research questions that will be answered in the study.

1.4.1 Main research question

What are the attitudes of young employed graduates towards debt management?

1.4.2 Sub-research questions

1. What are the spending and debt behaviours of employed young graduates?
2. What is the extent, level and nature of debt among employed young graduates?
3. What factors influence employed young graduates to accumulate debt?
4. In what way(s) can debt affect the well-being of young graduates?
5. How can young graduates control their attitudes towards debts and the level of indebtedness?

1.5 OBJECTIVES OF THE STUDY

The following theoretical and empirical objectives are formulated for this study:

1. To determine the spending and debt behaviour of employed young graduates.
2. To determine the extent, level and nature of debt among employed young graduates.
3. To identify factors that influence employed young graduates to accumulate debt.
4. To investigate the effects of debt on the well-being of employed young graduates.
5. To determine strategies to control attitudes towards debts and level of indebtedness of employed young graduates.

1.6 SIGNIFICANCE OF THE STUDY

The aim for undertaking this study is to investigate the attitudes of employed young graduates towards debt while establishing financial management practices. This is important as acquiring debt at a young age may have dire consequences in the personal and financial well-being of young graduates. The study will focus on determining the attitudes of young graduates towards debt, this

will assist in determining their tolerance to debt. Almenberg, Lusardi, Säre-Söderbergh and Vestman (2020) indicated that attitudes to debt have significant influence on the tolerance of debt. This study will inform policymakers such as the government and financial institutions to understand how young graduates perceive debt and what their attitudes are towards debt. Consequently, the factors that influence the attitudes towards debt will need to be investigated as this will assist in providing recommendations on ways to reduce the use of debt.

Factors such as financial literacy (Brown *et al.*, 2016) and easy access to debt (Nga, 2007) have been identified in emerging economies as major causes to the accumulation of debt. However, these factors may not necessarily be applicable to South Africa. Hence this study will assist in verifying whether these factors apply to young graduates in South Africa and determining any additional factors. Most young graduates have indicated that they lack basic financial literacy (Harrison & Agnew, 2016) and complain of receiving inadequate information from financial institutions when applying for financial products (Atkinson & Kempson, 2004).

This study will therefore inform policymakers such as the National Credit Regulator (NCR) and universities to draw measures or policies that will address the lack of financial literacy among young adults. Isomidinova, Singh and Singh (2017) further suggest that understanding the detriments to financial literacy assists a country in creating financial programmes that help an individual to make deliberate financial decisions. Furthermore, financial institutions play a major role in the accumulation of debt as they are responsible for issuing debt. The National Credit Act 34 of 2004 regulates the issuing of debt however the act is not fully enforceable, leaving consumers vulnerable to reckless lending by financial institutions (Nga, 2007). This study assists policymakers to update policies such as the NCR to better regulate the issuing of debt in order to reduce consumer debt in South Africa.

1.7 THEORETICAL FRAMEWORK

The underlying theory of this study is that there is a *link between attitudes to debt and debt*. Studies such as Beale and Cude (2017), Agnew and Harrison (2015) and Norvilitis and Mao (2013) state that the increase in debt has been attributed to the change in attitude towards debt. This leads us to believe that there is a relationship between attitudes to debt and level of indebtedness. For example,

if a consumer is impulsive in their spending and they borrow money to purchase non-essential things such as gifts or entertainment, this could lead the consumer to acquiring an excessive amount of debt. This theory depicts how one's attitude towards spending and debt can influence the amount of debt that a person accumulates. This theory is also evidenced in the study by Alam *et al.*, (2014) who found that non-debtors had more money facilities such as savings than debtors and had better money management skills. Therefore, the theory forms a basis to determine the attitudes towards spending and debt in order to determine the debt behaviour of young graduates as further reviewed in Chapter 2.

1.8 RESEARCH APPROACH, DESIGN AND METHODOLOGY

This study adopted a mixed method approach as it assisted in obtaining both quantitative and qualitative evidence on the attitudes of young graduates towards debt. An explanatory sequential design was used. The sequential explanatory design takes place in two-phases, data is collected and analysed using the quantitative method in the first phase of the study and thereafter followed by detailed findings using the qualitative data as the second phase (Saunders & Lewis, 2012). This means that the quantitative method was used in the first phase of collecting data. A four-point Likert scale questionnaire was used to measure attitudes towards debt, factors that influence the attitudes towards debt, and the financial well-being of young graduates. This was followed by a qualitative method that uses interviews to obtain data to further explain the quantitative findings or obtain information that could not be obtained using the questionnaire. Details regarding the population size, sampling and data collection tools, and data analysis for both the quantitative and qualitative phase of the study are further explained in Chapter 3.

1.9 DEFINITION OF TERMS

The following concepts were deemed appropriate for this study:

- **Compulsive buying:** “chronic, repetitive purchasing that becomes a primary response to negative events or feelings” (O’Guinn & Faber, 1989).
- **Emerging economies:** low-income with rapid economic growth achieved through economic liberalisation (Hoskisson & Eden, 2000).

- **Materialism:** the centrality of possession and acquisition in consumers' lives (Richins & Dawson, 1992).
- **Financial literacy:** how well an individual can understand financial information, apply personal financial skill, and use financial information to manage his or her personal finances through both short-term decision-making and long-term financial planning (Agnew & Harrison, 2015).
- **Young graduates:** today's young adults, also referred to as Generation Y or Millennials, were born between the early 1980s and 2000. Millennials fell in the 15 to 35 age group in 2015 (Duh, 2016). This study focuses on graduates; therefore, young graduates between 18 to 35 years were appropriate for the study.
- **Debt:** "money borrowed by one party from another entity to serve a need that otherwise cannot be met outright" (Corporate finance institute, 2020). Debt as used in this study refers to the money borrowed by employed young graduates.
- **Attitudes:** "summary evaluations of people, groups, ideas, and other objects, reflecting whether individuals like or dislike them. One of the key aspects of attitudes is their cognitive, affective, and behavioural content. That is, an individual may associate an attitude object with cognitions or beliefs, emotional reactions, and intentions or past actions" (Wolf, Haddock & Maio, 2020).

1.10 PROJECT PLAN

This study comprised of the following chapters:

Chapter 1: Orientation of the study: Serves as an introductory part of this study. It highlights the purpose of the study, brief introduction of the problem statement, rationale, the study procedure followed, the concluding statement, and the ethical considerations thereof.

Chapter 2: Literature review: Consists of the review of literature from previous studies on the trends of debt amongst young graduates, changes in attitude to debt from one decade to another, and the factors contributing to the change in attitude to debt. It further elaborates on the short- and long-term consequences on the individual and the economy as whole. This section also highlights the recommendations on debt management.

Chapter 3: Research design and methodology: Outlines the research plan to be executed in this study. It further elaborates on the techniques that were followed to collect data.

Chapter 4: Presentation, interpretation and discussion of findings: Presents the analysis and interpretation of the quantitative and qualitative data collected on the use of debt among young graduates and the attitude to future debt thereof. The first phase included the presentation and discussions of the quantitative finding, while the second phase further presented and discussed a more detailed finding on a follow-up made on the quantitative data through the qualitative data collected.

Chapter 5: Summary, conclusions and recommendations: A summary of the study and the findings made from the study are presented in this chapter. Recommendations based on the findings was made and a conclusion on the study was also drawn.

1.11 SUMMARY OF CHAPTER

This chapter presented the background of the study, which specific reference to the introduction, purpose, and aim of the study. The study aims to determine the attitudes of young graduates towards debt while establishing their financial management practices. In doing so, this chapter also identified the background and problem, the research questions and objectives were outlined to show what the study aims to achieve. The next section discussed the significance of the study, which pointed out that the aim for undertaking this study is to investigate the attitude of employed young graduates towards debt while establishing financial management practices. It was also noted that this is important because acquisition of debt at a young age affects the livelihood of young graduates.

A review on the theoretical framework on which this study was underpinned was also reviewed. This was followed by the research approach, design and methodology on which data was obtained, presented, and discussed in this study. The next chapter reviews literature relating to the research problem and objectives of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

In the previous chapter, the topic was introduced together with a background of the study. Research questions and objectives were also stated for the study. In this chapter, the literature for the study will be reviewed and discussed in more detail. The literature review helps to determine whether the topic is worth studying and provides insight into ways in which the researcher could enhance the scope of enquiry (Creswell & Creswell, 2017).

The review of related literature “illuminates the related literature to enable a reader to gain further insights from the study” (McMillan & Schumacher, 2006). The literature review also helps to show that the researcher understands the field of the study, its key theories, concepts and ideas (Denyer & Tranfield, 2009). This means that a discussion on what has been published and is relevant to the research topic needs to be demonstrated. Saunders and Lewis (2012) also state that a study cannot be done in isolation and must not reproduce what has already been done. Therefore, a research gap is identified during the literature review process, it exposes the researcher on “what has been done” and “what still needs to be done”. The following section will discuss the research gap that was identified.

2.2 RESEARCH GAP

Debt has become an interesting topic in the past decades. This is because there has been a significant increase in the use of debt among different users and as a result many researchers have sought to understand it. According to Dowling, Tim and Hoiles (2009); Nissen *et al.*, (2019) the financial management field has grown a significant interest in the consumer behaviour of young adults. Although debt has been addressed in different fields of research, namely psychology, sociology, and economics, it has rarely been researched in financial management or accounting. It is also important to note that debt is both a psychological as well as economic behaviour. As such, it is imperative to not only look at the psychological effects but financial implications of debt.

Previous researchers such as Adzis *et al.*, (2017), Abdullah, Fazli and Arif (2019), Almenberg *et al.*, (2020), Atkinson and Kempson (2004), Agnew and Harrison (2015), Bailey (2018), Beale and

Cude (2017), Godwin (1998), Davies and Lea (1995), Lusardi et al. 2010), Nissen *et al.*, (2019) Norvilitis *et al.*, (2006), Norvilitis and Mao (2013) ,Norvilitis and Mendes-Da-Silva (2013) and Pérez-Roa and Ayala (2020) , have sought to understand the financial behaviours of different users of debt, which include young adults and students however little or no research has been conducted on young graduates. It is therefore important to understand the financial behaviours of young people during different life stages to understand how their financial behaviours evolve through different phases of their lives. The study therefore explored the financial behaviour of students after they graduate and start employment. This is because young graduates have gone through the university educational system and most of them are in the initial stages of their careers where they are faced with financial decisions that could impact them in the future. The next section will look at the theoretical framework of the study to outline the underlying theory.

2.3 THEORETICAL FRAMEWORK

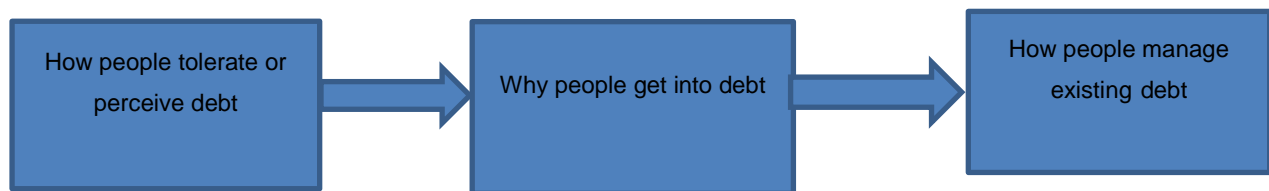
This section will discuss the theoretical framework that underpins this study. Varpio, Paradis, Uijtdehaage and Young (2020) define theoretical framework as “logically developed and connected set of concepts and premises developed from one or more theories that a researcher creates to scaffold a study”. To create a theoretical framework the researcher must define any concepts and theories that will provide the grounding of the research, unite them through logical connections, and relate these concepts to the study that is being carried out. Therefore, the underlying theory for this study is that there is a direct relationship between attitudes to debt and the acquisition of debt.

2.3.1 The relationship between attitudes to debt and debt

The underlying theory for this study is that there is a direct link between attitudes to debt and acquisition of debt. Studies such as Agnew and Harrison (2015), Abdullah *et al.*, (2019), Almenberg *et al.*, (2020), Beale and Cude (2017), Norvilitis *et al.*, (2006) and Norvilitis and Mao (2013) found that the increase in debt has been attributed to the change in attitudes towards debt. This is supported by Almenberg *et al.*, (2020) and Zuckerman (2000) who states that debt has changed the attitude of consumers all over the world where they are more tolerant to debt. This leads us to believe that there is a relationship between attitudes to debt and the level of indebtedness. In addition, Davies and Lea (1995) elaborated that consumers can be classified into

three types of groups with different types of attitudes to debt, namely non-debtors (consumers with no debt), mild debtors (consumers with late payments), and serious debtors (consumers listed for debt collection or blacklisted).

Attitudes to debt have changed drastically over the years to where debt is now accepted by consumers as part of modern society. Davies and Lea (1995) elaborate that the new culture accepts overspending and excess buying which creates a credit-led environment that alters one's attitude to debt. The change in attitude means consumers are more willing to use debt (Chien & Devaney, 2001). Davies and Lea (1995) further suggest that as consumers acquire more debt, their attitude towards debt becomes more tolerant of it. Consequently, society has created an environment in which debt has become socially acceptable resulting in consumers developing more a positive attitude to debt. This infers that as consumers accept debt in their lives, they develop greater tolerance towards debt leading to the accumulation of more debt in future. Mewse, Lea and Wrapson (2010) pointed out that there are three aspects from which attitudes to debt can be understood. The diagram below illustrates these three aspects:



(Adapted from Mewse et al., 2010)

Understanding these three aspects is imperative to ascertain and gather an in-depth knowledge of young graduate's debt behaviour. The relationship between attitudes to debt and debt discussed above elaborate on the first aspect, which is *how people may perceive/tolerate debt*. It was determined that attitudes to debt determine consumer's tolerance to debt and the amount of debt acquired. The second aspect focuses on *why people get into debt*, which relates to factors that influence attitudes to debt, this will be discussed in greater detail in the following section. The third aspect relates to *how people manage existing debt*, this section discusses the strategies identified by previous studies as ways to manage existing debt, which will be discussed in later sections in detail.

2.3.2 Factors influencing attitudes to debt

As discussed in section 2.3.1, there is a relationship between attitudes to debt and the amount of debt acquired. It is therefore crucial to determine the factors that influence attitudes to debt as this will assist to identify what leads to the increase in the use of debt. Abdullah *et al.*, (2019), Almenberg *et al.*, (2020), Norvilitis *et al.*, (2006) and Nga (2007) identified factors that influence attitudes to debt, which include however not limited to this list: financial literacy, lack in delay of gratification, low self-control, compulsive spending, easy access to debt, socio-economic issues, lack of financial preparedness at the university, and family background. These factors are discussed in greater detail in the sub-sections below:

2.3.2.1 Financial literacy

A number of studies in the fields of economics and consumer studies such as Abdullah *et al.*, (2019), Agnew and Harrison (2015), Brown *et al.*, (2016), Isomidinova and Singh (2017), Louw, Fouché and Oberholzer (2013), Lusardi and Mitchell (2008) and Lusardi *et al.*, (2010) have focused on the financial literacy levels and education needs of specific population groups such as young adults and students. Lusardi and Mitchell (2008) found that financial literacy is lacking among young adults aged 23 to 27 years. In addition, Nga (2007) determined that most consumers are not financially literate leaving them vulnerable to reckless lending by creditors. Moreover, young consumers complain of not receiving sufficient explanations and information upon taking on debt (Atkinson & Kempson, 2004). This indicates that financial literacy is an important skill in personal financial management however it is still lacking among young consumers, which leads to the inability to make sound financial decisions.

The need for financial literacy has grown significantly as young consumers are faced with complex financial decisions, the responsibility to ensure financial security for retirement and for any emergency such as unemployment, sickness, and disability (Isomidinova & Singh, 2017; Lusardi & Mitchell, 2008; Lusardi & Tufano, 2009; Rutherford & Fox, 2010; van Raaij, 2016). According to Brown and Caldwell (2013) possessing basic financial knowledge about credit risk, inflation rates, credit term, and cost of debt reduces the likelihood of taking on debt. Lusardi and Tufano (2009) also argue that people with low financial literacy are more likely to have problems with debt. Meanwhile, Almenberg *et al.*, (2020) and Lusardi *et al.*, (2010) found that young adults who

are from a financial literate background manage their finances better and accumulate more wealth than a person who lacks financial management skills. An example of a lack of financial literacy is taking a loan with an interest rate of 23% per annum while having savings or investments earning a return of 6% per annum. It is evident that financial literacy plays a vital role in the acquisition of debt and personal financial management as a whole. Young adults are raised in an economy where they need to plan and manage their own finances effectively to achieve financial goals and maintain a healthy financial well-being; however, the lack of financial literacy presents a challenge for most consumers. It can be deduced that that financial literacy has a significant impact on the use and accumulation of debt.

2.3.2.2 Easy access to debt

The debt crisis among young consumers has escalated, especially in emerging economies due to the easier access to credit facilities (Lange & Byrd, 1998). The South African government implemented the NCR under the National Credit Act 34 of 2005 (the Act) to ensure protection of customers against unfair credit terms and to also regulate the issuing of credit in a responsible manner (NCR, 2016). The NCR aims to increase access to credit, assisting consumers to make informed decisions, creating mechanisms to deal with debt, and promoting fair competitive markets (NCR, 2016). Although there are strict rules with regard to issuing of credit in terms of the NCR, the NCR is however not fully enforceable, leaving consumers vulnerable to reckless lending by creditors (Nga, 2007). Evidently, despite these government interventions and credit regulations to ensure that credit is issued in a responsible manner, the issue of reckless lending persists leaving consumers vulnerable to financial institutions.

According to Griffiths (2007), Lea (2021) and Vosloo *et al.*, (2014), financial institutions and credit providers play a major role in the increase of debt of young consumers as they entice them to borrow more in order to increase profits. Students have indicated that banks offer them easy access to credit cards and explained that they had been unaware of their eligibility to obtain debt but were offered by the bank thereby giving them the idea to obtain debt (O'Loughlin & Szmigin, 2006). This suggests that easy access to debt by financial institutions to increase profits has resulted in the increase in the use of debt and the issuing out of debt to debtors who may not afford to obtain debt.

2.3.2.3 Family background

In the view of Inseng and Teichert (2016), there is a significant correlation between financial planning, family structure, educational level, inflation rate, and income level. One in four young consumers in South Africa is raised in a disruptive single parent/income family structure characterised by stress, economic and emotional hardships (Inseng & Teichert, 2016). Norvilitis and Maclean (2010) add that how parents handle money and teach their children about money influences how the children will handle money when they grow up as adults. This explicates that most young consumers are also likely to experience difficulties with their financial behaviour as they come from a disruptive economic structure. Consequently, the hardships experienced in an early life have a significant influence later in life and influence how an individual deals with their finances including the accumulation of debt.

2.3.2.4 Compulsive buying

Compulsive spending and money attitudes are also contributing factors to the accumulation of debt (Abdullah *et al.*, 2019; Harnish, Bridges, Nataraajan, Gump & Carson, 2018; Ottaviani & Vandone, 2016; Norvilitis *et al.*, 2006; Phau & Woo, 2008). Furthermore, individuals who are obsessed with power and prestige have a greater consumption appetite, which results in negative financial behaviours such as compulsive spending (Norvilitis *et al.*, 2006). This infers that consumers who seek immediate pleasure from purchases and lack self-control might be willing to spend money they don't have to purchase items they had not planned to buy resulting in the accumulation of debt. This reveals that there is a relationship between compulsive buying and attitudes to debt.

2.3.2.5 Delay of gratification

The delay of gratification has been identified as another factor associated with attitudes to debt. Studies such as Norvilitis *et al.*, (2006), Norvilitis and Mao (2013) and Beale and Cude (2017) indicates that the inability to delay gratification leads to unplanned spending which may or cannot be financed with current income, leaving debt as alternative for source of finance. This implies that unplanned expenses or overspending is an indication of poor management of finances and when one is unable to manage their finances it is most likely that they will live beyond their means.

Consequently, their attitude to debt will change as they will turn to use debt as a means to finance the shortfall in their finances.

2.3.2.6 Socio-economic issues and materialism

Socio-economic issues such as family resources, anxiety, and prestige have an influence on the attitude of young consumers towards debt (Duh, 2016; Houle & Addo, 2019). Norvilitis and Mao (2013) also noted that high levels of debt are related to low confidence in one's money management skills, lower self-esteem, decreased financial well-being, and higher stress. While Beale and Cude (2017) also support that young consumers who are confident in their finances have a more positive attitude towards debt. Vosloo *et al.*, (2014) further affirms that people with low financial satisfaction are most likely to have high debt. This leads us to believe that people who are less comfortable or are frustrated with their financial situation are often led to rely on debt to make up for what they lack financially.

Furthermore, Norvilitis *et al.*, (2006) and Adzis *et al.*, (2017) point out that materialism also contributes to the accumulation of debt. Agnew and Harrison (2015) challenge the view that there is a relationship between social class and attitudes to debt. It may therefore be inferred that consumers who are materialistic or like material possessions are likely to accumulate debt to finance their lifestyle. Hence, only those who can control their finance and attitude to debts are able to cope with finance management whether they are materialistic or not. The next section further explores the factors that might specifically affect attitudes of young graduates towards debt.

2.3.3 Factors influencing attitudes of young graduates towards debt

Factors that influence attitudes have been discussed in much detail in the sub-sections above (2.3.2). These are factors affecting attitudes of all types of consumers including young graduates. In the following sub-sections, factors that specifically affect graduates will be discussed. These factors include lack of financial literacy from university, potential income, and life transitions.

2.3.3.1 Lack of financial preparedness from university

Financial education and financial training fail in South Africa, which results in tertiary institutions sending students into the world with a lack of preparedness for the financial challenges that await them (Louw *et al.*, 2013; Swart, 2005; Vosloo *et al.*, 2014). Chen and Volpe (1998) conducted a

survey among 924 college students to examine students' knowledge of personal finance, the results from this survey show that college students do not have adequate knowledge about personal finance and need to improve their knowledge thereof. The lack of financial literacy or inadequate knowledge or personal finance is due to inadequate education (Louw *et al.*, 2013; Swart, 2005). For this reason, the lack of financial education at tertiary institutions fails to equip future graduates who are preparing to enter the labour market with the required financial literacy skills.

The lack of financial literacy among students/graduates raises a number of important questions such as, “What is the exposure to financial practices of university students?”, “What knowledge do university students possess about financial literacy?”, and “Is the knowledge that university students have about financial literacy sufficient for their future?” It is therefore important to look at the process of attaining a degree and the university syllabus to ascertain whether students are equipped with skills to manage their finances when they start employment. For the purpose of this study, South African qualifications will be examined to determine the financial literacy training of university students.

There are currently 600 different degrees, diplomas and certificate programmes across South Africa's universities, while Technikons have about 400 diplomas and certificates programmes (Department of Higher Education and Training [DHET] Qualifications Structure Report 116, 2019). A qualifications structure for universities is closely linked to the standard or quality of programmes offered by these institutions. Standards of qualifications are determined by the following things:

- Admission requirements for the programmes
- The type of diploma offered
- The different levels of these programmes
- The requirements set for the content of the programmes
- The level of success to be attained by students

According to DHET Formal Degree, Diploma and Certificate Manual (2019), there are three types of different junior degrees at universities, namely:

- Undergraduate diploma or certificate

- General academic first bachelor's degree which takes a duration of 3 years
- Professional first bachelor's degree which has a duration of 4 years

In terms of the criteria for the design of a qualification structure for universities/criteria used for the development of qualification in universities in South Africa, qualifications should comply with the requirements of relevance and effectiveness, this means that programmes should be designed with the primary focus to meet the needs of the country and its people (DHET Formal Degree, Diploma and Certificate Manual, 2019). Certificates competencies/proficiency are issued, which specify that the person has demonstrated a specified level of competency/proficiency in the programme, which is determined based on class based experiences, tests, and examinations (DHET Formal Degree, Diploma and Certificate Manual, 2019).

Some qualifications may also require that a student completes practical/experiential time in order to obtain their qualification (DHET Formal Degree, Diploma and Certificate Manual, 2019). Methods used for the experiential time can afford the learner an opportunity of acquiring or applying previously acquired knowledge in a supervised situation (DHET Formal Degree, Diploma and Certificate Manual, 2019). Depending on which career the graduates would like to follow, they may go training articles or internship at the initial stage of their employment resulting in low incomes and yet significant financial obligations and high cost of living example of such qualification accounting, medical and law (DHET Formal Degree, Diploma and Certificate Manual, 2019).

Given the above information pertaining to the structure and requirements for one to obtain a higher education qualification, it was established that the qualification is designed to equip candidates with knowledge, skills and competencies for the subject matter. However, the qualification does not necessarily equip students with other life skills such as financial literacy, which they will require after completion of their studies. Currently, degrees do not include financial literacy for both business and non-business students, it is quite alarming that tertiary institutions still display no interest in presenting the subject of personal financial management since it is the most significant life skill (Swart, 2005). Louw *et al.*, (2013) concluded in their study on financial literacy of 412 students' third year (final year) students that were interviewed that there is a lack of financial literacy at South African universities. This means that the financial education of South

Africans, particularly learners and young people, has not yet been addressed by the educational system as a whole. Young people are not receiving structured and effective education and training in personal financial planning, which results in an uneducated society where people have little or no knowledge of their own money matters (Swart, 2005).

Since debt is increasingly accepted during students' time at university, there are indications that this normalisation of debt among students will continue beyond their university career (O'Loughlin & Szmgin, 2006). It is imperative for personal financial management to be included for all degrees as a compulsory subject (Swart, 2005). It is evident that there are no structured financial programmes or training at universities. Furthermore, the lack of financial knowledge at universities will affect students beyond their university life when they enter the labour market.

2.3.3.2 Potential income

A tertiary qualification is generally associated with a higher earning potential and higher social standing within the community (Bevan-Dye, Garnett & De Klerk, 2012). Enrolling for university is considered to be an investment with an expectation of better careers which offer a higher future income and financial well-being (Dwyer *et al.*, 2012; Henager & Mauldin, 2015). Hout (2012) and Baum, Ma and Payea (2013) observe that in 2012, a typical bachelor's degree recipient can expect to earn 60% more over his or her lifetime compared to a high school graduate. While the unemployment rate for college graduates was 4.0%, the unemployment rate for high school graduates was 8.3% (Baum *et al.*, 2013). In the hypothesis of saving, Modigliani (1986) also contributes that people in the early stages of their career may have more favourable attitudes towards spending and borrowing. This is because they are assuming future strong earnings (Chien & Devaney, 2001). Hence, after graduating and starting employment, young graduates may not have reached their earning potential yet however they might be willing to accept some debt. This is because young graduates believe that they have potential to earn more money in future and have job security because they possess a higher education qualification.

Additionally, since young graduates are perceived to have a high earning potential with future employment prospects, they may be targeted by most financial institutions with incentives to use debt as they are new entrants to the market and are considered to be a very lucrative market.

Griffiths (2007) states that financial institutions and credit providers play a major role in the increase of debt of young people as they entice them to borrow more money in order to increase profits. It can be extrapolated that going to university and obtaining a degree creates financial prospects in the future for graduates, however this negatively affects how young graduates make their financial decisions. Young graduates may accumulate debt and be willing to adjourn payments as they believe that they have sufficient time to pay off their financial obligation. This suggests that the assumption of high earning potential influences financial decisions and attitudes to debt of graduates when they start employment.

2.3.3.3 Lifestyle changes and life stages transitions

Young graduates are at the distinctive stage of their lives and faced with decisions about acquiring and managing debt (Beale & Cude, 2017). In their studies, Drentea (2000) and Atkinson and Kempson (2004) found that the early adult years of the life cycle are a challenging time in which most men and women have many family responsibilities and transitions. Dowling *et al.*, (2009) and Pérez-Roa and Ayala (2020) also ascertained that young adults are beginning to make more complex financial decisions and are in the process of establishing financial management practices. This is characterised by major adult costs that begin to mount between the ages of 25 and 34 years which include housing, childcare, and healthcare (Zainol, Daud, Khairul Nizam, Rashid & Alias, 2016). This indicates that living expenses increase when young adults enter adulthood, it is also at this stage that young graduates are establishing their personal financial management behaviour. This may increase the use of debt among young graduates as they embark on their adulthood, which is a fundamental stage characterised by important life-changing decisions and financial obligations such as starting a career, starting a family of their own, purchasing a home, and saving for the future. Lastly, young graduates have not reached their earning potential which creates immense financial pressure that they may not be able to finance currently, leaving debt as the only alternative source of finance.

In summary, although it is of significant importance to understand the attitudes to debt, it is also important to understand the factors that influence attitudes to debts. Understanding the factors that influence attitudes towards debt assists in determining the possible causes to the increase in the use of debt. As highlighted, debt can be detrimental to one's financial well-being in the long run, therefore in order to design ways/programmes to assist young graduates to manage debt and make

sound financial decisions, the factors that lead to the use of debt must be determined. The next section discusses the historical attitudes to debt of different young consumers to identify any similarities and differences in the financial behaviours through different life cycles of young people.

2.4 HISTORICAL ATTITUDES TOWARDS DEBT

In order to understand the current attitudes of young graduates towards debt, it is important to ascertain how the attitudes towards debt have changed through different life cycles and different environments. This section will therefore provide an overview of previous studies conducted by various researchers on debt of different groups of young consumers with the aim to evaluate their financial behaviour during different life stages. The financial behaviours of young consumers in both local and international emerging economies will also be explored to identify any similarities or differences in consumer behaviour.

2.4.1 Financial behaviour of young consumers

In today's society, there seems to be a great concern with money and material possessions. In the view of Birkholtz and Rousseau (2001), young adults are raised in a world that is materialistic and are aware of it. In addition, individuals' attitude towards money is driven by the active consumer culture and credit card usage that is becoming increasingly widespread in many countries (Dittmar, 2007). As a result, young consumers have a more lenient attitude towards debt where they accept debt as a part of living and are willing to use it more freely compared to other consumers (Chien & DeVaney, 2001; Pérez-Roa & Ayala 2020; Livingstone & Lunt, 1992; Kaynak & Harcar, 2001; Roberts & Jones 2001). This is supported by Atkinson and Kempson (2004) who noted that compared to other consumers, young people aged 18 to 24 have a high propensity to borrow and have a very high risk of over-borrowing. This leads the researcher to believe that the financial behaviour of young consumers differs immensely to that of other consumers. Young consumers live in a culture that accepts debt as part of daily life, which consequently leads to the acquiring of debt, sometimes to the point of over-borrowing. As such, it becomes significantly important to investigate the attitudes of employed young graduates towards debt as they play a significant role in the growth of the economy. In the next section, the study will look at how debt affects young consumers as they transition through adulthood from university to employment.

2.4.2 Youths' transitions from university to employment

Money is a driving force of society that influences many financial decisions. Christie, Munro and Rettig (2001) report that enrolling for university is an easy choice to many students as they believe that obtaining a degree will increase their opportunities to earn money. In the study Roberts and Jones (2001) completed on number of university applications that schools receive per year, it was determined that the number of applications received each year increases more than can be accepted, this illustrates the assumption that university education is necessary to enhance career and income opportunities. Since making money is the biggest motivator for going to university, students enrol for university with the knowledge that they may graduate with significant amount of debts in tuition fees (Roberts & Jones, 2001). Although debt at university is primarily acquired through university fees, there is also considerable amount of debt accumulated on purchases of day-to-day items such as fast food, fuel, clothing and material goods that are not always necessities (Christie *et al.*, 2001). Davies and Lea (1995) hypothesised that university students take on debt because they believe that their current financial situation is temporary and that the short-term debt will be repaid once they graduate and join the labour force. While students may not be in favour of debt, they may accept it as part of student life, and once in debt they may become more tolerant of it (Agnew & Harrison, 2015; Beale & Cude, 2017; Davies & Lea, 1995; Norvilitis & Mao, 2013). Based on this assumption that individuals enrol into university to make money and may have a high appetite for material possessions since they are raised in a materialistic world, this may be the initial stage where debt accumulation begins (McBride, 2010). This posits that debt may first be introduced to young graduates at university level through student loans. They may be willing to accept debt to pay their tuition fees as they see it as a long-term investment with future strong earnings. Furthermore, this debt behaviour may persist beyond their student life into employment stage.

Indebtedness may move across life cycle stages signalling that young people continue to carry debt throughout their life cycle (Soman & Cheema, 2002). This supports the theory of attitude-behaviour consistency that the necessary behaviour of taking out a loan at university leads to a more tolerance to it that may continue throughout adult life and consequently affect debt behaviour (Davies & Lea, 1995). Christie *et al.*, (2001) also confirm that debt increases through a student's university career. This is because young adults typically begin to engage with financial institutions

once they move into work (Hutton & Seavers, 2001). Moreover, young graduates are exposed to social comparison surrounded by the tendency to compare one's status with that of another, which indicates a relationship with satisfaction, income and success (McBride, 2010). Roberts and Jones (2001) affirm that consumers who seek power and prestige that comes with having money may take on debt to satisfy their high consumptions. This implies that the attitudes of young graduates at university may be the same when they start employment and may be carried throughout their life cycles. Therefore, the study aims to investigate the attitude of employed young graduates towards debt. Furthermore, the study explores the debt behaviours of consumers across different emerging economies.

2.4.3 Attitudes to debt of young consumers in emerging economies

Emerging economies faced with economic recession and inflation which increased the cost of living. Emerging economies can be divided into two categories, namely developing countries in Asia, Latin America, Africa, the Middle East and South Africa and developed economies such as Australia, Canada, Netherlands, New Zealand, and Sweden (Hoskisson & Eden, 2000). In these emerging economies, consumers must confront complicated financial decisions at a young age in today's demanding financial environment. Like most people in emerging economies, young consumers often turn to take loans or credit card debt as a source of finance and such early entanglements can hinder their ability to accumulate wealth (Lusardi *et al.*, 2010). The following sub-sections will review young graduates' attitudes to debt in different emerging economies.

2.4.3.1 United States of America, Brazil and Europe

Emerging economies such as the United States of America (USA), Europe and Brazil have been experiencing rapid growth in the credit market of young adults and college students (Norvilitis & Mendes-Da-Silva, 2013). Young adults in America significantly rely on debt as 85% hold some type of debt (Friedline & Freeman, 2016; Brown *et al.*, 2016). The average credit card debt of Americans aged 25 to 34 years old increased by 55% between 1992 and 2001 (Lusardi *et al.*, 2010). Furthermore, Friedline and Freeman (2016) report that the overall debt, which includes mortgage bond, vehicle finance, credit cards and student loans was approximately \$60,000 in 2010 for households headed by young adults in USA. Lastly, Atkinson and Kempson (2004) also contribute that young people aged 18 to 24 have a high propensity to borrow compared to other

consumers. Based on the afore-mentioned, these debt levels and debt behaviour of young adults raise a concern as it appears that young adults may incur significant debt and debt has become part of their lives.

2.4.3.2 Irish, Malaysia and United Kingdom

Studies have also reviewed the debt behaviour of young adults in Irish, Malaysia and United Kingdom (UK). O'Loughlin and Szmigin, (2006) found that young adults in the UK and Irish reported high levels of debt. Young adults may take on debt due to the environment they live in where debt may be easily accessible to them (O'Loughlin & Szmigin, 2006). Additionally, Adzis *et al.*, (2017) concluded that young adults in Malaysia are in debt due to poor money management skills and income levels. This indicates that the amount of income that one earns and accessibility to debt may influence how much debt young adults are willing to accept or how they perceive their affordability status, this coupled with poor management of finances could lead to individuals taking more debt than they actually afford.

2.4.3.3 South Africa

According to SARB (2021), South Africa is a growing economy and its development just like in any other emerging economy is dependent on the use of debt. Meniago, Mukuddem-Petersen, Petersen and Mongale (2013) add that South Africa records a very high debt level, but has a better household debt to income ratio compared to the biggest economies of the world. Which indicates that households in South Africa are not over-indebted as the income exceeds the debt incurred. The high rise of household debt levels may be caused by positive changes in house prices, inflation, household consumption expenditures, household income, and household savings (Meniago *et al.*, 2013). This means that thesed mentioned changeswill encourage households to borrow more. Income increases also lead creditors to feel confident to issue out more debt. It is clear that South Africa is a country that is fast growing and with that comes other implications such as the increase in the use of debt.

BASA (2017) provides evidence that 53% of consumers who take out debt are between the ages of 31 and 45 years. This insinuates that the majority of indebted consumers in South Africa consist of young adults. Stedall and Venter (2016) conducted a study on the financial product usage in

South Africa to determine if life stages have a significant influence on the choice of financial products used by individuals, the study concluded that life stages do have a significant influence on financial products used and there is an incredible increase in the use of financial products by young couples and young families. Stedall and Venter (2016) further state that South Africa's young adults have one of the lowest saving rates, which could be one of the factors leading to the rise in debt. This suggests that debt is a dilemma faced by young adults in South Africa, similar to other emerging economies.

Based on the afore-mentioned, it can be deduced that there has been a significant increase in the use of debt among young adults in emerging and developed countries. Young adults are becoming more reliant on the use of debt. This leads to a number of financial implications such as decreased disposable income as a considerable amount of their salary may be used to pay debts. This leads to the accumulation of more debt as there is often no sufficient disposable income to pay monthly expenses and this could lead to more borrowings to finance the excess spending. This is a major concern given that university graduates play a vital role in the growth of the economy (Brown & Caldwell, 2013).

2.5 WAY(S) DEBT CAN AFFECT THE WELL-BEING OF EMPLOYED YOUNG GRADUATES

The acquisition of debt at a young age has detrimental consequences in the short- and long-term. Beale and Cude (2017) note that young adults are at a different stage of their lives and unlike other individuals, the decisions they make during this stage can affect the rest of their lives. Consumers must confront complicated financial decisions at a young age in today's demanding financial environment, and financial mistakes made early in life can be costly (Lusardi *et al.*, 2010). Consequently, the accumulation of debt has an effect on the financial well-being and psychological well-being of young adults, which will be discussed in further detail below.

2.5.1 Delay in accumulation of wealth:

The acquisition of debt at a young age can hinder the ability to accumulate wealth (Lusardi *et al.*, 2010; Lusardi, Mitchell & Oggero, 2018). For example, a young adult who has accumulated huge amounts of debt may be sceptical when trying to decide whether to take a mortgage bond to finance a house as they think about the financial distress they will be in if they acquire more debt. In 2009,

the average net worth of household headed by a person aged 65 or older was 47 times greater than that of a household headed by someone under 35 (Zhan, Xiang & Elliott III, 2016). This leads the researcher to believe that older people are accumulating more wealth than young adults, suggesting that acquisition of debt at an early age delays the accumulation of wealth.

During the years 1992 to 2001, the bankruptcy rate of young adults in the USA increased by 19% and by 2001 12 out of every 1000 young adults filed for bankruptcy (Draut & Silva, 2004). This indicates that young adults who acquire debt at the early stages of their life have a higher risk of becoming bankrupt or blacklisted, which disqualifies them from qualifying for more financing in future. Rutledge, Sanzenbacher and Vitagliano (2018), Vosloo *et al.*, (2014) declare that high debt has a negative impact on young adults' financial well-being in the long term. Therefore, the acquisition of significant debt deteriorates one's overall financial well-being and ability to accumulate wealth in future as paying off debt on a monthly basis means there is no surplus income remaining to invest after paying off debt and monthly expenses, resulting to the acquisition of more debt to finance the shortfall.

2.5.2 Psychological distress and overall well-being

The use of debt at a young age has been associated with more psychological problems amongst young adults. Brown, Taylor and Price (2005) and Pérez-Roa and Ayala (2020) observed that most individuals who have high amounts of debt are significantly less likely to have complete psychological well-being. Life satisfaction and overall well-being have been connected to positive financial behaviours (Aboagye & Jung, 2018; Gutter & Copur, 2011). Adams and Moore (2007) further found that students who engaged in high-risk financial behaviours were more likely to drink or use illegal drugs, experience depression, and overall health deterioration. This suggests that accumulating debt leads to poor physiological health as people who have high amounts of debt have indicated that they stress about their finances and financial security in future.

Debt may also delay marriage, parenthood, acquisition of a house, financial distress, and emotional distress and have a negative impact to the growth of the economy as a whole (Friedline & Freeman, 2016). Vosloo *et al.*, (2014) indicated that employees who are financially sound are less affected at work by financial stress and employees who are more financially sound will benefit an organisation. It can be inferred that debt does not only affect one's financial well-being but the

overall quality of life and mental health. As such, it can be seen that accumulating debt at a young age significantly determines the livelihood on an individual and life satisfaction. Therefore, good debt management is essential to the personal and financial-well-being of young adults. In light of the afore-mentioned, it is essential to investigate the attitudes of employed young graduates towards debt as this will assist in constructing programmes on proper financial planning and good debt management, thereby alleviating poverty and increase overall economic growth. The next section will therefore address the strategies that can be adapted to manage the use of debt.

2.6 STRATEGIES TO CONTROL ATTITUDES TOWARDS DEBT

Today's society is faced with challenges of managing their personal finances in uncertain economic, financial and political times (Van Deventer & De Klerk, 2017). Owing to continuous change, individuals are frequently confronted with new financial challenges which brings a lot of uncertainties concerning their financial position and future financial well-being (Swart, 2016). It can be derived that with all the changes in finances, consumers may find it hard to manage their finances and achieve personal financial satisfaction. Van Deventer, De Klerk and Bevan-Dye (2014) mention that personal financial satisfaction arises from the ability to manage financial resources effectively. Rutherford and Fox (2010) provide evidence that financial wellness depends on debt management, financial satisfaction, spending behaviour and attitude towards financial risk. This indicates that good overall financial management is vital for financial well-being.

“Debt planning involves prudently and purposefully incurring debt for the purpose of satisfying individual needs and achieving financial goals, while simultaneously managing cash inflows and outflows” (Van Deventer *et al.*, 2014). Debt planning strategies include paying off loans, overdrafts, store and credit cards with the highest interest rate first, as well as selling non-essential assets or liquidating investments to settle debts such as mortgage bonds in order to benefit from early payment cost of capital savings (Botha, Rossini, Du Preez, Geach & Goodall, 2017). Debt counseling, debt management programmes, and attending financial education courses have also been identified as measures that may improve financial behaviours and the likelihood of seeking help on finances from professionals (O'Neill, Sorhaindo, Xiao & Garman, 2005; Lim, Heckman, Montalto & Letkiewicz, 2014). This leads the researcher to believe that debt planning relates to adapting different measures to manage debt in order to avoid long-term negative consequences.

Some of the measures identified to manage debt effectively will further be discussed in much detail below.

2.6.1 Financial literacy

Financial literacy has been identified as one of the factors that influence attitudes towards debt. Van Deventer and de Klerk (2017) pointed out that young adults face challenges in managing personal finances due to uncertain economic and financial environment, furthermore they are not equipped with financial skills required to make sound financial decisions. Van Deventer and De Klerk (2017) support the notion that financial programmes are effective in the reduction of debt. Atkinson and Messy (2012) describe a financially literate person to have some basic knowledge of key financial concepts and the ability to apply numeracy skills in financial situations. Financial literacy also requires organisational skills in order that individuals meet their financial commitments and thus avoid problems such as reduced access to affordable credit (Atkinson & Messy, 2012).

Saving behaviour is also considered to be an important component of financial literacy, building financial security, and reducing the reliance on debt (Atkinson & Messy, 2012). Individuals with higher and improved levels of financial literacy are less likely to take financial actions that are detrimental to them and their businesses, such as taking on expensive loans, saving inadequately and budgeting and planning finances ineffectively (Miller, Godfrey, Levesque & Stark, 2009). Lusardi and Tufano (2009) highlighted that characteristics that are strongly related to financial literacy are that consumers are less likely to refinance their mortgages during a period of falling interest rates. Graduating students are expected to have a greater future disposable income and spending power (Bevan Dye & Akpojivi, 2016). It is therefore important to develop the financial literacy among younger generations, as they are likely to bear more financial risks in adulthood compared to their parents (Van Deventer & De Klerk, 2017).

It is not sufficient for individuals to be financially literate. It is also important to be debt literate (Lusardi & Tufano, 2009). Debt literacy is defined as the ability to make simple decisions regarding debt and applying basic knowledge about interest compounding to everyday financial choices (Lusardi & Tufano, 2009). Lusardi and Tufano (2009) have noted that financial literacy is important because it has been linked to saving behaviour and portfolio choice, traits which play

a major role in managing finances and debt. Furthermore, Lusardi and Tufano (2009) found in their study that there were low levels of debt literacy across the US population, also that there was a link between debt literacy and over-indebtedness meaning those with lower levels of debt literacy tend to judge their debt as excessive or report that they are unsure about the appropriateness of their debt position. Taking the above into consideration, one may conclude that financial literacy is an important skill in managing personal finances and managing the level of debt.

Academic institutions therefore have a responsibility to provide the help and advice students need to cope with the financial implications of attending university (Marriott, 2007). Raising students' awareness of personal finances, providing support and guidance could enhance financial literacy, which affects debt management (Marriott, 2007). It is clear that financial literacy plays a major role in the management of debt and overall financial well-being. Therefore, academic institutions have a big role in educating students about financial literacy in order to prepare them for when they start employment.

Childhood consumer experiences such as savings habits contribute to students' financial well-being i.e., money saved, current financial situation, and financial management skills (Van Deventer *et al.*, 2014). Parents may also be an important source of personal financial knowledge for students (Shaulskiy, Duckett, Kennedy-Phillips & McDaniel, 2015). This implies that to improve students' financial wellness, parents and formal education might be important sources of knowledge and socialisation about healthy financial behaviours.

2.6.2 Personal financial planning and management

Personal financial management involves a process of managing financial resources in order to achieve personal economic satisfaction (Abdullah *et al.*, 2019; Altfest, 2004). Personal financial management is concerned with managing personal finances through developing a strategic plan for productively managing an individual's or family unit's personal income, lifestyle expenditures and assets, and includes assisting them to achieve their lifetime goals, taking into account various financial risks and future life events (Financial Planning Institute of South Africa, 2013). Altfest (2004) indicates that because individuals move through different life cycle stages, which causes their goals and needs to change, this changed personal financial management to a self-motivated process. This means that personal financial management has become an individual responsibility. Consumers are now faced with decisions concerning their finances and debt management thereof.

However, most individuals are still faced with the challenge of knowing how to effectively plan their finances, which may lead to poor financial management and accumulation of debt.

A comprehensive financial plan makes individuals attentive when dealing with financial issues and acts as a guide when making financial decisions, underlying the consequences of those decisions on other financial areas (Botha & Musengi, 2012). The planning component of personal financial management gives direction to an individual's finances, minimizes risk and uncertainty, and aids in avoiding the need for crisis management. During this process, resources are allocated in a manner that allows for the execution of the planned strategies (Swart, 2016). This implies that individuals and households should plan and manage their finances in order to avoid the burden of debt (Van Deventer *et al.*, 2014). In summary, successfully managing personal finances require not only having an understanding of certain financial concepts, but also knowing how to budget and being aware of one's assets, savings and debt. Having a low level of debt, an active savings account and a retirement plan, as well as following an expenditure plan, will lead to financial wellness, which demonstrates an active state of financial wealth (Rutherford & Fox, 2010; Chinen & Endo, 2012).

A major hurdle is that many individuals have no formal training on how to manage their finances effectively (Botha & Musengi, 2012). According to Koh (2012), personal financial planning is a necessity if the individual desires to improve their standard of living, minimize their possibility of financial ruin, invest optimally, and accumulate adequate wealth over time. However, Van Deventer *et al.*, (2014) found in their study that students' attitudes towards financial planning suggested fewer positive attitudes towards the financial planning process. The evidence in the study suggests that although students indicated knowing what personal financial planning is and having positive attitudes towards setting personal financial goals and objectives, they do not implement a personal financial plan with the help of experts.

Van Deventer *et al.*, (2014) maintains that personal financial management is a recognised intervention to secure a promising and stable financial standing, in both the short- and long-term, and may combat the adverse effects of these economic factors. Individuals today face great challenges in managing their finances due to increased exposure to marketing activities, stemming from increased competition for consumers' money. However, even though various business

courses comprise financial management content that focuses on the importance of managing and maximizing wealth, students express little concern about their financial status, future wealth and retirement planning (Van Deventer *et al.*, 2014).

2.7 SUMMARY OF CHAPTER

This chapter demonstrates how debt among young adults has gained a lot of interest due to the rise in the usage of debt. Various researchers from different fields, namely psychology, economics, accounting, and politics have made efforts in conducting studies to determine, measure, and understand the implications of this increase in the use of debt. A number of studies have been conducted in South African universities to ascertain whether students are financially literate as this is a vital skill they need to possess when they join the labour force. The review of these studies indicated that majority of university students are not financially literate and acquire debt while they are still at university, which may continue after they start employment. A number of international studies indicated that there is a relationship between debt and attitudes to debt, which affects young adult's tolerance to debt. Various factors were also identified as influencing the attitudes to debt and it was also determined that students are raised in a credit-led environment (emerging economies) that has a big contributing factor to the use of debt.

Specific factors have been identified as specifically affecting young graduates, these include potential income, life stage, and poor financial literacy. This research aims to add value to the existing body of knowledge in terms of providing a springboard for future personal financial management research, curriculum development and curriculum improvement for educators, accounting education interest groups, professional accounting organisations, and policymakers such as the government in South Africa. The chapter that follows will focus on the research methodology employed in the study by providing the rationale for the choice of research design and research instrument, as well as the details on how the research was conducted.

CHAPTER THREE

RESEARCH APPROACH, DESIGN AND METHODOLOGY

3.1 INTRODUCTION

In the previous chapter the study reviewed relevant literature on attitudes of young graduates towards debt. In this chapter, the research approach, design and methodology for the study was discussed. Research methodology is described as a tool and technique used to do research which assists to sort, collect and analyse data in order to draw a conclusion (Walliman, 2017). This means that using the appropriate research methods will ensure that the researcher utilises a better approach in collection of data and the conclusions drawn from the research are valid. Research methods therefore need to be consistent with theory, literature and prior methods used in empirical studies (Smith, 2017).

This chapter describes the research methodology and research design adopted in order to achieve the research objectives of this study. After considering the objectives of this study presented in Chapter 1, as well as the research questions, limitations and scope of the study, the study adopted a mixed method approach for this study. The mixed methods involve the use of both the qualitative and quantitative approaches, which will be discussed in further detail in this chapter. Furthermore, this chapter elaborated on the research design and research methodology, which includes target population, data collection instruments, data analysis, and ethical considerations.

3.2 CHAPTER MAP

The chapter map as presented in Figure 3.1 below embodies the flow of the research approach, design and methodology as used in the study. A chapter map shows the association of different topics with an aid of a diagram for clearer view on how the research is carried out (Murray, 2015).

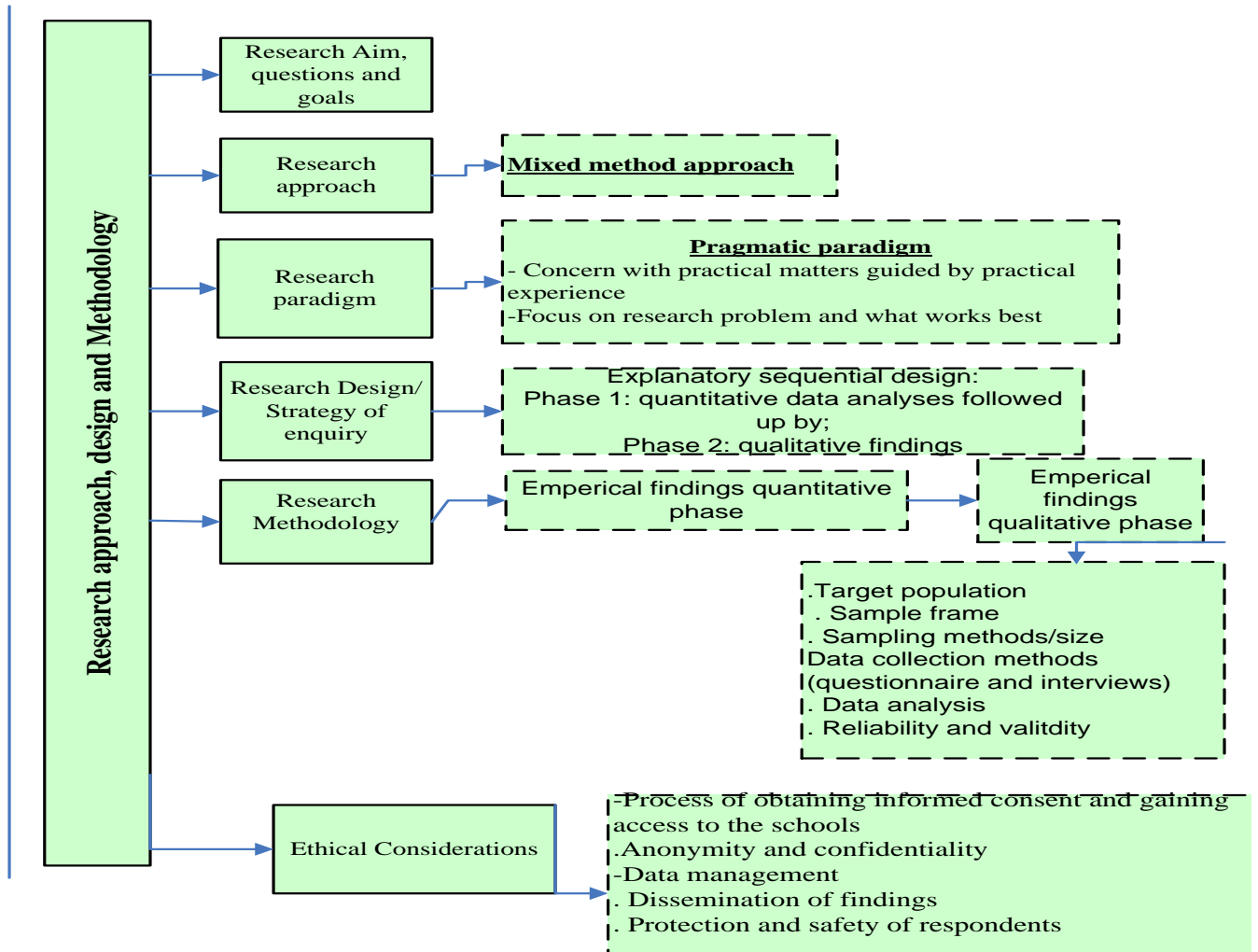


Figure 3.1: Chapter map (Adapted from Mavetera, 2011; Creswell, 2014)

3.3 RESEARCH AIM/QUESTIONS

The literature observed shows that young adults are the highest users of debt (BASA, 2017). Beale and Cude (2017) argue that young adults are at the distinctive stage of their lives and faced with decisions about acquiring and managing debt. Furthermore, young graduates may have more positive and lenient attitudes towards debt than older consumers as they believe that there is a potential to earn more money in the near future and settle the debts (Chien & Devaney, 2001).

Studies such as Adzis *et al.*, (2017), Agnew and Harrison *et al.*, (2015), Beale and Cude (2017), Davies and Lea (1995), Koloba (2018), Louw *et al.*, (2013), Norvilitis *et al.*, (2006), Norvilitis and Mao (2013), Van Deventer *et al.*, (2014) and Vosloo *et al.*, (2014) have also sought to

understand the financial behaviours of different users of debt including students however little to none has been conducted on young graduates. Therefore, the aim of this research is to investigate the attitudes of young employed graduates towards debt management. In doing so, the following research questions will be investigated in the study:

Main research question

What are the attitudes of young employed graduates towards debt management?

Sub-research questions

1. What are the spending and debt behaviours of employed young graduates?
2. What is the extent, level and nature of debt among employed young graduates?
3. What factors influence employed young graduates to accumulate debt?
4. In what way(s) can debt affect the well-being of young graduates?
5. How can young graduates control their attitudes towards debts and the level of indebtedness?

In addition to the research questions stated above, some ethical issues need to be considered in attaining the research questions posed for the study. The researcher must consider how to communicate what the study is about to the research participants, how the privacy of the participants will be protected throughout that study, to what extent the participants will be informed about the research aims and what steps will be taken to establish informed consent (Hesse-Biber, 2010).

3.4 RESEARCH APPROACH

The research approach is defined as the plan or proposal to conduct research, which involves the intersection of philosophy, research designs, and specific methods (Creswell, 2014). There are three research approaches that are mainly adapted in research, namely quantitative, qualitative and mixed method (Leedy & Ormrod, 2014). Creswell (2014) states that the criteria for selecting a research approach includes worldview, design, and methods that would be the research problem, the personal experiences of the researcher, and the audience(s) for whom the report will be written. Therefore, the research approach used in this study is the mixed method approach.

A mixed method approach involves the collection of data using the quantitative and/or qualitative method simultaneously or concurrently, and data is combined during the process of research (Creswell, 2014; Creswell & Clark, 2017; Lieber, 2009; Saunders & Lewis, 2012). The mixed method approach bases the inquiry on the assumption that collecting diverse types of data provides a more complete understanding of a research problem than either quantitative or qualitative data alone (Creswell, 2014). Therefore, the mixed method assists in enhancing the findings collected in one method with more findings from the second method and addressing the shortfall that may be identified when collecting data using only one method for the study.

Johnson and Onwuegbuzie (2004) maintain that the strength in the mixed method is that it can answer a broader and more complete range of questions, it can provide a stronger evidence for a more accurate conclusion through convergence and corroboration of findings. Hesse-Biber (2010) however argues that monitoring ethics is of significance when using the mixed method approach as there is a greater likelihood of ethical issues arising only after the study is underway. As such, in employing the mixed method design, the researcher was on the lookout for ethical situations that may arise and explicitly explained their research practices to avoid controversy involving informed consent and improper use of confidential data.

The mixed method was adapted in this study as it assisted in obtaining sufficient evidence to draw conclusions about the attitudes of employed young graduates towards debt. Creswell (2014) states that in adapting the mixed method approach, a study can begin with a broad survey in order to generalise results to a population and then, in a second phase, focus on qualitative, open-ended interviews to collect detailed views from participants to help explain the initial quantitative survey. In this study, the quantitative method was used in the first phase of collecting data. A 4-point Likert scale questionnaire was used to measure spending and debt behaviour, factors that influence the attitudes towards debt, the extent, level and nature of debt, the effects of debt, and the strategies to control debt. This was followed by a qualitative method using interviews to obtain data that could not be obtained using the questionnaire, and to get a better understanding of the quantitative findings.

3.5 RESEARCH DESIGN

It is critical that the researcher identify the research design that will be used for the study after identifying the approach. The research design is the overall plan of the process that will be followed in order to obtain responses to the research questions (Creswell, Plano Clark, Gutmann & Hanson 2003; Saunders & Lewis, 2012). Research design entails the blueprint/plan on how data will be collected, measured and analysed (Creswell, 2014; Gray, 2013; Pandey & Pandey, 2015). An ideal research design should identify the exact research problem to be studied, identify the objective of the research, highlight the process of obtaining information, the availability of adequate time, and financial resources (Sreejesh, Mohapatra & Anusree, 2014). Kumar (2011) states that the purpose of the study will determine the research design to be used in the study.

According to Sreejesh *et al.*, (2014), a good and well-planned research design consists of the following components:

- Selecting of an appropriate type of design: Exploratory, descriptive or casual design.
- Identification of specific information needed based on the problem in hand and selecting the design.
- Specification of measurement and scaling procedures for measuring the selected information.
- Mode of collection of information and specification of appropriate form for data collection.
- Designing of appropriate sampling process and sample size.
- Specification of appropriate data analysis method.

For the purpose of this study, the sequential explanatory design was used. The sequential explanatory design involves more than one phase of data collection and analysis (Saunders *et al.*, 2012). The sequential design takes place in two-phases, data is collected and analysed using the quantitative method in the first phase of the study and thereafter followed by the qualitative data in the second phase (Ivankova, Creswell & Stick, 2006; Creswell *et al.*, 2007). This means that the quantitative method was used in the first phase of collecting data using a 4-point Likert scale questionnaire, this was followed by a qualitative method (interviews).

When using the sequential design it is important to take note of ethical issues that may arise at different stages of the study; for example, when using the personal (quantitative) data collected from a survey in order to obtain a sample it may result in inadvertently compromising a respondents original informed consent and prior confidentiality agreements in this regard (Hesse-Biber, 2010). It is important that the researcher asks the respondent's permission to fill in the questionnaire and provide any biographic information that will aid the study (Hesse-Biber, 2010).

In this study, during the explanatory sequential design, at the quantitative phase, the researcher provided a consent letter to the respondents that also indicated the purpose of the study and what is expected of them. In the qualitative phase, the researcher also informed the participants that they will be interviewed as a follow up to the information provided in the questionnaire. The confidentiality of the information provided during the interview will be assured.

3.5.1 The sequential design takes place in two-phases:

The study adopted the sequential design as its research design. This took place in two phases, namely the quantitative phase and the qualitative phase. The quantitative phase will first be discussed then followed by the qualitative phase.

3.5.1.1 Phase 1: Quantitative phase

When adapting the mixed method, data is collected and analysed using the quantitative method in the first phase of the study, followed by the qualitative data in the second phase. The quantitative phase measures the quantities of the variables involved but it does not give an in depth understanding of the different circumstances or information associated with each variable (Ivankova *et al.*, 2006; Creswell *et al.*, 2007). The quantitative data was collected using a structured self-administered questionnaire (see section 3.8.5.1) which consists of a total of 50 questions. The questionnaire was designed using the research questions/objectives as a guide to ensure that the objectives of the study are answered.

The first section of the questionnaire, Section A, entailed 6 items which obtained the demographic information of the participants. Section B consists of a 19 item 4-point Likert scale questions to determine the spending and debt behaviour of young graduates. Section C identified the extent, level and nature of debt held by young graduates on a 7 item 4-point Likert scale. Section D consists of 11 items that determine factors that drive young graduates to accumulate debt. The last

section, Section E, determines the effects of debt accumulation at a young age, this section consists of a 6 item 4-point Likert scale. The last section, Section F, investigated the strategies that can be used to control debt.

The questionnaire was accompanied by a cover letter that stipulated the purpose of the study and requested informed consent of the participants. Participation in the study was voluntary as stated in the cover letter. The sample size for the quantitative phase (see section 3.8.4.1) was highlighted as 150 young graduates (higher education) between ages 18 to 35, who are currently employed in the private or public sector in Gauteng Province, South Africa, during the year 2019. The sample size of 150 young graduates was divided among the organisations selected in the Gauteng Province.

A statistical analysis was conducted using SPSS and SAS for the data collected from young graduates using questionnaires. Themes were extracted from the analysed data. Constructs that have significant and non-significant or contradicting responses were identified. The findings were then interpreted and supported by making reference to the literature (Chapter 2) from other studies in the relevant field.

3.5.1.2 Phase 2: Qualitative phase

The qualitative phase extracts in-depth explanations from the participants with regards to the responses given in the quantitative phase. Quantitative data was collected and analysed first to extract themes from the findings, this was then followed by the collection of the qualitative data to obtain more insight about the quantitative data analysed. The qualitative data was collected through interviews. The interview questions were drawn and adjusted after the analysis of the quantitative data to address any additional information that may be required for the study. A sample size of 15 was selected from the young graduates who participated in the quantitative phase of the study. The interviews were conducted until saturation point as no new information came to light. Interviews were recorded with the permission of the respondent and then transcribed by the researcher to code them for analysis. ATLAS.ti software was used to analyse the qualitative data.

3.6 RESEARCH PARADIGM

The mixed method design in this study is a pragmatic design. Pragmatism indicates that concepts are only relevant where they support a particular action (Kelemen & Rumens, 2008). Robson and McCartan (2016) explain that pragmatism is concerned with practical matters guided by practical experience rather than theory. This implies that in a pragmatic setting, the researcher is concerned with coming up with answers to the problems that are being addressed in the study with various research approaches. Kelemen and Rumens (2008) and Saunders and Lewis (2012) further point out that pragmatism uses methods that enable valid, reliable and relevant data to be collected. Pragmatism focuses on the research problem to derive knowledge about the problem (Creswell, 2014). As the study investigates attitudes of employed young graduates towards debt, in adapting the pragmatic, the researcher only focused on the data that assisted in finding the answers to the research questions highlighted in this study.

The pragmatic design also assists in choosing correct methods in collecting and analysing data for the study. Creswell (2014) explains that using pragmatism results in the use of multiple methods of collecting data to best answer the research question, focus on implications of the research, and emphasise the importance of conducting research that best addresses the research problem. The study adapted the mixed method design, which will use the data collected through the quantitative and qualitative approaches. Furthermore, Hesse-Biber (2010) indicated that in order to ensure the validity and accuracy of a chosen paradigm, it is important to consider the ethical implications of the paradigm to the study and the moral integrity of the work. The study will ensure that all the ethical concerns identified will be addressed throughout the study.

Creswell (2014) highlights the following important elements of pragmatic design, which are discussed in greater detail below.

- Individual researchers have a freedom of choice: In this way, researchers are free to choose the methods, techniques, and procedures of research that best meet their needs and purposes.
- Pragmatists do not see the world as an absolute unity: In a similar way, mixed methods researchers look to many approaches for collecting and analysing data rather than subscribing to only one way (e.g., quantitative or qualitative).

- The pragmatist researchers look to what and how to research based on the intended consequences.

3.7 COMPARING QUANTITATIVE AND QUALITATIVE METHODS

The use of a mixed method consists of both quantitative and qualitative methods of collecting data. The qualitative–quantitative approach to research is comprehensive and worth consideration as a spread of diversity (Kumar, 2011). This is achieved by using quantitative methods to quantify the spread and then going back to qualitative to explain the observed pattern (Kumar, 2011). This means that the use of both methods is more useful than using a single method. It is therefore important to look at the difference and strengths of each individual method. Table 3.1 below compares the quantitative and qualitative method.

Table 3.1: Quantitative and qualitative methods

Quantitative research approach	Qualitative research approach
➤ Quantitative approach is specific, well-structured and fixed, which are tested for validity and reliability.	➤ Qualitative approach is flexible and based on inductive reasoning. It is not structured and fixed like the quantitative design.
➤ The main focus is to measure the magnitude of variations, particular value of objects or people, and the extent of a variation.	➤ The main focus in qualitative research is to understand, explain, explore, discover and clarify situations, feelings, perceptions, attitudes, values, beliefs and experiences of a group of people.
➤ A larger population size is used.	➤ A smaller population size is used.
➤ Findings can be replicated and retested.	➤ The replication of findings is almost impossible.
➤ Numbers are used to record information/data. The data is analysed using statistical techniques therefore	➤ Qualities are recorded as data. Data cannot be manipulated mathematically therefore other analytical techniques are used to

Quantitative research approach	Qualitative research approach
quantitative data can be measured more accurately.	interpret data, therefore qualitative data cannot be measured accurately or counted.
➤ Questionnaires or surveys are used to collect quantitative data.	➤ Observation notes, interview transcripts, literary texts, minutes of meetings, historical records, memos and recollections, and documentary films are used to collect qualitative data.

Adopted from: Kumar (2011) and Walliman (2011)

3.8 RESEARCH METHODOLOGY

Research methodology can be defined as the techniques and procedures used to design a research plan that will attempt to find responses to the research questions (Rubin & Babbie, 2008). Leedy and Ormrod (2010) and Kumar (2011) add that a research methodology is an organised plan to investigate the research problem and conduct the research. This recommends that the goal of the research methodology is to provide a structured work plan of how the research will be conducted, which includes all the research methods and techniques that are employed in the study.

The methodology in this study, therefore, outlined the research processes, tools and procedures that were used in investigating the attitudes of employed young graduates towards debt. The target population, sample frame, sample method, sample size, data collection methods, data analysis, reliability and validity, and the ethical considerations will be discussed in greater detail in this section.

Hesse-Biber (2010) opines that ethical issues affect how the study will be conducted, the design of the study, sampling procedures, and data analysis, suggesting that ethics play a major role throughout the entire research methodology, therefore it is important that ethics are considered at every stage of the methodology. Kumar (2011) also maintains that it is unethical for the researcher to deliberately use an inappropriate methodology in order to obtain desired results. The researcher has an obligation to use an appropriate methodology and also consider ethical issues that surround

the methodology in the study (Kumar, 2011). For the purpose of this study, the researcher thoroughly followed the steps and procedures to ensure that the appropriate methodology was adapted for this study. The researcher ensured that in selecting the appropriate methodology for the study, there was not biasness or selection of a methodology that could manipulate the study in order to obtain desired results.

3.8.1 Target population

A population may be defined as an aggregate or totality of all objects, subjects or members that meet certain specifications or characteristics (Leedy & Ormrod, 2014). A population means the whole group of people, objects and events (Saunders & Lewis, 2012). This leads the researcher to believe that a population is the sum of all elements to be included in a study. Creswell (2014) emphasises on the ethical issues that may arise with regards to gaining access to a particular population. Gaining access to sites and individuals may include several steps such as getting permission from human subjects review board and the ethics committee reviewing the potential harmful impact on and the risk to selected population and participants (Creswell, 2014). In the process of conducting this study, the researcher followed the ethical process to obtain permission to access the target population.

In addition, the population selected for a study should only consist of participants or respondents to whom the research question is applicable, vulnerable population should not be exploited merely because they are accessible to the researcher (Blanche, Blanche, Durrheim & Painter, 2006). The target population that is relevant for this study was identified as young graduates (higher education) between the ages of 18 to 35, who are currently employed in the private or public sector in South Africa during the year 2019.

3.8.2 Sampling frame

The sample frame is the formal or informal list of elements from which the sample is actually drawn (Leedy & Ormrod, 2014; Saunders & Lewis, 2012; Teddlie & Tashakkor, 2009). The sampling frame for the purpose of this study consisted of private and public sector organisations that employ graduates, this allowed a higher return on the number of graduates located in each organisation. These organisations included colleges, audit firms, financial institutions, government organisations, private companies, and universities located in the Gauteng Province, South Africa.

The Gauteng Province was selected for the study as it is the hub of economic activities in South Africa and comprises the largest share (25.3%) of the South African population (Stats SA, 2017). This means that a large number of young graduates are employed and reside in the Gauteng Province. The organisations are also conveniently selected based on their geographic proximity, which made the research manageable and cost effective.

3.8.3 Sampling method

As the study employed the explanatory sequential design, it was important to identify the sampling methods that will be used in each phase of the study, these will be discussed in more detail in the following sub-sections.

3.8.3.1 Quantitative sample method

For the quantitative phase of the study, non-probability convenience sampling was used to select respondents that best suit the study. Convenience sampling involves the process of choosing the nearest and most accessible participants available for the study (Robson & McCartan, 2016). Convenience sampling was chosen due to the large population in the study that is decentralised, which would make it difficult for each individual in the population to have an equal chance of being selected. According to Stats SA (2017), the number of employed young adults between ages of 15 to 24 is 1 305 000, while the 25 to 34 year age group has an employed population of 4 790 000. As such, it was not feasible and cost effective to include the whole population in the study, therefore a sample was conveniently selected to make the research manageable.

3.8.3.2 Qualitative sample method

For the qualitative phase of the study, purposive sampling was used. Purposive sampling is based on the judgement of the researcher that the sample consists of the elements that contain the most characteristics, representative or attributes of the population (De Vos, Delpont, Fouche & Strydom, 2011). Purposive sampling entails selecting subjects that best represent the study (Ivankova *et al.*, 2006; Creswell *et al.*, 2007; Saunders & Lewis, 2012). This indicates that in purposive sampling the researcher intentionally selects objects or people that meet the criteria to participate in the study.

3.8.4 Sample size

The main goal of a sample is to represent the whole population (Leedy & Ormrod, 2014). A sample is a selection of a portion of the population that is selected to represent the population in the study (Latham, 2007; Saunders & Lewis, 2012). The study employed a mixed method approach and therefore a sample must be selected for each phase of the study. The sample size for the quantitative and the qualitative phase will be discussed below.

3.8.4.1 *Sample size for quantitative phase*

A well-defined sample has the same characteristics as the population as a whole (Sreejesh *et al.*, 2014). This implies that consideration should be given to the population when a sample is calculated and a sufficient sample size must be selected to present the most accurate outcome. Furthermore, the sample size depends on the research questions to be answered (Teddlie & Tashakkori, 2009). In selecting the sampling size for the quantitative phase of the study, a convenience sample of 150 young graduates (higher education) between the ages of 18 to 35, who are currently employed in the private or public sector in South Africa during the year 2019 were selected for this study. The sample size of 150 young graduates was divided among the organisations selected.

3.8.4.2 *Sample size for qualitative phase*

For the qualitative phase of the study, two organisations were purposefully selected from the organisations previously selected for the quantitative phase. The two organisations (audit firm and university) were selected based on criteria such as a significant number of employed graduates available in the organisation, this ensured increased turnover in participants. The findings from the quantitative phase of the study assisted in identifying these organisations thereby drawing a sample for the qualitative phase of the study. Hesse-Biber (2010) noted that the selection of the qualitative sample from the quantitative sample creates a link between the two samples, this may raise ethical concerns if the identities of the respondents from the quantitative samples are compromised in selecting the qualitative sample, and informed consent has not previously been obtained for the second study. In conducting the second phase of the study, the researcher ensured that the participants were made aware that they might also be interviewed at a later stage in order to obtain an in-depth understanding of the study.

At this phase of the study, data saturation was used to conduct interviews. Data saturation means data is collected until the additional data collected provides few new information or themes (Saunders & Lewis, 2012). Creswell (2003) indicates that for a general study, 25 to 30 interviews can be conducted using data saturation. This means that for the qualitative phase of the study, interviews were conducted until no new information or themes emerged. Therefore, a total of 15 interviews were conducted for this study.

3.8.5 Measuring instrument and data collection method

As indicated in the study, a self-administered questionnaire was used to collect data in the quantitative phase of the study. Interviews were used to collect data in the qualitative phase of the study. This was done with the aim of ensuring the significant information obtained in the quantitative phase was further investigated through an in-depth interview in order to obtain an understanding of the research questions posed for the study.

3.8.5.1 Self-Administered questionnaires

A questionnaire is a set of questions to be asked from respondents in an interview, with appropriate instructions indicating which questions are to be asked, and in what order (Sreejesh *et al.*, 2014). Questionnaires serves four main purposes, namely enables data collection from respondents, lends a structure to interviews, provides a standard means for writing down answers, and helps in processing collected data (Sreejesh *et al.*, 2014). A questionnaire was selected to collect quantitative data for the study and therefore it is important to look at the advantages and the disadvantages of using a questionnaire.

Questionnaires have the following advantages:

- Questionnaires are tested for validity and reliability therefore providing more accurate data (Kumar, 2011).
- Questionnaires may be mailed, faxed, and couriered and computer delivered via internet which is cost effective (Blumberg, Cooper & Schindler, 2011)
- Questionnaires are convenient due to the large sample (Kumar, 2011).

- Respondents give more honest responses as they will have some assurance that their response will remain anonymous and will not harm them in any way (Leedy & Ormrod, 2014) .

Questionnaires have the following disadvantages:

- May be time consuming as respondents may not be motivated to complete and return them in a timely manner (Leedy & Ormrod, 2014).
- May not get all the questionnaires back from the respondents as most people are not motivated to complete and return them (Leedy & Ormrod, 2014).

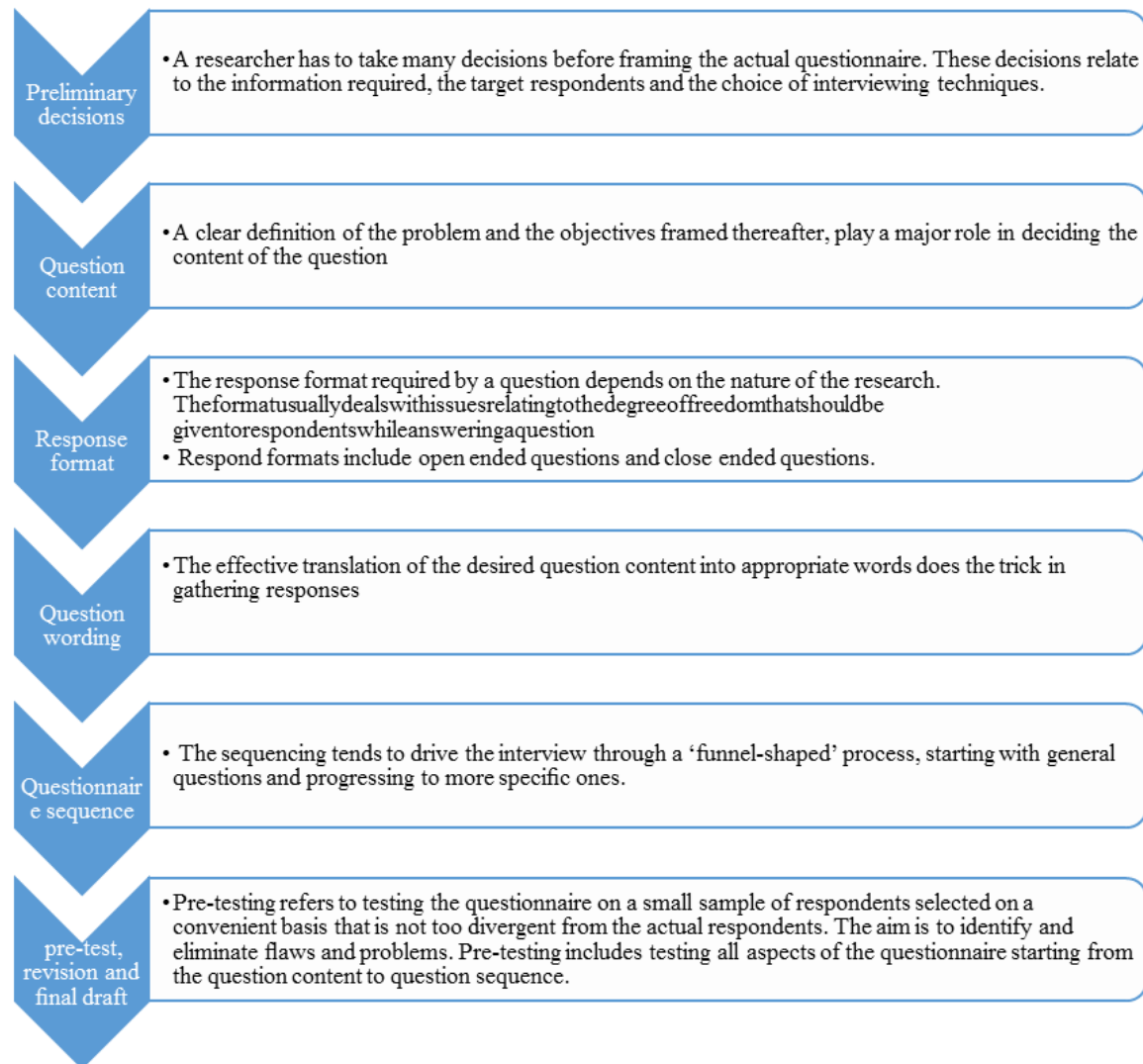
It is therefore imperative to address the above disadvantages to ensure that the study is completed with a high response rate for accuracy. In order to address these concerns, the researcher distributed the questionnaires manually to the respondents and collected them immediately to endure a higher turnover rate. This saved time on waiting for respondents to complete questionnaires at their own time and ensured that all the questionnaires distributed were collected.

Close-ended questions have the following advantages:

- Close-ended questions give respondents a finite set of specified responses to choose from, the researcher had a pre-defined set of answers in mind (Sreejesh *et al.*, 2014).
- Furthermore, the advantage of close-ended questions is that they provide a high level of control to the interviewer by obliging the interviewee to answer questions using a particular set of options, the uniformity of the questions makes them easier to code, record and analyse results quantitatively and are less expensive and time consuming (Sreejesh *et al.*, 2014).

As the study is about personal finance, which is a sensitive topic for many, using a questionnaire seemed to be a more appropriate tool for this study as it enabled the researcher to obtain information from large number of respondents.

Table 3.2: Steps in developing a questionnaire



Adapted: Sreejesh et al., (2014)

In light of the above information, the questionnaire needed to be carefully planned, designed and distributed in order to obtain a high rate of return and sufficient accurate information. This suggests that the design of a questionnaire is imperative to ensure the successful collection of data and accuracy of results. Sreejesh *et al.*, (2014) prescribes the above steps (Table 3.2) for developing a sound and effective questionnaire. The study therefore implemented the prescribed steps in Table 3.2 in developing the questionnaire to ensure that the questionnaire was effective in achieving the research objectives. After the questionnaire was developed following the steps above (Table 3.2), it was given to the statistician and a small group of respondents to identify any issues that may

arise with the questionnaire. The necessary corrections were adapted and the questionnaire was then finalised. The next section depicts the final questionnaire that was used in the study.

3.8.5.2 Questionnaire design

The questionnaire consisted of five A4 pages, including questions about all the matters highlighted in the research problem and the informed consent cover letter. It is divided into five parts as follows:

SECTION A: Respondent's demographic details

This section consisted of six demographic and economic questions that determine the gender, age, income level, qualification level, employment status, and number of years employed. The demographic data is consistent with similar studies such as Adzis *et al.*, (2017). The following are the motivations for gathering the demographic data.

- The gender information will enable the researcher to determine the gender composition of respondents participating in the study.
- The age will ensure that only young graduates between the ages of 18 to 35 years will be used for the study.
- The income level will assist the study to determine whether there is a relationship between the level of income and the level of debt acquired. In the hypothesis of saving (Modigliani, 1986) people in the early stages of their career may have more favourable attitudes towards spending and borrowing, assuming future strong earnings (Chien & Devaney, 2001). Adzis *et al.*, (2017) state that people with less income, less assets, and less investments are more likely to incur more debt.
- The qualification level will determine the economic and educational level of young graduates. Beale and Cude (2017) hypothesised that students with business majors learn about debt and its effect on financial well-being while non-business majors tend to report more positive attitudes towards debt. The study will investigate whether the level of education and qualification major has an influence on attitudes to debt and the amount of debt acquired.
- The employment status will assist the researcher to identify the employment status of young graduates.

- The number of years employed will assist the researcher to identify participants that meet the criteria for the study in relation to their work experience.

SECTION B:

Sub-research question 1: Spending and debt behaviour of young graduates.

This section consists of a total of 19 questions. Questions 1-12 that determine the spending and debt behaviour of young graduates were adapted from Beale and Cude (2017), Norvilitis *et al.*, (2006) and Norvilitis and Mao (2013). Questions are asked using a Likert scale ranging from 1 (strongly agree) to 4 (strongly disagree). Four questions (13, 14, 15, 16 and 18) are adapted from Agnew and Harrison (2015). Two questions were constructed for the study by the researcher. The questions measure how young graduates perceive debt and their tolerance using a variety of questions such as “Taking out a loan is a good thing because it allows you to enjoy life” and “Credit is an essential part of today’s lifestyle”.

SECTION C:

Sub-research question 2: Extent, level and nature of debt held by young graduates.

This section consists of seven questions of which six were constructed by the researcher to determine the extent, level and nature of debt held by young graduates. The first question was adapted from Haultain, Kemp and Chernyshenko (2010). The 7-item scale is scored on a 4-point Likert scale ranging from 1 (strongly agree) to 4 (strongly disagree). The questions range from “I think I have too much debt” and “I can afford to pay all my monthly debt instalments”.

SECTION D:

Sub-research question 3: Factors that drive young graduates to accumulate debt

This section consists of a total of 11 questions that determine the factors that drive young graduates to accumulate debt. Questions 1-4 were adapted from Haultain *et al.*, (2010), questions 5, 6 and 8 were constructed by the researcher, question 7 was adapted from Agnew and Harrison (2015), and questions 9-10 were adapted from Adzis *et al.*, (2017). The 11-item scale is scored on a 4-point Likert scale ranging from 1 (strongly agree) to 4 (strongly disagree). The questions range from

questions such as “I like a lot of luxury in my life” and “It is too easy for people to get credit cards”.

SECTION E:

Sub-research question 4: Effects of debt accumulation at a young age

This section consists of a total of six questions. Question 1-4 were adapted from Agnew and Harrison (2015) and question 5-6 were constructed by the researcher. This section aims to identify the effects of debt accumulated at a young age. The 6-item measure scale is scored on a 4-point Likert scale ranging from 1 (strongly agree) to 4 (strongly disagree). The questions range from statements such as “Most people run up too much debt” and “I sometimes cannot sleep because I worry about how much debt I am in”.

SECTION F:

Sub-research question 5: Strategies to control debt of employed young graduates

The last section consists of one question asking respondents on strategies to control debt of employed young graduates. The question consists of multiple-choice answers where respondents are instructed to select one option. The options were created from the literature of past studies that recommended ways in which debt can be controlled. The section from the multiple choice include “Avoiding debts”, “Managing debts”, “Saving money”, “Adjust expense to income”, “Make realistic budget”, “Stick to budget”, and “Negotiate on debt”.

3.8.5.3 Structured Interviews

Interviews were used to collect qualitative data. Interviews are defined as planned and purposeful conversations between two or more people in which precise questions are asked and responses are provided by the respondent (Saunders & Lewis, 2012). Leedy and Ormrod (2014) state that interviews are open-ended and assist in addressing one or few significant issues arising from different participants. Interviews assist in probing into casual factors, determine attitudes, and discover the origin of problem (Pandey & Pandey, 2015). In addition, opportunities for interviewer bias are restricted by seeking a common context: the same questions, in the same order, with the same cues and prompts permitted, and all within a specific, closed-question framework (Smith,

2019). However, several areas of concern may arise which may cause the outcomes of the interview process to be questioned (Smith, 2019). The concerns are discussed below.

- Poorly worded questions may cause confusion or misunderstandings among interviewees.
- Memory problems among interviewees can make instant responses unreliable. This may be associated with questions that are too demanding for this mode of investigation.
- Questions may be asked in an inconsistent manner or a particular interviewer may behave differently over time and between respondents. Significant differences may exist between interviewers despite levels of training, guidelines and standardisation of questions.
- Problems may arise in the recording and processing of responses. This occurs particularly with open-ended questions, where interviewers may misinterpret or embellish responses in the course of hurriedly transcribing what has been said.
- Non-response bias can arise, as it does with mail surveys, but refusals are compounded by absenteeism. Face-to-face requirements may necessitate frequent call-backs (analogous to the reminder letter) and their success may depend on the gender, dress-code and non-threatening attitude of the interviewer.

Taking the above concerns into account, a set of questions were formulated for the study as follow up questions to the questionnaire distributed. The questions were informed by the quantitative data collected and revised to ensure that questions are clear to the respondents. The interview questions consisted of five demographic questions (gender, qualification level, employment status, age, and years employed). The set of questions are arranged according to research questions of the study: three interview questions to identify spending and debt behaviour of employed young graduates (Sub-research question 1); four interview questions that determine the extent, level and nature of debt held by young graduates (Sub-research question 2); six interview questions that determine the factors that drive young graduates to accumulate debt (Sub-research question 3). These interview questions ranged from “Do you have any debt, if so what type?”, “How did you accumulate your debt?”, and “Are you left with surplus income month end?” Sub-research question 4 consists of three interview questions that investigated the effects of debt accumulation at a young age, while Sub-research question 5 includes two interview questions that determined strategies to manage debt.

The researcher may face ethical issues that may arise with the collection of data, analysis, and dissemination of data (Creswell, 2014). Ethical issues such as informed consent procedures, deception, confidentiality of participants, and benefits of research over risks need to be taken into account during the collection of data (Creswell, 2014). In order to address the ethical issues that arise, the researcher informed the participants that they are participating in a study, explained the purpose of the study, and did not engage in any deception during the study.

The researcher must maintain objectivity during the collection of data, analysis, and reporting stages (Greener, 2008). Justify and offer an audit trail for data collection and analysis (Greener, 2008). Kumar (2011) further emphasis the importance of ethical considerations in seeking for sensitive information from respondents as certain types of information can be regarded as sensitive or confidential resulting in an invasion of privacy. Kumar (2011) states that it is not unethical to ask sensitive questions however the researcher must clearly inform the respondents of the type of information that is going to be asked and provide sufficient time for the respondents to decide whether they want to share such information. The researcher ensured that all these ethical concerns were addressed throughout the study.

3.9 DATA ANALYSIS

Data collection was done by means of a questionnaire and interviews. The data collected was combined and analysed to draw a clear conclusion for the study. This study followed a mixed method approach. In the mixed method approach, both the quantitative and qualitative approach were used. It is important to note that data analysing methods are not neutral to ethical issues (Williman, 2017). The researcher therefore considered ethical issues that may affect the study during the data analysing process. According to Kumar (2011), the researcher must avoid research bias during the process of the study as this is unethical. Bias is the deliberate attempt either to hide what you have found in your study, or to highlight something disproportionately to its true existence (Kumar, 2011). Distortion of data or results, ignoring evidence, and purposefully selecting desired data constitutes lack of integrity therefore scientific objectivity should be maintained as much as possible when analysing data (Williman, 2017). The following are procedures to be followed in analysing each phase of the data collected:

3.9.1 Quantitative analysis

A number of quantitative tools are available for analysing data. Quantitative data can be analysed through approaches such as graphs, statistics, charts and trends or relationships within data can be explored, presented and described (Creswell, 2014). SPSS and SAS were used to analyse data and identify the variables that assisted in achieving the research objectives. The following statistical techniques were used in this study:

- Descriptive statistics, which include tables, graphs, means and standard deviations.
- Cronbach's Alpha coefficient to measure the internal consistency of the measuring instrument.
- Pearson Product-Moment Correlation to measure the relationship between the accuracy and fairness that determines the effectiveness of the performance management system.

3.9.1.1 Qualitative analysis

Qualitative data was analysed after analysing quantitative data. This was done to extract an in depth understanding of the evidence obtained by using the quantitative analysis and draw conclusions. For the purpose of this study, a thematic approach was used to analyse data. Thematic analysis is used to identify, report and analyse data for the meanings drawn from people, events and objects (Burnard, Stewart, Treasure & Chadwick, 2008). Furthermore, Fossey, Harvey, McDermott and Davidson (2002) recommended that themes are organised to identify patterns and trends to arrive at a meaningful analysis of the study being conducted. Burnard *et al.*, (2008) also state that analysis of qualitative data is rather subjective than objectives. In this study, a thematic approach was used to assist the researcher to make sound and accurate judgement on the responses as they were organised into themes and patterns that can be easily interpreted. Interviews were recorded with the permission of the respondent and then transcribed by the researcher to code them for analysis. ATLAS.ti software was used to analyse the qualitative data. The data was analysed into themes from the verbatim words from the responses of the interviews.

3.9.1.2 Reliability and validity analysis

The validity of an instrument is determined by the extent to which it measures what it is intended for (Leedy & Ormrod, 2014). According to Tavakol and Dennick (2011), validity involves the integrity and dependability of the data collection instrument. Validity is also concerned with the extent to which differences found with a measuring instrument reflect true differences among those

being tested (Kothari, 2004). This implies that validity of an instrument ensures that the instrument used in the study is dependable, accurate and can be used to achieve the research objectives of the study.

Reliability deals with consistency and dependability of the results obtained under different situations (Leedy & Ormrod, 2014; Tavakol & Dennick, 2011). Therefore, the main objective of using reliability and validity is to reveal whether the same test will produce the same results if used under different conditions. Cronbach's Alpha test provides a measure of the internal consistency of a test or a scale. It is expressed as a number between 0 and 1 (Tavakol & Dennick, 2011). This means that the internal consistency should be determined before a test or scale can be used in a study to ensure reliability (Tavakol & Dennick, 2011). The Cronbach's Alpha test was used to test the data for reliability. The validity test was also performed on individual items of the questionnaire and all items that were invalid were removed from the analysis of the study.

3.10 ETHICAL CONSIDERATIONS

Ethics are norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others (Cooper & Schindler 2014; Blumberg *et al.*, 2011). The anticipation of ethical issues that may arise during the study will assist in planning ways to address those (Greener, 2008). Leedy and Ormrod (2014) state that ethical issues can be categorised into four sections as follows: voluntary and informed participation in gaining access, protection from harm, right to privacy and honesty, and ensure that participation is voluntary. These will be discussed in greater detail below.

3.10.1.1 Access to organisations

According to Creswell (2014), gaining access to organisations, sites and individuals for the study may come with challenges such as convincing individuals to participate in the study, building trust and credibility at the field site, and getting people from the site to respond. The study needs to adhere to the ethical codes of any professional body involved or association when accessing an organisation to conduct research (Greener, 2008). The following procedures were applied in the study in order to gain access, obtain informed consent, and ensure the protection, privacy and safety of participants.

- The researcher applied for ethics clearance from the ethics committee at North-West University, Faculty Economic and Management Sciences (FEMS) to gain access to the organisations where the study will be conducted.
- A permission letter was drafted to the selected organisations in order to access young graduates employed in the organisation.
- The researcher presented the letter from the FEMS ethics committee and the draft permission letter with the managers in the selected organisations to obtain permission to enter the organisation and collect data from the selected respondents (gatekeepers committee).
- The researcher requested lists of young graduates between the ages of 18 to 35 who have been employed for less than five years by the selected organisations. The information provided by the organisations was kept confidential.
- The researcher also that ensured confidentiality and anonymity was maintained when questionnaires were distributed. Participants were informed that participation in the study is voluntary and they can withdraw their participation at any stage of the study.

3.10.1.2 *Informed consent*

Collecting data from participants for the study includes three elements: firstly, knowing where to access participants; secondly, achieving ethical involvement for them and their organisation; and lastly, obtaining the participants consent (Greener, 2008). Informed consent is a basic human right intended to safeguard participants from any mental and physical harm that may result from participation in the study (Walliman, 2017; Hesse-Biber, 2013). Informed consent provides participants with information of any potential risks that come with participating in the study and the procedures set out to deal with any negative outcomes (Hesse-Biber, 2013). Informed consent requires the preparation of research documentation (informed consent letter), which indicates what the study is about, why the study is being conducted, what the role of the participants in the study is, how data being collected will be used in the study, and how confidentiality will be ensured (Greener, 2008; Blanche *et al.*, 2014). In order to ensure proper informed consent, the following was done:

- The researcher drafted an informed consent letter that accompanied the questionnaire to the participants. The letter included the details of the study and what the participants are

expected to do at every phase of the study. This study employs the mixed method approach which consists of a quantitative stage (Phase1) and a qualitative stage (phase 2). Participants from the quantitative stage were also used in the qualitative stage, therefore, consent was obtained for both stages of the study.

3.10.1.3 Protection, privacy and safety of the respondents

A study must not cause harm, which includes embarrassment, stress, discomfort or pain (Greener, 2008; Walliman, 2017). The researcher must respect the participant's right to refuse to take part in the study (at any stage), respect anonymity, and confidentiality of participants (Greener, 2008; Kumar, 2011). According to Greener (2008), the researcher must clarify to the participants the potential limits to anonymity and confidentiality. The researcher must be honest and avoid deception whether purposeful or by omission (Greener, 2008; Walliman, 2017). The researcher ensured the protection, privacy and safety of respondents by respecting the anonymity, confidentiality and voluntary participation of respondents. The study did not cause harm or discomfort to the respondents as the researcher was honest and avoided deception during the study.

3.10.1.4 Dissemination of results

Walliman (2017) suggests that it is appropriate to pass the drafts of your research report on to colleagues or supervisors for comment, but only with the proviso that the content is kept confidential, particularly as it is not ready for publication and dissemination at this stage. The findings of the study will be kept confidential until the study is ready to be published. Furthermore, the findings of the study may be shared with stakeholders such as academics, young graduates, financial institutions, and other relevant parties in the financial management field. Dissemination of results in the form of conference or journal papers, a website or other types of publication inevitably involves reducing the length of the material, and perhaps the style of writing; therefore, the researcher must be careful that the publication remains true to the original and avoid bias towards particular results (Walliman, 2017).

3.10.1.5 Data management

Hesse-Biber (2013) states that the researcher should determine whether anyone other than the researcher will handle the data after the research is conducted. The researcher must refrain from

disclosing information that would harm participants and provide assurance of confidentiality or to fully inform them of potential uses of material gathered (Walliman, 2017; Hesse-Biber, 2013; Creswell, 2014). For the purpose of this study, data was stored in a safe storage system with controlled access. Creswell (2014) recommends that raw data and other material is kept (e.g., details of procedures, instruments) for a reasonable period (5 to 10 years). After this period, the data will be discarded so that it may not be inappropriately used or be accessed by other researchers

3.11 SUMMARY OF CHAPTER

In this chapter, the research approach design and methodology for the study were discussed in great detail. Firstly, it is important to note that the research questions/aim play an important role in the selection of the appropriate research design, approach and methodology for the study. The chapter map was then discussed to draw a picture for the layout and sequence of this chapter. The research approach was described as the plan of how the research will be conducted. The mixed method approach was selected as the appropriate method for the study as it combines the use of both the quantitative and qualitative methods.

Furthermore, the pragmatic design will be adopted for the study as it will assist in choosing correct methods and techniques that will assist in collecting and analysing data for the study. The study took place in two phases following a sequential explanatory design, the first phase was quantitative, which made use of a 4-point Likert scale questionnaire to collect data the attitudes of employed young graduates towards debt. The second phase is the qualitative phase, which employed the use of interviews to gain a better and in depth understanding of the attitudes of employed young graduates towards debt.

Lastly, the methodology for the study was discussed, which included the target population, sample frame, sample method, sample size, data collection methods, data analysis, reliability and validity, and the ethical considerations. The methodology of the study is the structured work plan of how the study will be conducted. The methodology identifies the tools and procedures that will be employed to ensure that relevant data is collected to draw an accurate conclusion for the study. It also important to highlight that ethical issues that may affect the study were discussed for each phase of the study. Ethical considerations assist in ensuring that the study does not bring harm or discomfort to participants and any related parties. Ethics also ensure that there is no bias or

dishonesty in carrying out the study. The next chapter will discuss the findings of the study and answers to the research questions of the study.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.1 INTRODUCTION

Chapter 3 discussed the research approach, design and methodology adapted in this study. A mixed method research was adapted in this study, following a sequential explanatory research design. The quantitative data was firstly collected using a 4-point Likert scale questionnaire which measured the spending and debt behaviour of young graduates, factors that influence the attitudes towards debt, and the financial well-being of young graduates. This was validated by qualitative data that was collected using interviews to obtain data that could not be obtained using the questionnaire and to get better understanding of the quantitative data.

This chapter presents' data obtained by questionnaires and interviews administered to young graduates employed in organisations in the Gauteng Province. The quantitative analysis started with validity and reliability testing, hereafter a presentation was made with respect to the findings made for each research question. This was done with SPSS and SAS statistics software. Findings from the quantitative phase were further validated with the qualitative empirical investigation which involved the use of ATLAS.ti software used to code participant's response into themes and categories. Data obtained were presented and discussed based on the research objectives of the study with the aim of seeking solutions to the study's research problem.

4.2 RESEARCH OBJECTIVES

The study aimed to attain the following research objectives using the quantitative and qualitative data collected from young graduates.

Main research question

What are the attitudes of young employed graduates towards debt management?

Sub-research questions

1. What are the spending and debt behaviours of employed young graduates?
2. What is the extent, level and nature of debt among employed young graduates?
3. What factors influence employed young graduates to accumulate debt?
4. In what way(s) can debt affect the well-being of young graduates?

5. How can young graduates control their attitudes towards debts and the level of indebtedness?

4.3 QUANTITATIVE DEMOGRAPHIC INFORMATION

The quantitative data was collected using a structured self-administered questionnaire (see section 3.8.5.1.1) which consists of 50 questions. The first section, Section A, entailed six items that sought to determine the demographic information of the participants. Section B (Sub-research question 1) consisted of 19 items on a 4-point Likert scale to determine the spending and debt behaviour of young graduates. Section C (Sub-research question 2) identified the extent, level and nature of debt held by young graduates of 7 items on a 4-point Likert scale. Section D (Sub-research question 3) consisted of 11 items that determine factors that drive young graduates to accumulate debt. Section E (Sub-research question 4) determined the effects of debt accumulation at a young age, this section consisted of 6 items on a 4-point Likert scale. The last section, Section F (Sub-research question 5), consisted of a single item which determined the strategies to control debt.

The questionnaire was accompanied by a cover letter that stipulated the purpose of the study and requesting informed consent of the participants. Participation in the study was voluntary as stated in the cover letter. The sample size for the quantitative phase (see section 3.8.4.1) was highlighted as 150 young graduates (higher education) between the ages of 18 to 35, who are currently employed in the private or public sector in Gauteng Province, South Africa in the year 2019. The sample size of 150 young graduates was divided among the organisations selected in the Gauteng Province.

As per the study's target population of 150 respondents, 117 questionnaires were received and adequately completed. Ten questionnaires had incomplete information or persons that did not meet the criteria of the study, these were regarded as spoilt and could not be used for the study, and 23 of the questionnaires were not returned despite all measures to follow up. A total response rate of 78% was obtained and used for the study. Fincham (2008) mentions that response rates of approximating 60% should be the goal of researchers, therefore with a response rate of 78%, this study collected adequate data to arrive at a reliable conclusion. Table 4.1 below depicts the responses from each organisation used for the study.

Table 4.1: Response rate as per organisation

Organisations	Total questionnaires received
Schools	13
Colleges	12
Audit firms	23
Financial institutions	11
Government organisations	8
Private companies	4
Online survey	17
Universities	29
TOTAL	117

Following from the response rate of the respondents used in the quantitative phase of the study, the demographic information of the respondents consisted of the gender, income level, qualification level, employment status, and number of years employed. The sub-sections are discussed further below.

4.3.1 Gender composition

The study aimed to understand the attitude of young graduates towards debts while establishing financial management practices. It was important to ascertain the gender of respondents who will respond to the research questions. Figure 4.1 below presents the findings.

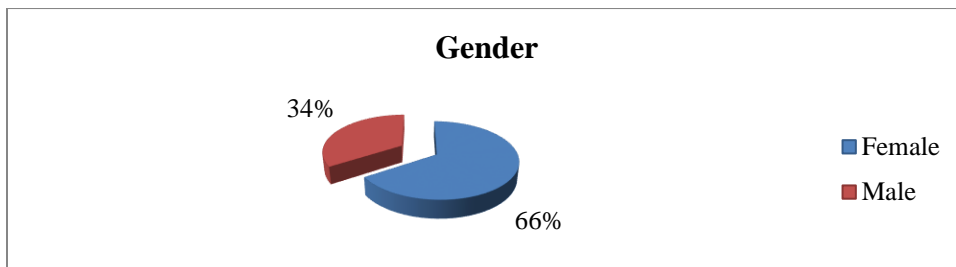


Figure 4.1: Gender

Figure 4.1 depicts that the majority of respondents (66%) were female and 34% of male. The results indicated that the organisations in Gauteng Province are dominated by young female graduates between the ages of 18 to 35.

4.3.2 Income level

The study aimed to understand the attitude of young graduates towards debts while establishing financial management practices. It is important to also assess the income level of respondents to ascertain the attitude towards debts. Figure 4.2 below presents the findings.

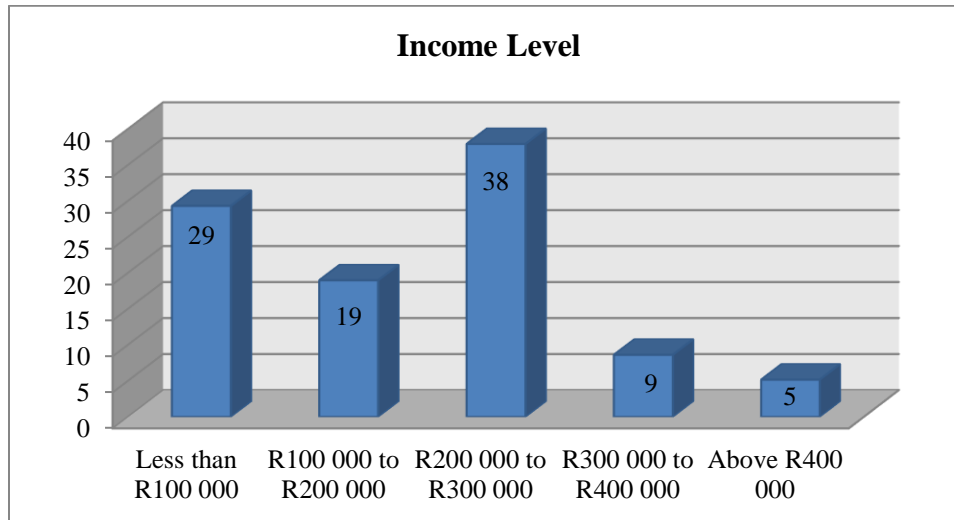


Figure 4.2: Income level

According to Figure 4.2, the majority of employees (38%) are earning between R200 000 – R300 000 per annum, followed by 29% employees who are earning less than R100 000 per annum. A minority of employees (9%) are earning between R300 000 – R 400 000 and the remaining 5% earning above R400 000. The data indicates that organisations in Gauteng Province consist of 86% of employees who are earning a maximum of R300 000 annually.

In a study in Malaysia, Adzis *et al.*, (2017) found that young adults in Malaysia are in debt due to poor money management skills and income levels. While Meniago *et al.*, (2013) found that South Africa records a high debt level however the household debt to income ratio compared to the biggest economies of the world is fairly good. This indicates that the amount of income that one earns may influence how much debt they are willing to accept or how they perceive their affordability status, this coupled with poor management of finances could lead to an individual taking more debt than they can actually afford.

4.3.3 Qualification levels

In order to determine the attitudes of young graduates towards debt, the study aimed to identify their qualifications level to ensure that the respondents meet the requirements to participate in the study. Figure 4.3 below presents the findings.

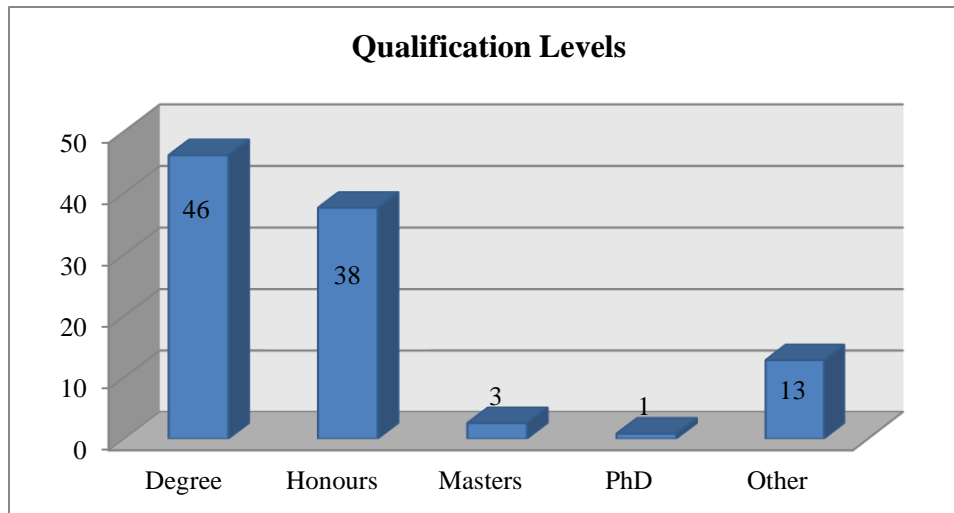


Figure 4.3: Qualification levels

Figure 4.3 represents the highest qualification that the employees had obtained. Of the respondents, 46% had degrees, followed by Honours degrees with 38%, 13% had other qualifications, 3% had a Masters' degree and 1% had a PhD. This implies that the organisations in Gauteng Province employed more skilled employees when looking at their qualifications. The results indicate that a majority of respondents have a degree, it is interesting to note that a significant number (38%, 3%, 1% = 42%) also has a postgraduate qualification. The findings of the study concur with Bevan-Dye *et al.*, (2012) who highlight that a tertiary qualification is generally associated with a higher earning potential hence students enroll for university. Based on this assumption that individuals enrol into university to make money and may have a high appetite to material possessions, this may be the initial stage where debt accumulation begins.

4.3.4 Employment status

The study aimed to determine the attitudes of employed young graduates towards debt. Therefore, it was important to ascertain whether the respondents are employed to ensure they meet the

requirements of the study. Figure 4.4 provide the findings of the employment status of the respondents.

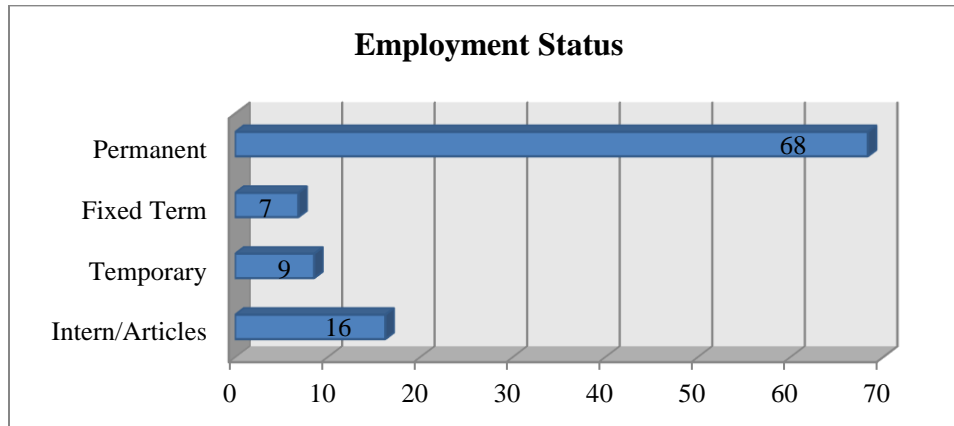


Figure 4.4: Employment status

The employment status in the organisations for the participants of the research ranged between intern/articles to permanent status. All participants were employed in different organisations within the Gauteng Province. The findings of this study show that 68% of the respondents are permanently employed in their various organisations, while 16% are employed as interns, 9% employed on a temporary basis, and 7% of employees are employed on a fixed contract with their organisations.

4.3.5 Number of years employed

The study focused on young graduates who are at the initial stages of establishing their financial management practices. It is therefore important to ascertain the number of years that the respondents have been employed to ensure that they are at early stages of employment and they are establishing their financial practices. Figure 4.5 depicts the results.

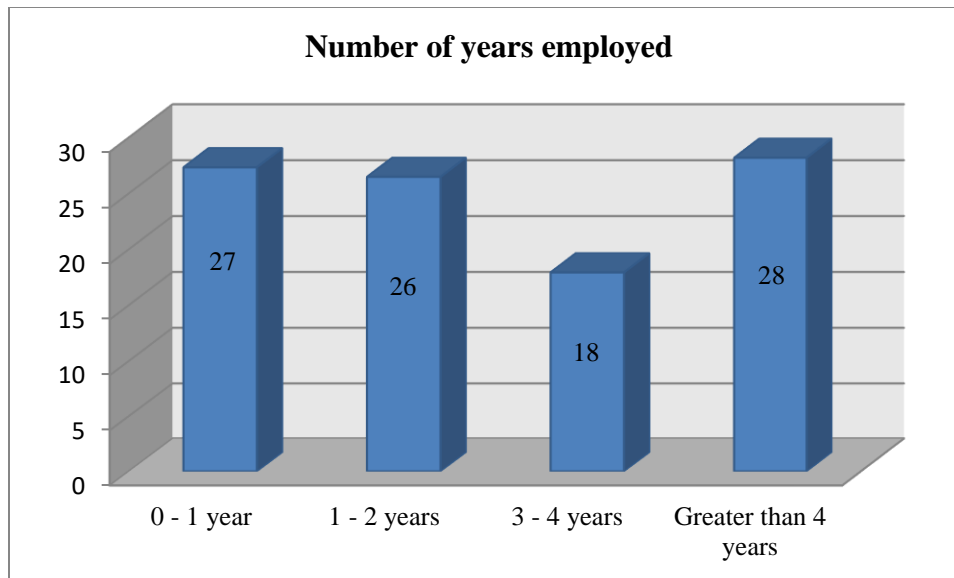


Figure 4.5: Number of years employed

Figure 4.5 shows that 28% of the respondents have been employed for more than 4 years, followed by 27% respondents with 0 to 1 year working experience, 26% had 1 to 2 years working experience, and lastly, 18% respondents had 3 to 4 years working experience.

In summary, for the quantitative demographic information of the respondents' gender distribution, employment status, income level, qualification level, number of years employed. The findings of the study determined that 66% of the respondents were females, 52% had an income level of more than R200 000, 88% of respondents held at least a degree while others had a postgraduate degree, 68% of respondents are permanently employed, and 72% have been employed for more than one year. The next section presents the qualitative demographic information of the participants interviewed for the study.

4.4 QUALITATIVE DEMOGRAPHIC INFORMATION

Employed young graduates were further interviewed in the study to validate their responses in the quantitative phase of the study. The qualitative data was collected through interviews. A sample size of 20 was selected from the graduates who participated in the quantitative phase of the study. The interview questions were adjusted after the analysis of the quantitative data to address any additional information that may be required for the study. The researcher made appointments with

the graduates to ensure availability. In total, 15 interviews were conducted and recorded with the permission of the participants. The interviews were conducted until saturation point as no new information was coming to light. The researcher then transcribed the interview responses and coded them for analysis. Table 4.2 presents the holistic information relating to the number of participants, years of experience, and gender of the participants used to attain saturation for the qualitative phase of the study.

Table 4.2: Demographic information of qualitative participants

Gender	Education level	Employment status	Age	Years employed
P1 Male	P1 Masters	P1 Permanent	P1 31years	P1 6 years
P2 Male	P2 Honours	P2 Permanent	P2 30 Years	P2 4 years
P3 Female	P3 Degree	P3 Permanent	P3 34 years	P3 7 years
P4 Female	P4 Degree	P4 Permanent	P4 29 years	P4 5 Years
P5 Male	P5 Degree	P5 Permanent	P5 27 years	P5 3 years
P6 Female	P6 Honours	P6 Permanent	P6 28 years	P6 4 years
P7 Male	P7 Honours	P7 Permanent	P7 29 years	P7 5 years
P8 Female	P8 Degree	P8 Fixed term	P8 22 years	P8 1 year
P9 Male	P9 Honours	P9 Fixed term	P9 24 years	P9 1 year
P10 Male	P10 PhD	P10 Permanent	P10 34 years	P10 6 years
P11 Female	P11 Honours	P11 Fixed term	P11 26 years	P11 4 years
P12 Female	P12 Honours	P12 Permanent	P12 27 years	P12 5 years
P13 Male	P13 Honours	P13 Permanent	P13 28 years	P13 5 years
P14 Male	P14 Masters	P14 Permanent	P14 26 years	P14 3 years
P15 Female	P15 Honours	P15 Permanent	P15 27 years	P15 5 years

Table 4.2 presents the findings of the demographic information of the participants for the qualitative phase of the study, this includes the gender, educational level, employment status, age, and number of years employed. To attain a point of saturation, 15 participants were used in the qualitative phase of the study. Eight of the 15 participants were male and seven were females. 11 of 15 participants have a postgraduate degree and 11 participants are permanently employed, while four are on a fixed term contract.

All the participants were below the age of 35 years, which was the requirement for participation in the study. The demographic information also indicates that 13 of the 15 participants have been employed for at least 3 years, which means that they are at the initial stages of their employment. Young graduates are also establishing their financial management practice as they have started to

earn an income and are learning about finances because they are now responsible to manage their own finances.

4.5 MAIN FINDINGS FOR THE STUDY

This section presents the main findings of the study. The main results were presented, interpreted, and discussed according to the research objectives posed for the study. In presenting the findings made in each research objectives, the questionnaire and the interview guide for the respondents were utilised.

Questionnaire

For the questionnaire, a reliability and validity test were conducted to determine the respondents' responses which could adequately answer the research questions for the study. The following subsections present the reliability and validity test performed in the study.

4.5.1 Reliability

Reliability is the degree to which an instrument measures the same way when used under different situations. Leedy and Ormrod (2014) and Tavakol and Dennick (2011) state that reliability deals with consistency and dependability of the results obtained. Therefore, the main objective of using reliability is to reveal whether the same test will produce the same results if used under different conditions. The Cronbach's Alpha test was used to test the data as it provides a measure of the internal consistency of a test or a scale, it is expressed as a number between 0 and 1 (Tavakol & Dennick, 2011). This means that the internal consistency should be determined before a test or scale can be used in a study to ensure reliability (Tavakol & Dennick, 2011; Bonett & Wright, 2014). According to Gliem and Gliem (2003), when using Likert-type scales it is imperative to calculate reliability of summated scales or sub-scales and not individual items, this is because the reliability of the individual items will be low or unknown. Cronbach's Alpha does not provide reliability estimates for single items (Gliem & Gliem, 2003). The results from the reliability test on this study using the Cronbach Alpha are presented below in Table 4.3, which is categorised into the sections of the questionnaire.

Table 4.3: Reliability on the attitude of employed young graduates towards debt

Factors	Cronbach's Alpha	Number of items
Spending and debt behaviour	0.585	19
Extent, level and nature of debt	0.472	7
Factors that drive young graduate to debt	0.725	11
Effects of debt accumulation	0.851	6
Control of debt	0.713	2
Total		45

The reliability test results of this study shows the Cronbach's Alpha of the individual section of the questionnaire. The rule-of-thumb is that Cronbach's Alpha should reach 0.70 for an instrument to have an acceptable level of internal consistency (Taber, 2016). The results of this study indicate that the factors to debt have a Cronbach's Alpha of 0.725, effects of debt accumulation is 0.851, while control of debt has 0.713 Cronbach's Alpha, which are above the benchmark of 0.7. The spending and debt behaviour have a Cronbach's Alpha of 0.58 while the second section extent, level and nature of debt has 0.47, these sections are below the benchmark of 0.7. Although these sections are below the 0.7 benchmark, Gliem and Gliem (2003) argue that Cronbach's Alpha reliability coefficient normally ranges between 0 and 1, however there is actually no lower limit to the coefficient. Although a high value for Cronbach's Alpha indicates good internal consistency of the items in the scale, it does not mean that the scale is unidimensional (Gliem & Gliem, 2003). This was supported by Taber (2018) who stated that having a threshold of acceptability for Cronbach's Alpha values is only a rule of thumb therefore it does not imply that lower values of alpha should be taken as indicating an unsatisfactory instrument.

The internal consistency of an instrument may be achieved by adding more items however this may lead to duplication of items, which may be redundant and inefficient (Taber, 2018). It is important to ensure that scales measure what they claim to measure and that they are valid. Therefore, the study made use of the instrument as there is sufficient satisfaction that the instrument will assist in answering the research objectives. Therefore, the reliability test was performed on the questionnaire used to collect quantitative data. The reliability test is used to measure internal consistency and dependability of the instrument to produce the same results under different conditions. The rule-of-thumb is that Cronbach's Alpha should be 0.70 for an instrument to be considered as consistent (Taber, 2018). The findings of the reliability test indicate that the factors to debt and effects to debt have a value of more than 0.07. The spending and debt behaviour

has a value of 0.585, while the effects and level of debts are 0.472. The reliability test of the instrument was considered to be reliable since the total test was 0.831, which is more than the benchmark of 0.07. Furthermore, a validity test was performed on the instrument to ensure that the individual items on the instrument are valid. The results of the validity test are discussed in detail below.

4.5.2 Validity

The validity of an instrument is determined by the extent to which the instrument measures what it is intended for (Leedy & Ormrod, 2014). According to Tavakol and Dennick (2011), validity involves the integrity and dependability of the data collection instrument. Validity is also concerned with the extent to which differences found with a measuring instrument reflect true differences among those being tested (Kothari, 2004). This implies that validity of an instrument ensures that the instrument used in the study is dependable, accurate and can be used to achieve the research objectives of the study. The validity test was performed on individual items on the instrument and are categorised according to the sections in the questionnaire. SPSS software was used to perform the validity test, the results are depicted in Tables 4.4 to 4.7 below.

4.5.2.1 Sub-research question 1: Spending and debt behaviour of young graduates

The validity test was performed on individual items (B1-B19) on the instrument. Based on the significant value obtained by the Sig. (2-tailed), any value between $0.000 < 0.05$ is considered valid. The findings of the validity test on the spending and debt behaviour of young graduate's instrument are presented in Table 4.4 below.

Table 4.4: Validity test of spending and debt behaviour

Variables retained	N	Pearson Correlation	Sig. (2-tailed)
B1	117	0.474	0.000
B2	117	0.352	0.000
B3	113	0.225	0.017
B4	113	0.211	0.025
B5	117	0.441	0.000
B6	115	0.413	0.000
B7	115	0.295	0.001
B11	117	0.445	0.000
B12	117	0.509	0.000
B13	114	0.558	0.000
B14	114	0.582	0.000
B15	116	0.204	0.025
B17	117	0.404	0.000
B18	115	0.499	0.000
B19	116	0.424	0.000

Table 4.4 above shows the validity test on the 19 items of the instrument, this indicates that 15 items that were between $0.000 < 0.05$ and are considered valid. The items that were considered to be valid were carried on to the results of the study. Any items that are more than 0.05 which is 5% which includes B8= “Even on a low income, one should save a little regularly”, B9= “Borrowed money should be repaid as soon as possible”, B10= “I do not like borrowing money” and B16= “I minimise my spending to minimise my debt” were further excluded from the analysis during the validity test since the remaining items had too many missing values because most respondents did not respond to the items.

4.5.2.2 Sub-research question 2: Extent, level and nature of debt

The validity test was performed on individual items (C1-C6) on the instrument. The findings of the validity test on the extent, level and nature of debt instrument are presented in Table 4.5 below.

Table 4.5: Validity test of extent, level and nature of debt

Variables retained	N	Pearson Correlation	Sig. (2-tailed)
C1	117	0.397	0.000
C2	116	0.703	0.000
C3	117	0.376	0.000
C4	117	0.559	0.000
C5	117	0.580	0.000
C6	117	0.635	0.000

The validity test was performed on six items and the findings based on significant value obtained by the Sig. (2-tailed) all items were between $0.000 < 0.05$. Therefore, items C1-C6 are considered to be valid and were used in analysis and presentation for the study.

4.5.2.3 Sub-research question 3: Factors that drive young graduates to accumulate debt

The validity test for the instrument on factors that drive young graduates to accumulate debt was performed on individual items D1-D11. The findings of the validity test are presented in Table 4.6 below.

Table 4.6: Validity test of factors that influence debt

Variables retained	N	Pearson correlation	Sig. (2-tailed)
D1	117	0.450	0.005
D2	116	0.692	0.000
D4	116	0.488	0.002
D5	115	0.735	0.000
D6	117	0.695	0.000
D7	115	0.510	0.001
D8	113	0.722	0.000
D9	114	0.529	0.001
D11	117	0.628	0.000

The findings of the validity test items (D1-D11) in Table 4.6 reveal that nine of the 11 items on the instrument based on the Sig. (2-tailed) value are between $0.000 < 0.05$. This means that these items are valid and will be used to present the results of the study. Items D3= “It is important to live within one’s income” and D10= “I want to own properties of my own” had a value of more than 0.005 and were therefore considered to be invalid; they were however removed from the factors as there were too many missing variables and respondents did not respond to the items.

4.5.2.4 Sub-research question 4: Effects of debt accumulation

The validity test for the instrument used to collect data on the effects of debt accumulation was performed on individual items (E1-E6). The findings of the validity test are presented in Table 4.7.

Table 4.7: Validity test of effects of debt accumulation

Variables retained	N	Pearson Correlation	Sig. (2-tailed)
E1	114	0.548	0.000
E2	116	0.821	0.000
E3	116	0.841	0.000
E4	116	0.893	0.000
E5	116	0.707	0.000
E6	116	0.762	0.000

The results from the validity test on items E1-E6 based on the significant value obtained by the Sig. (2-tailed) are between $0.000 < 0.05$. Therefore, all items (E1-E6) in the instrument are considered to be valid and will be carried on to the results of the study.

4.5.2.5 Sub-research question 5: Strategies to control debt accumulation

The validity test for the instrument used to collect data on the control of debt accumulation was performed on individual items (F1-F3). The findings of the validity test are presented in Table 4.8.

Table 4.8: Validity test of strategies to control debt accumulation

Variables retained	N	Pearson Correlation	Sig. (2-tailed)
F1-Avoiding debt	45	0.638	0.000
F2-Managing debt	71	0.811	0.000
F3-Saving money	1	0.022	0.000

The validity test was performed on three items and the findings based on significant value obtained by the Sig. (2-tailed) on all items were between $0.000 < 0.05$. Therefore, items F1-F3 are considered to be valid as they contain a value below 5% and were used in analysis for the study.

In summary, the validity test was performed on the instrument (questionnaire) used to collect quantitative data. The validity test is performed to ensure that the instrument used to collect data has integrity and dependability. This will ensure that the data used is accurate. The validity test

was performed using SPSS on individual items. Items were categorised into their respective sections and presented in Tables 4.4 - 4.7. The validity test indicates that any items with significant value obtained by the Sig. (2-tailed) and any value between $0.000 < 0.05$ are considered valid. All items with Sig. (2-tailed) value between $0.000 < 0.05$ were carried on to the results of the study as they were valid. A total of six items above 0.05 were removed from the study as they were considered to be invalid.

Interviews

ATLAS.ti version 8.4.23 was used in analysing the qualitative interviews, which assisted in the familiarisation of data and facilitated in the coding process. Open coding and in-vivo coding were used. The latter specifically allows participants words to be coded verbatim, presenting participants exact and real meaning to their understanding of the phenomenon under exploration without editing.

Open coding is derived through thorough and repetitive reading of the transcripts so as to derive possible labels or tags to describe the meaning emerging from the data (Gallicano, 2013). Thus, a word or group of words called a code is attached to a particular piece of text. 123 codes emerged from the data.

Open coding assists to build raw data transcripts into categories, then, into descriptive multi-dimensional tentative frameworks used for analysis purposes (Gallicano, 2013). The generated codes (123) were grouped into code families otherwise regarded as sub-themes. The sub-themes derived from the qualitative findings are presented in Table 4.8 below and they guide further analysis, interpretation and discussion of the findings.

Table 4.9: Sub-research questions and sub-themes

RQ1	
What is the spending and debt behaviour of employed young graduates?	
	Sub-themes
1.1	Necessity of debt
1.2	Debt behaviour
1.3	Spending behaviour
RQ2	
What is the extent, level and nature of debt among employed young graduates?	
	Sub-themes
2.1	Extent and level of indebtedness
2.2	Nature of debt
RQ3	
What factors influence employed young graduates to accumulate debt?	
	Sub-themes
3.1	Easy access to debt and income levels
3.2	Graduate and debt accumulation
3.3	Lack of personal financial management
3.4	Lack of financial programmes
RQ4	
In what way(s) can debt affect the well-being of employed young graduates?	
	Sub-themes
4.1	Stress levels and life decisions
4.2	Financial well-being and delay of wealth
RQ5	
How can young graduates control their attitudes towards debts and level of indebtedness?	
	Sub-themes
5.1	Avoidance debt strategies
5.2	Debt management strategies

The qualitative data was organised into common themes from the interview transcripts. The themes came from the responses provided by the participants. These themes were used in the study to draw conclusions of the findings from the qualitative data. The themes were organised and categorised according to the research questions that were used in the interviews. Sub-research question 1 aimed to determine the spending and debt behaviour of young graduates. 15 Participants were interviewed on follow-up questions from the quantitative survey. The responses of the 15 participants revealed three key themes, namely “necessity to debt”, “debt behaviour” and

“spending behaviour” of employed young graduates. The second sub-research question determined the extent, level and nature of debt acquired by young adults. The findings revealed two themes from the responses of the participants, namely “extent and level of indebtedness” and “nature of debt”. Sub-research question 3 investigated the factors that influence young graduates to accumulate debt, four themes were derived from research question three, namely “easy access to debt and income levels”, “graduate and debt accumulation”, “lack of personal financial management” and “lack of financial programmes”. Sub-research question 4 determined the effects of debt on young graduates. Two themes came up from the responses, namely “stress levels and life decisions” and “financial well-being and delay of wealth”. The last sub-research question (Sub-research question 5) consisted of two themes that looked at the strategies to control attitudes to debt and level of indebtedness. These themes include “avoidance debt strategies” and “debt management strategies”.

The themes derived were used to sequentially explain the quantitative findings further. The next section presents the findings from both the quantitative and qualitative phase of the study for each research objective. The quantitative findings will be discussed first, then followed by the qualitative findings, which was used to sequentially validate the emerging items in a contract from the quantitative phase.

4.5.3 Research objective 1: Determine the spending and debt behaviour of young employed graduates

The aim of this research objective for the study is to identify the spending and debt behaviour of young employed graduates. Factor B1-19 was used as criteria to understand the spending and debt behaviour of employed young graduates. Table 4.10 and Figure 4.6 presents the analysis made in this regard. The data has been arranged according to graphs and pie charts to simplify the analysis and interpretation of the finding. As discussed in the validity test (see section 4.5.2.1), some of the items (B8, B9, B10 and B16) were excluded from the analysis as they were invalid and unreliable therefore could not be used in the findings. The responses are discussed collectively adding the percentages obtained in “Strongly agree” and “Agree”. While “Strongly disagree” and “Disagree” will also be combined. For example, in Item B1, 51% “Disagree” plus 37% “Strongly disagree” total 88%, in the discussion only the total 88% will be shown. This will be done for all the sections

as the responses in the two scales “Strongly agree” and “Agree” can be similar to obtaining the same response. Therefore, interpretation of the results in this manner will not be misleading or lead to misinterpretation.

Table: 4.10 The spending and debt behaviour of employed young graduates

Question Description	Strongly Agree =1	Agree =2	Disagree =3	Strongly Disagree = 4	Mean	Std. Dev.
B1	(4.3%)	(7.7%)	(51.3%)	(36.8%)	3.21	.760
B2	(4.3%)	(32.5%)	(29.1%)	(34.2%)	2.93	.917
B3	(13.3%)	(29.2%)	(49.6%)	(8.0%)	2.52	.825
B4	(8.8%)	(20.4%)	(54.9%)	(15.9%)	2.78	.821
B5	(49.6%)	(24.8%)	(17.1%)	(8.5%)	1.85	.997
B6	(24.3%)	(37.4%)	(27.0%)	(11.3%)	2.25	.954
B7	(6.1%)	(13.9%)	(25.2%)	(54.8%)	3.29	.925
B11	(9.4%)	(41.9%)	(28.2%)	(20.5%)	2.60	.920
B12	(4.3%)	(11.1%)	(29.9%)	(54.7%)	3.35	.844
B13	(16.7%)	(26.3%)	(25.4%)	(31.6%)	2.72	1.085
B14	(19.3%)	(42.1%)	(21.9%)	(16.7%)	2.36	.979
B15	(37.1%)	(35.3%)	(12.9%)	(14.7%)	2.05	1.045
B17	(1.7%)	(6.0%)	(30.8%)	(61.5%)	3.52	.690
B18	(13.9%)	(16.5%)	(33.9%)	(35.7%)	2.91	1.039
B19	(28.4%)	(27.6%)	(25.0%)	(19.0%)	2.34	1.088

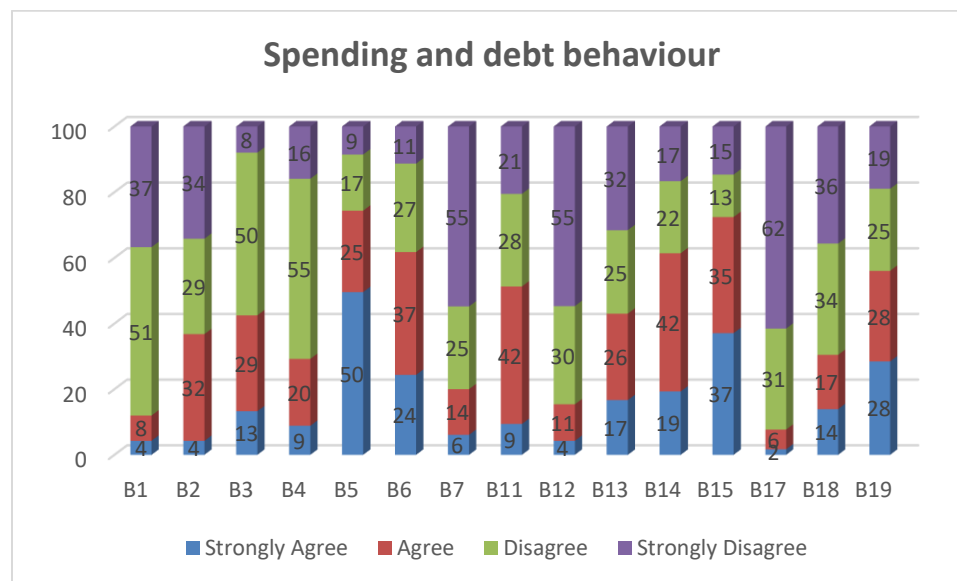


Figure 4.6: Spending and debt behaviour

NOTE:

- B1= Taking out a loan is a good thing because it allows you to enjoy life
- B2= It is a good idea to have something now and pay for it later
- B3= Using credit is wrong
- B4= I'd rather go hungry than buy food with a credit card
- B5= Being in debt is never a good thing
- B6= Credit is an essential part of today's lifestyle
- B7= It is better to go into debt than to let children go without Christmas presents
- B11= Borrowing money is sometimes a good thing
- B12= It is ok to borrow money to pay for children's clothes
- B13= Even though I am incurring debt now, it will be worth it in the future
- B14= I believe I have enough time to settle my debt in future
- B15= Debt makes me believe that I am indebted to paying someone or paying for my loans
- B17= I use credit to pay for a good social life
- B18= I had already accumulated debt by the time I graduated
- B19= I have a greater chance of getting another job because I have a degree

To understand the findings presented above, the researcher clustered and discussed items that are related to one another. This will be done for all the sections.

4.5.3.1 Necessity of debt

In Table 4.10 above, Item B1 shows that 88% of respondents disagree that “Taking out a loan is a good thing because it allows you to enjoy life”. Item B2 shows that 63% of respondents disagree that “It is a good idea to have something now and pay for it later”. This indicates that young graduates do not believe that taking on debt is a good thing. However, it is impractical to live without using debt as a source of finance. It is also interesting to note that for Item B1 (12%) and B2 (37%), only a minority group strongly agree to agree that taking debt is a good thing, although it is not a majority, it is a significant number. Furthermore, when asked whether the respondents believe that the use of debt is wrong, Item B3 shows a strongly disagree to disagree of 58%. Although for Item B5, 75% of respondents strongly agree to agree that being in debt is never a good thing, it is however evident from their response in Item B1 to B4 that they cannot do without debt in sustaining their daily needs. Also, Item B6 shows that 62% of respondents strongly agree to agree that credit is an essential part of today’s lifestyle. It can be interpreted from the findings above that young graduates do not believe that the use of debt is wrong and that they believe that it may be impossible to live without using debt as it is an essential part of today’s society.

To sequentially validate the quantitative findings, Figure 4.7 shows qualitative findings on the necessity for debt among employed young graduates.

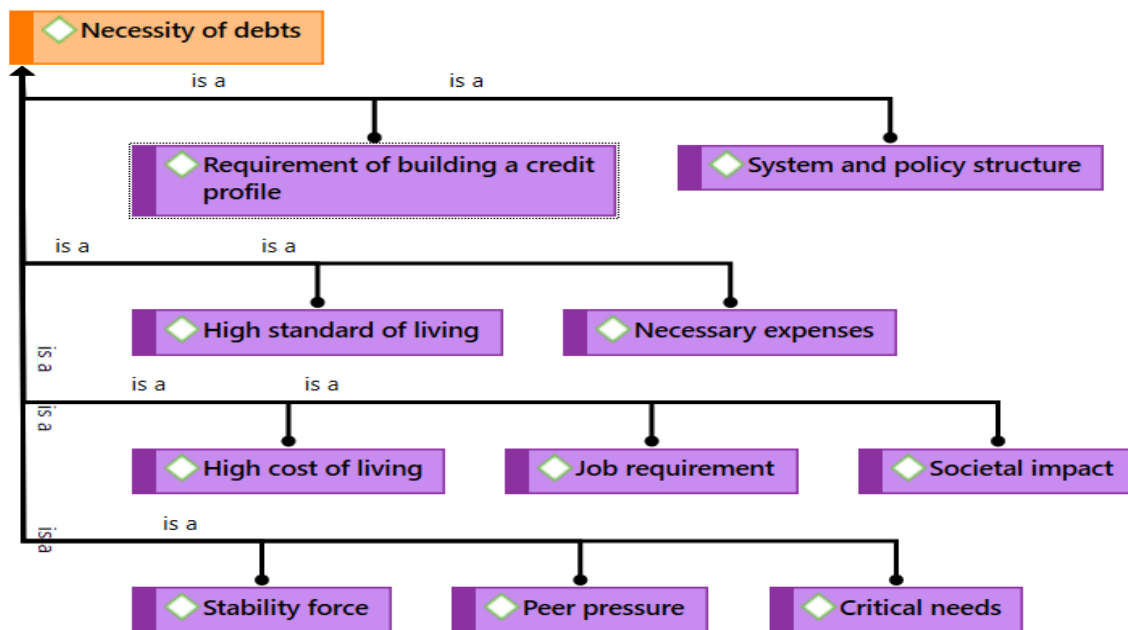


Figure 4.7: Findings related to the sub-theme – Necessity of debts

From Figure 4.7 above, the findings show that participants indicated that debt is necessary to build a credit profile, high standard of living, job requirement, peer pressure, societal impact, critical needs, and other necessary expenses. The findings further reveal that young graduates do believe that debt has become an essential part of today's lifestyle as debt plays a major role when you start employment. These findings confirm the quantitative findings that the use of debt is not a good thing (Items B1 and B2) however it is not wrong to use debt (Items B3 and B4) as it forms part of today's lifestyle (Item B6) because it is needed for things that are necessary for daily life.

A sample of peculiar verbatim words below further provides validation of participant's view, which is demonstrated by a few responses from Participant 1 (P1) to Participant 15 (P15) interviewed during the qualitative data collection.

P1 I do not think that debt is an essential part of today's lifestyle, I think society has made it to seem like that. Young graduates feel the pressure to take on debt to live according to society's standards and take debt. Financial institutions also tempt young graduates with excessive debt advances.

P2 Yes, it is necessary. Although debt is not a good thing, it is impractical for one to go without needing debt at some point of their lives. You cannot plan for all your major expenses as this will take a lot of time to save for such a significant amount. Major expenses such as a house and car

are worthwhile and beneficial in the long run therefore I do not mind taking debt for such. The use of debt is unavoidable.

P4 Yes, society is accustomed to self-image of how successful you look. Individuals feel compelled to take debt to finance the lifestyle they desire to have. There is not enough financial education on how to use money. As a graduate when you start employment, there is so much financial demand and you may not be able to afford certain things so you take debt.

P5 Yes, debt is an essential part because one is required to have debt in order to build a credit profile in order to make big purchases in future such as house etc. Debt is therefore unavoidable.

P8 Yes, debt is a necessary part of today's lifestyle. When you are a graduate and you start working, a lot of job opportunities require you to have a car. Because you have just started working, you will not have the money to purchase the car cash, you will therefore turn to debt as you consider this expense to be worthwhile. Therefore it is not possible to avoid debt.

P13 I think debt is a part of today's lifestyle as our income may not be sufficient to purchase all the things we need especially major expenses. Debt becomes an alternative source of finance for all major expenses. Debt is unavoidable, however it should be used for important things.

From the verbatim words above, it can be deduced that participants believe that debt has become an essential part of today's life. This is because they feel the pressure to uphold or live a certain standard set by society on self-image and success. Financial institutions also play a role by providing easy access to debt and tempting them with debt advances. Participants also have some financial pressures when they start employment due to the financial demands such as family, job requirement to have a car, the need to build a credit profile for the future and other major expenses they need to make. During the initial stage of employment, young graduates would not have reached their earning potential and the high financial demands leads to debt as the only option, which makes young graduates believe that even though debt is not a good thing to take, it may be impractical to avoid it in today's life.

Based on the quantitative and qualitative findings on *Necessity of debt*, it can be interpreted that young graduates do not think that using debt is generally a good thing. However, they also do not think that it is wrong to use debt because they believe that debt has become an essential part of their life. Young graduate also believe that the use of debt is unavoidable due to the numerous financial reasons and the role that society plays in how they make financial decisions. The findings from both the quantitative and qualitative findings above are consistent with the underlying theory of this study that there is a link between attitudes to debt and debt. The findings are also similar to Almenberg *et al.*, (2020), Agnew and Harrison (2015) and Beale and Cude (2017) who concluded that an increase in debt has been attributed to the change in attitude towards debt. This believe or assumptions that debt is a necessary part of today's lifestyle means that young graduates believe they have no other choice than to use debt at some point of their lives. These financial reasons

include, among others, building a credit profile, high standard of living, job requirement, peer pressure, societal impact, critical needs, easy access to debt, and other necessary expenses.

The findings above are consistent with Almenberg *et al.*, (2020), Beale and Cude (2017) and Agnew and Harrison (2015) who found that in establishing financial management practices, employed graduates may not be in favour of debt however they may accept debt as part of life, and once in debt they may become more tolerant of it. The findings also concur with those of BASA (2017) that 53% of consumers who take out debt are between the ages of 31 to 45. In short, the findings point out that a majority of young graduates have a positive attitude towards debt, which means that they are willing to accept debt as part of their lives. Young graduates are also at a vital stage of their lives where they are starting to build their lives, which comes with immense financial demand that they may not be able to afford as they have not reached their earning potential yet. This creates a need to use or depend on debt to finance the shortfall. To enhance the findings of research objective one, the next section discussed the debt behaviour of young graduates.

4.5.3.2 The debt behaviour of young graduates.

To add to the findings, young graduates believe that the use of debt is not a good thing however it is unavoidable. It is therefore important to ascertain the current debt behaviour of young graduates. This would help to understand *the unavailability and necessity of debt to essential needs of life*. Following from Table 4.1 above, in Item B7, young graduates were asked whether it is better to go into debt than to let children go without Christmas presents, to which 80% of respondents strongly disagree to disagree with this Item. In Item B12, respondents were asked if it is okay to borrow money to pay for children's clothes, 85% of respondents strongly disagree to disagree. This indicates that young graduates attest that even though debt is necessary, it should be used for needs that are essential. Furthermore, Item B17 shows that 93% of respondents strongly disagree to disagree that they use debt for a good social life. This indicates that young graduates do not consider it necessary to use debt to pay for luxuries such as gifts and a good social life. Therefore, it can be deduced that graduates will take debt in situations where they deem it is necessary, rather than for luxuries.

Figure 4.8 below depicts the findings relating to debt behaviour of young graduates.

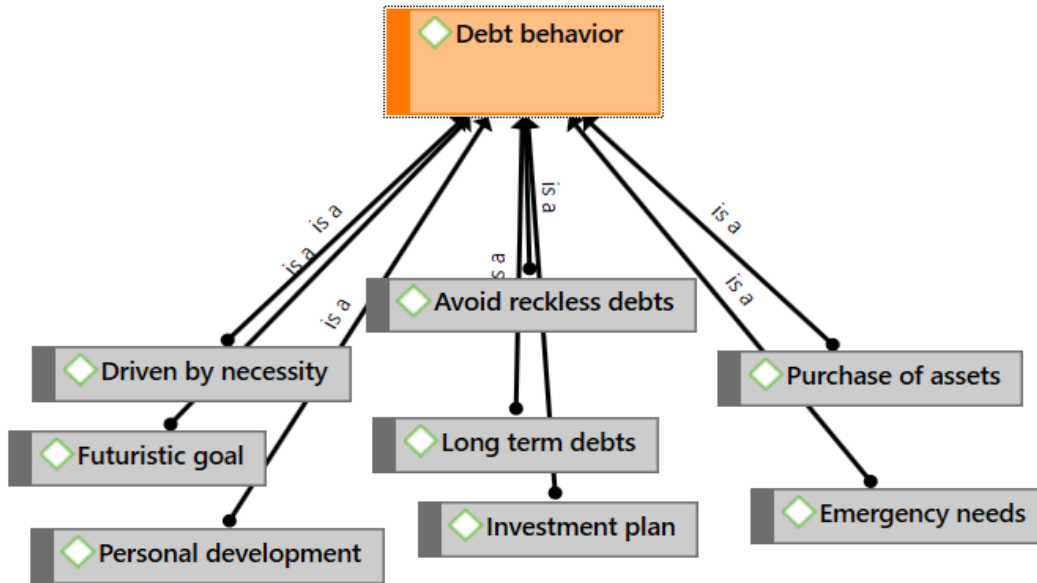


Figure 4.8: Findings related to the sub-theme – Debt behaviour

Figure 4.8 show that the debt behaviour of participants towards debt is driven by their need to solve emergency needs, personal development, investment plans, necessity, and future goals. Findings show that young graduates believe that it is important to avoid reckless debts. These findings validate Items B7, B12 and B17 in the quantitative phase where respondents indicated that taking a loan is good as long as it will be able to cater for necessary expenses and future plans. A sample of peculiar verbatim words below further provides validation of participant's views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P1 I took debt when I started working and needed things such as clothes for work etc. I also believe that I will be able to settle the debt in future. I think this debt was necessary at that times.

P2 Take debt only when necessary. To pay for major expenses such as a house. Use debt that will be worthwhile in future. Make sure that you pay off your debt as soon as possible. Do not take debt such as credit card.

P3 I only borrow for important things such as clothing account, car or house. I do not think I take too much debt as I am able to have surplus money after paying my debts to pay for my expenses.

P4 It is impossible for one to live without debt therefore I only take debt that benefits me such as buying a house or car. I only take necessary debts and not for wants such as food or clothing accounts.

P6 I hardly use debt. I did not have cash to buy a car and I needed a car that is when I took debt. I only used for important purchases. I try to avoid debt as much as possible, if I can save for it then I will save.

P13 My debt behaviour is very good. I do not take debt for small or unnecessary things. I use debt for purchase of assets or personal development things which I know will be worthwhile in the future. I can also take debt to increase my income streams such as starting a business.

The interpretation of the verbatim words above is that participants believe that it is impossible for one to live without using debt, however it should only be used in situations that are necessary so as to avoid reckless borrowing. It is also important to note that although a majority of participants agree on what constitutes necessary debt, in some cases it differs from one person to another; for example, other participants believe that a clothing account is a necessary debt while others do not think the same. This alludes that the debt behaviour of young graduates may be subjected to each individual preference.

It is evident from the quantitative and qualitative findings that the *debt behaviour* of young graduates is based on individual preference. The findings obtained show that debt should not be used in a reckless manner but rather for necessary things. Young graduates indicated that necessary things include major life expenses such as buying a car, house or assets, personal development, and any expenses that will be worthwhile in future. The findings also show that young graduates believe that things such as Christmas presents, social life, and food do not constitute necessary expenses therefore one should not borrow money to finance these items. Findings also revealed that in establishing financial management practices, some young graduates understand the necessity for debts while some are trapped in debt for reasons not justifiable. The findings in this study concur with other studies such as Friedline and Freeman (2016) and Zainol *et al.*, (2016) who found that a majority of debts accumulated by young people consist mainly of housing, child care, and healthcare, the overall debt includes mortgage bond, vehicle finance, credit cards, and student loans. However, other studies such as Adzis *et al.*, (2017), Beale and Cude (2017) and Harnish *et al.*, (2018) found that the behaviour towards debt may be as a result of unplanned spending due to inability of delaying gratification, materialism, and poor money management skills. This affirms that although some graduates may use debt for items that are necessary, others may still be using debt recklessly. This poses a risk to young graduates; thus, this study also intends to unravel ways that young graduates can control their attitude towards debt while establishing financial management practices. To further attain research objective one, the next section will therefore look at the spending behaviour of young graduates as a contributing factor that may lead to the use of debt.

4.5.3.3 Spending behaviour of young graduates

In the previous presentation and discussion of findings, it was found that young graduates believe that debt is an essential part of today's society which makes it unavoidable, however the debt behaviour of young graduates defers according to their preferences. Young graduates perceived that debt should be used for important or major expenses. The study now advances on these findings to also understand the spending behaviour or money management skills of young graduates as a contributing factor to what may lead them to use debt. The findings in Item B19, show that 56% of respondents indicated that they believe that they have a greater chance of getting another job because they went to university. Furthermore, Item B14, 61.4% respondents stated that they believe they have enough time to settle their debt in future. The findings indicate that young graduates may be willing to accept more debt now as they assume, they will make more money in future and pay off the debt accumulated. This is an indication of high spending and might lead to obtaining debt that is unnecessary. In Item B13, 57% of respondents disagree that the debt they are incurring now will be worth it in the future while the remaining 43% do believe that the debt will be worth it in the end. This indicates that young graduates might have a higher tolerance towards debt when they start employment as they believe that debt is unavoidable. Similarly, Item B18 shows that 69.6% of young graduates confirmed that they did not have existing debt by the time they graduated. This infers that the attitudes of young graduates to debt changed significantly after they graduated from having less/no debt to acquiring more debt after graduating and being employed.

To further validate the quantitative finding presented above, qualitative findings was made with the participants for the study. A sample of peculiar verbatim words below further provide validation of participant's view, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P1 I would say I am rather luxurious with my money and I do not really budget. I do find myself spending more than what I have and rely on my credit card to finance the shortfall.

P2 I strictly stick to my budget and plan for all my big purchases.

P3 I am an impulsive spender; I do not plan for my expenses or check my budget to see if I can afford it. If I want it, I buy it. I do sometimes have to rely on debt when I run out of money.

P5 We live in a world where salary is not enough to live on or afford the cost of living. I try to budget however my income does not cover my expenses. I spend on my needs first and then spend on my wants after.

P10 I do not draw a budget. I purchase what I need every month and save the remaining money. I hardly have to take on debt during the month to finance my lifestyle.

P12 When I started working I was not really responsible with my money. I did not save any money as I spent all my income and any money I would try to save up. Now I draw a budget and try to stick to it. However, some emergencies or early entanglements hinder me to budget sometimes.

The interpretation of the verbatim words above suggests that participants do not follow a budget, which may demonstrate poor money management skills as they are not using any tool to manage their finances. It was further found that they are sometimes impulsive when it comes to spending by purchasing a lot of luxuries and turn to debt when they run out of money. In light of their spending behaviour, participants also believe that the salary they earn is not enough to afford their cost of living and that the issue is not their budgeting skills but rather the income they earn. It may be derived that poor management of finances or bad spending behaviour may lead to the accumulation of debt. This is an indication that there is a relationship between spending behaviour and debt, suggesting that negative spending behaviour leads to the accumulation of debt while positive spending behaviour leads to lower or no use of debt.

It can be ascertained from the quantitative and qualitative findings that the spending behaviour of young graduates is attributed to their level of salary, lack of budgeting skills, and the need for luxurious lifestyles and have job security. These have a negative impact on the spending behaviour and money management skills of young graduates, leading to the accumulation of debt. To buttress the findings made from this study Beale and Cude (2017) agree that young graduates are at the distinctive stage of their lives and faced with decisions about managing their money and creating spending habits. This may increase the use of debt among young graduates as they embark on their adulthood, a fundamental stage characterised by important life changing decisions such as starting a career, starting a family of their own, purchasing a home, and saving for the future. Similarly, the findings of Stedall and Venter (2016) confirm that the life stage of young graduates also determines the type of financial products they select. Young graduates have indicated that they take on credit cards or bank overdrafts while they may have little to no savings facilities.

Although some graduates indicated that they draw budgets and have a good handle on their financial matters, majority explained that they do not have a budget at all. This might also affect the spending habit of young graduates as they tend to spend without setting an accurate budget, as such lacking proper financial management. Harnish *et al.*, (2018), Adzis *et al.*, (2017) support that

young graduates may accumulate debt as a result of lack of money management skills. The findings show that young graduates are still establishing their financial management practice as they are still learning about finances, making critical financial decisions about their future, and establishing money management skills. Consequently, it is at this stage that young graduates are most likely to incur more debt.

In summary, the findings on the spending and debt behaviour of young graduates report that debt is not a good thing; however, in today's society it is almost impossible to live without debt as a young graduate who has just entered the employment market. Debt behaviour of young graduates ascertains that they do not believe the use of debt is wrong, although it should be used on necessary items such as buying assets, personal development and other necessary expenses that will be worthwhile in the future. The findings further revealed that young graduates believe that they have a greater chance of getting employment in future and will have enough time to settle their debts, this perception may lead to the willingness to accept more debt. Since young graduates have made it clear that debt is unavoidable, the next section will explore the extent, level and nature of debt incurred by young graduates.

4.5.4 Research objective 2: Determine the extent, level and nature of debt

The aim of this research objective is to determine the extent, levels, and nature of debt among employed young graduates. Factors C1-C7 were used as criteria to understand the extent, level and nature of debt. The validity test was performed on the items (Table 4.5) and all items were found to be valid therefore no items were excluded from the analysis in this section. Table 4.11 and Figure 4.9 present the analysis made in this regard.

Table 4.11: Extent, level and nature of debt held by young graduates

Question Description	Strongly Agree = 1	Agree = 2	Disagree = 3	Strongly Disagree = 4	Mean	Std. Dev.
C1	(47.9%)	(36.8%)	(12.8%)	(2.6%)	1.70	.791
C2	(16.4%)	(12.9%)	(39.7%)	(31.0%)	2.85	1.041
C3	(38.5%)	(49.6%)	(10.3%)	(1.7%)	1.75	.706
C4	(6.8%)	(38.5%)	(18.8%)	(35.9%)	2.84	1.000
C5	(13.7%)	(31.6%)	(13.7%)	(41.0%)	2.82	1.119
C6	(27.4%)	(16.2%)	(24.8%)	(31.6%)	2.61	1.196

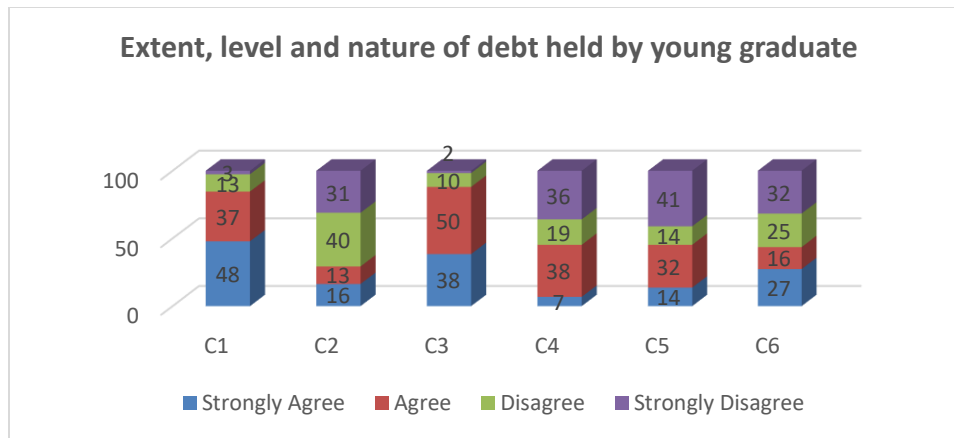


Figure 4.9: Extent, level and nature of debt

NOTE:

- C1=I worry about the debts I could build up.
- C2=I think I have too much debt
- C3=I can afford to pay all my monthly debt instalments
- C4=I have a clothing account
- C5=I have a credit card
- C6=I have a car financing or mortgage bond
- C7=I am able to save money on a regular basis

To understand the findings presented above, the researcher clustered and discussed items that are related to one another in the following sub-sections.

4.5.4.1 Extent and level indebtedness

This section aimed to determine the extent and level of debt that is accumulated by young graduates. For Item C1, 84.7% of respondents agree that they worry about the amount of debt that they could build up/accumulate. This implies that they might have obtained excess debt and hence they worry that they might build too much debt over time. However, in Item C2, 70.7% respondents indicated that they do not think they have too much debt and Item C3 shows that 88.1% of respondents indicated that they can afford to pay their monthly instalments. This suggests that a majority of young graduates may not currently be over-indebted or struggling to meet their financial obligations however they still worried that they can potentially build too much debt over time. The study also found that in Item C7 80.4 % respondents stated that they are able to save

money on a regular basis. This asserts good financial behaviour of young graduates by the ability to manage finances and ensuring they can saving money regularly.

To further validate the quantitative finding presented above, Figure 4.10 and 4.11 below depict the qualitative findings.

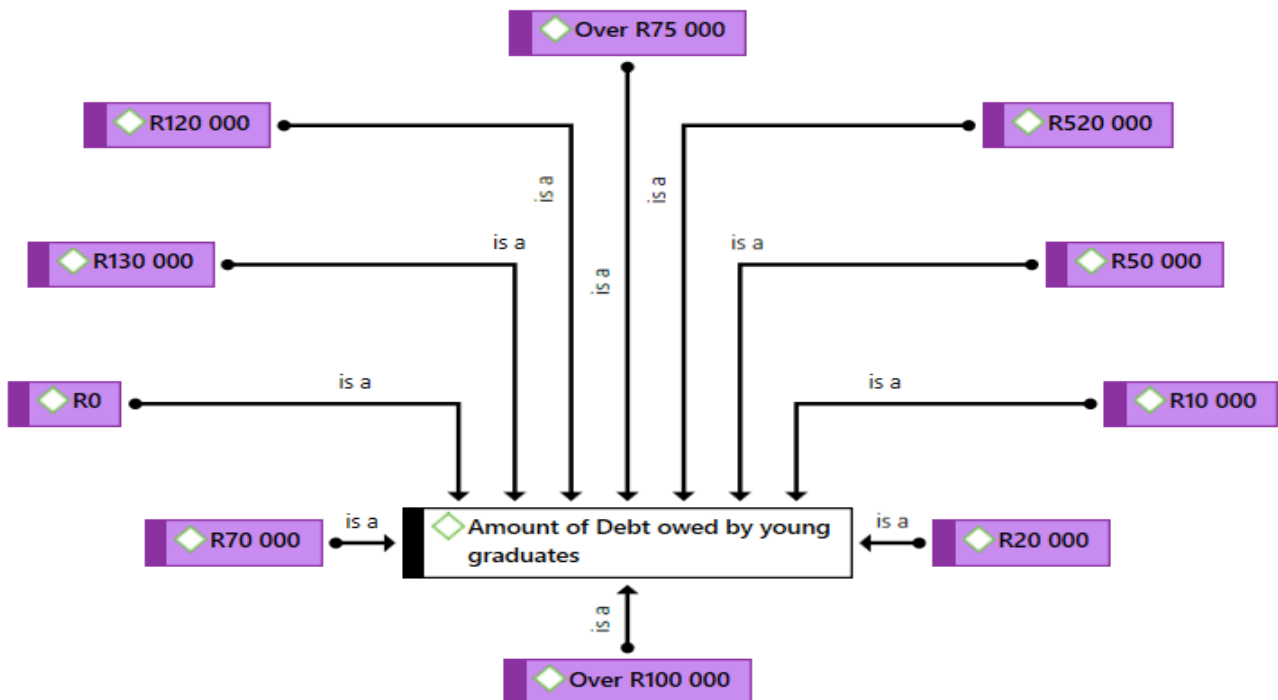


Figure 4.10: Findings related to sub-theme – Amount of debt owed

To understand the level or amount of debt owed by young graduates, Figure 4.10 shows that 14 of the 15 participants interviewed hold some type of debt. The amount of debt held by 11 of the 15 young graduates vary from R50 000 to R520 000. Nine indicated that they have debt of more than R100 000 while six have debt that is below R100 000. The findings further show that only four young graduates have debt that is below R50 000. These findings suggest that a majority of young graduates are taking debt when they start employment as most young graduates hold some form of debt. However, the question of the extent and the level of indebtedness depends on individual affordability. Therefore, to understand young graduates' level of indebtedness, it is important to

consider the income level as well as a means to measure affordability. The findings of Figure 4.11 extend on the findings of Figure 4.10 to measure the extent and level of indebtedness.

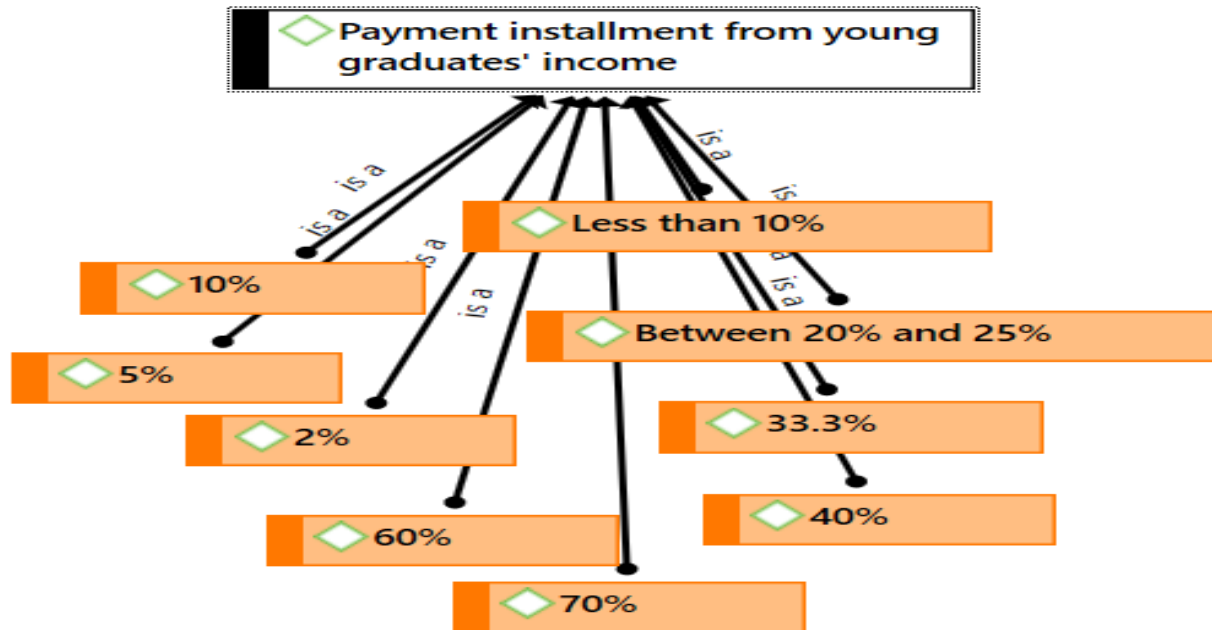


Figure 4.11: Findings related to sub-theme – Payment installment

Figure 4.11 shows an analysis of the amount of monthly debt instalments paid as a percentage to income earned. The findings reveal that 12 of the 15 participants use at least 10% of their monthly income to pay debt instalments. While eight participants indicated that at least a quarter (25%) of their salary is allocated for debt instalments. These findings reveal that a significant portion of income is used to service debt every month, which suggests that young graduates may be accumulating too much debt. These findings validate the quantitative findings that young graduates are worried about the amount of debt they may accumulate (Item C1). This might indicate possible over-indebtedness as more income goes towards paying debt every month. This negatively affects their financial position as less disposable income is available to afford living expenses and savings.

Therefore, the findings provide evidence that being over-indebted is not only related to the inability to afford monthly instalments, it depends on how much of your salary goes towards servicing your debts. For instance, Figure 4.11 also reports that some participants indicated that at least 60% of

their salary goes towards paying debt, this means that only 40% disposable income is available for living expenses. This clearly shows some level of over-indebtedness, which may be hard to manage over time. The findings are in consistence with Item C1 where young graduates indicated that they are worried about the amount of debt they could accumulate in future.

The quantitative and qualitative findings relating to the extent and level of indebtedness presented above reveal that the level of debt consists of young graduates who hold some type of debt ranging from R10 000 to R520 000. The findings of this study are similar to Friedline and Freeman (2016) and BASA (2017) who found that a majority of young people have different amounts and types of debt. This suggests that a majority of young graduates are currently in debt. The findings on the extent of debt shows that nine of 15 participants have debt of more than R100 000. Furthermore, eight of 15 participants use at least 25% of their salary for debt instalments. It can be interpreted that although young graduates are able to afford their monthly debt instalments, they might be over-indebted. Koloba (2018) confirms that individuals who spends more than 25% of their gross monthly income on servicing debt are considered to be over-indebted.

It is also evident from the findings that a majority of participants owe more than R100 000 and a significant portion of their income is used to pay off debts. Meniago *et al.*, (2013) challenge the view that young graduates do not think they currently have too much debt. Although young graduates do worry that they could potentially build up too much debt in the long run, they are currently able to manage their debt properly as they can afford to pay the amounts due every month. The findings are consistent with Brown *et al.*, (2016) who found that young adults heavily rely on debt as almost every young graduate holds some type of debt. Adzis *et al.*, (2017) and Pérez-Roa and Ayala (2020) also confirm that young adults are in debt because they fail to manage their finances properly and income levels as a significant portion of their income goes to servicing debt. Evidently, the affordability of a monthly instalment every month may not necessarily mean that young graduates are not taking too much debt or that they are managing their finances properly. The results strongly suggest that a significant amount of young graduates' income goes towards debt every month, which shows a heavy reliance on debt and even over-indebtedness since they are left with less income each month for living expenses and saving. The next section will look at the nature (type) of debt that young graduates take as a way to further understand what could be causing the increase use of debts among young graduates.

4.5.4.2 Nature of debt among young graduates

This study also found that a majority of young graduates are currently paying for debt, it is therefore important to identify the type/nature of debt that young graduates mostly incur. The quantitative findings in Table 4.2 found that in Item C4, 45.3% of respondents indicated that they have an existing clothing account. For Item C5, 45.3% of respondents have a credit card and for Item C6, 43.6% of respondents have car financing and a mortgage bond. It can be interpreted that most young graduates use debt as more than 40% confirmed to holding some type of debt in each of the questions posed to the respondents.

To further validate this quantitative finding presented above, Figure 4.12 and 4.13 depict the qualitative findings of this sub-theme.

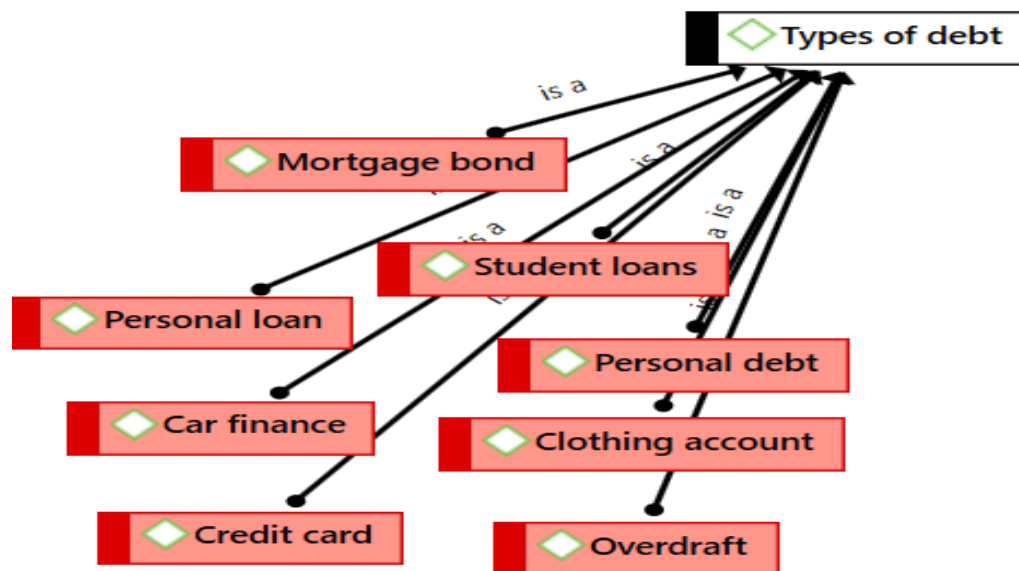


Figure 4.12: Findings related to the sub-theme – Type of debt

Figure 4.12 above depicts that participants have different type of debt, which consists of mortgage bond, personal loans, car finance, student loans, personal debt, clothing account, overdraft, credit card, and car finance. These findings are consistent with the quantitative findings in C4, C5 and C6 that respondents hold some type of debt, which consists of mortgage bonds, clothing account or car finance. Figure 4.13 below further highlights the common debts from the afore-mentioned debts above that are mostly used by young graduates.

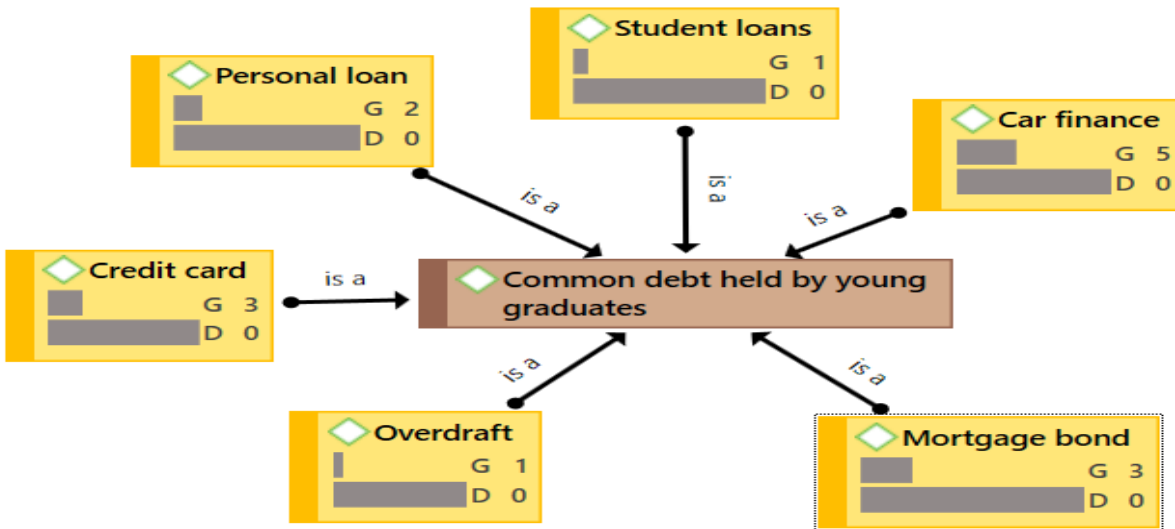


Figure 4.13: Findings related to sub-theme – Common debt

Note: *G stands for the number of times a factor is used, otherwise known as the frequency.

Figure 4.13 show that five of the 15 respondents indicated that they have car finance, three have a mortgage bond, three have a credit card, one has an overdraft, one has student loans, and two with a personal loan. The findings depict that car financing is the most used debt among young graduates, followed by a mortgage bond and credit card. The findings are consistent with the quantitative findings in Items C4 (45.3%), C5 (45.3%), and C6 (43.6%) where respondents stated that they have car financing, credit card and mortgage bond.

Drawing from the quantitative and qualitative findings presented above, young graduates hold different types of debt. Debts that are held by young graduates mainly consist of mortgage bond, personal loans, credit card, and car finance. The findings further reveal that car financing is the debt that is mostly used by young graduates, followed by mortgage bond and credit card. Berger and Houle (2019) and Friedline and Freeman (2016) confirm that the overall debt of young consumers consists of mortgage bond, vehicle finance, credit cards, overdraft and student loans. The findings are also consistent with the findings in 4.5.3 that young graduates only take debt for major expenses such as buying a car or a house instead of unnecessary expenses. Even though

these are a necessity to young graduates, it remains a concern whether young graduates can control or be able to set off these existing debts.

In summary, the findings on the extent and level of debts accumulated by young graduates reveal that young graduates depend heavily on debt as a majority of them are currently in debt. Consequently, young graduates use a significant amount of their income to service debt every month, which is an indication of over-indebtedness. The findings on the nature of debt also revealed that debts mostly used by young graduates consist of mortgage bond, personal loans, credit card, and car finance. The next section will present research objective three. This seeks to explore the factors that contribute to young graduates taking debt as this will also help to unravel the strategies that can be used to control the use of debt.

4.5.5 Research objective 3: Identify factors that drive young graduates to accumulate debt

The aim of this research objective for the study is to determine factors that drive young graduates to accumulate debt. Factor D1-D11 were used as criteria to understand the factors that drive young graduates to accumulate debt. The validity test was conducted on the items to ensure that the items are valid and reliable (Table 4.6)

Table 4.12 and Figure 4.14 present the analysis on the factors that lead young graduates to accumulate debt.

Table 4.12: Factors that drive young graduates to accumulate debt

Question Description	Strongly Agree =1	Agree =2	Disagree =3	Strongly Disagree = 4	Mean	Std. Dev.
D1	(42.7%)	(41.0%)	(8.5%)	(7.7%)	1.81	.890
D2	(16.4%)	(35.3%)	(31.0%)	(17.2%)	2.49	.965
D4	(16.1%)	(23.2%)	(46.4%)	(14.3%)	2.59	.926
D5	(14.5%)	(32.5%)	(35.0%)	(17.9%)	2.56	.950
D6	(10.3%)	(13.7%)	(51.3%)	(24.8%)	2.91	.890
D7	(4.3%)	(4.3%)	(45.3%)	(46.2%)	3.33	.754
D8	(7.8%)	(11.2%)	(38.8%)	(42.2%)	3.16	.910
D9	(7.0%)	(39.5%)	(29.8%)	(23.7%)	2.70	.911
D11	(13.8%)	(37.9%)	(32.8%)	(15.5%)	2.50	.918

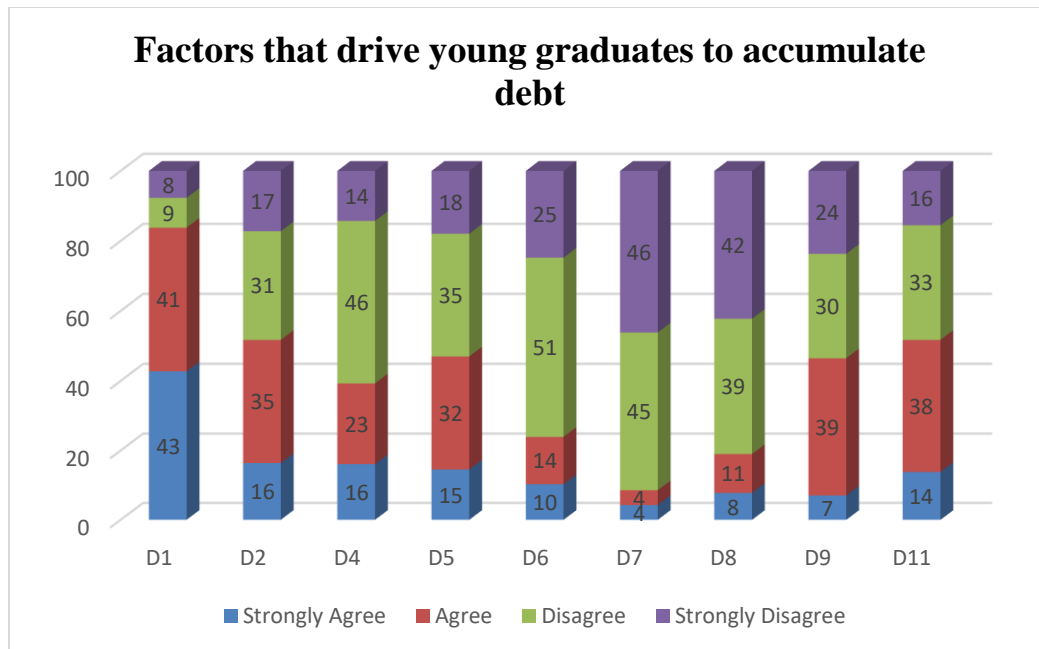


Figure 4.14: Factors that drive young graduates to debt

NOTE:

D1=It is too easy for people to get credit cards

D2=If I have access to credit, I will use it

D4=I am rather adventurous with my money

D5=the repayment terms are suitable to me, hence I can take up a debt

D6=I like larger purchases, going for debt would help me attain it

D7=I use credit to pay for luxuries/entertainment

D8=I believe my expenses are a lot, accumulating debt will help me cater for my expenses

D9=The things I own say a lot about how well I am doing in life

D11=I like a lot of luxury in my life

The findings of this study are clustered into common responses that relate to one another so as to provide a clear discussion of the findings.

4.5.5.1 Easy access to debt and income levels.

In Item D1, 83.7% of respondents agreed that it is too easy for people to get credit cards. This indicates that young graduates believe they have easy access to debt hence it gives them an opportunity to accumulate debt. The study also found that in Item D2, 51.7% of respondents have indicated that if they have access to credit, they will use it. This means that more than half of young graduates who have access to debt, actually take it and use it. Therefore, the access to funds is a contributing factor to the increase in the usage of debt.

To validate these findings, qualitative findings were made and are illustrated in Figure 4.15 below.

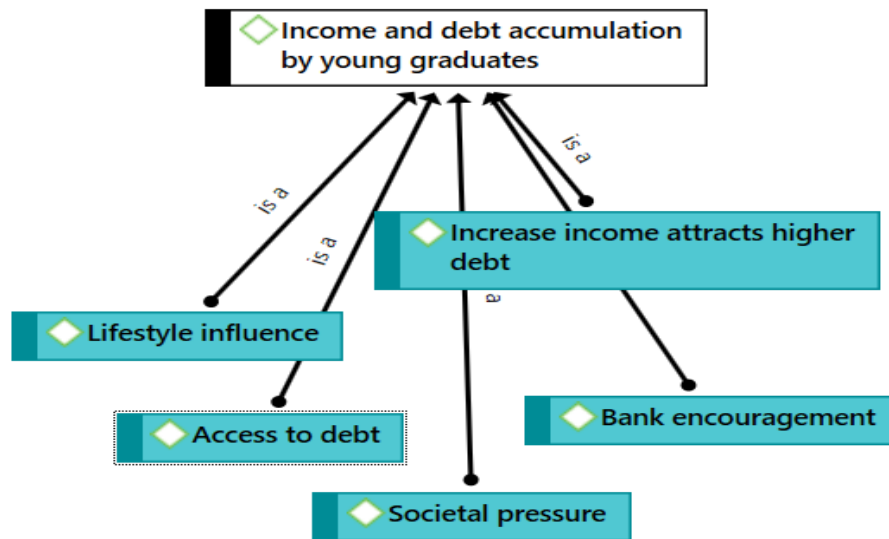


Figure 4.15: Findings related to the sub-theme – Easy access to debt and income levels

Figure 4.15 above shows that participants accumulate debt due to the increased access given by financial institutions. Furthermore, the income level is also a contributing factor to the increase in the amount of debt. The interpretation of the findings reveal that income levels may also give the impression of affordability as it increases the credit limit that each person can borrow. This is because the credit limit is based on income, which means the higher your income, the more debt you qualify to acquire. The qualitative findings confirm quantitative results (Item D1) that 83.7% of respondents attest that it is easy to get credit cards. This creates a problem where debt may be used due to its availability and not necessarily because there is a need. Quantitative findings prove that 51.7% respondents who have access to debt will use it (Item D2). Therefore, increased access to debt and the banks encouragement to use debt plays an important role in the increased use of debt as the decision to borrow solely lies on the borrower who have indicated that they will use debt if it is available.

A sample of peculiar verbatim words below further provides validation of participants' views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P1 Yes, I think so. This is because a person who earns more money will have more access to debt and their lifestyle will also be adjusted. They will change the car they drive and house they live in. So yes income does influence the amount of debt one will accept.

P2 Yes, the more you earn, the more your expenses increase because you believe you can afford.

P3 Yes, I think there is a significant relationship between income and the amount of debt acquired as one assumes they can afford. The higher the income, the higher the debt.

P6 Yes, that is likely to happen and it is a norm in society that when you earn more than you adjust your lifestyle which leads to acquiring debt.

P8 Yes, people go over their income with their expense. Banks also lend more money if you earn more. I do think there is a relationship between the amount of income you earn and the debt you acquire.

P12 Yes, there is a relationship between income and debt. When a person earns more income, banks offer more access to debt. Most people tend to utilise this access without having a real need.

From the verbatim words above, it can be interpreted that participants believe that a person who has more money has more access to debt, meaning income is a determining factor for the use of debt. This is because banks offer more access or credit limit as your income increases, and young graduates tend to use debt that is made available to them regardless of whether they need it or not. Young graduates also change their lifestyle when their income increases and they are willing to accept more debt as they assume, they can afford it. Society has also created a norm that the higher the income you earn, the higher the standard of living or self-image you need to have. This pressurises one to live a certain lifestyle that increases financial demand that sometimes may be financed by acquiring debt to be able to afford it. Young graduates often fall into this trap as they are assumed to be earning more by virtue of them being a graduate, which leads to financial pressure and debt.

It can be ascertained from the findings that easy access to debt and income levels are contributing factors that drive young graduates to accumulate debt. Young graduates stated that the increase in the use of debt is due to the increased accessibility to debt. The study concurs with Lea (2021) and Vosloo *et al.*, (2014) who found that the increase in the use of debt is due to the increased accessibility to debt from financial institutions. In addition to this, the status of being a young graduate and the perception of high earning potential also plays a role in the increase of debt. This implies that easy access to debt is also driven by the income levels of young graduates. This is because access to credit limit is based on how income is earned.

To buttress this finding further, Inseng and Teichert (2016) and Pérez-Roa and Ayala (2020) confirm that there is a substantial relationship between educational level, income level, and how one manages their finances. Indicating that income level does influence how one may manage their finances due to lifestyle choices. The increased access to debt makes one think they can afford certain things or a certain lifestyle which leads to a change in their lifestyle due to social pressures and increased access to debt, which will make it difficult to break the chain of borrowing as this requires a change in lifestyle. For instance, one may choose to live within their means and not take out debt while someone may decide to use debt as an alternative to finance any shortfall, they may have on their income due to high expenses. This results in a treacherous situation as young graduates indicate that if they have access to debt, they will use it as they might not just borrow what they need but borrow until they reach their credit limit.

4.5.5.2 Graduate and debt accumulation

This study also found that being a graduate contributes to young graduates accumulating debt. Figure 4.16 presents the participants responses.

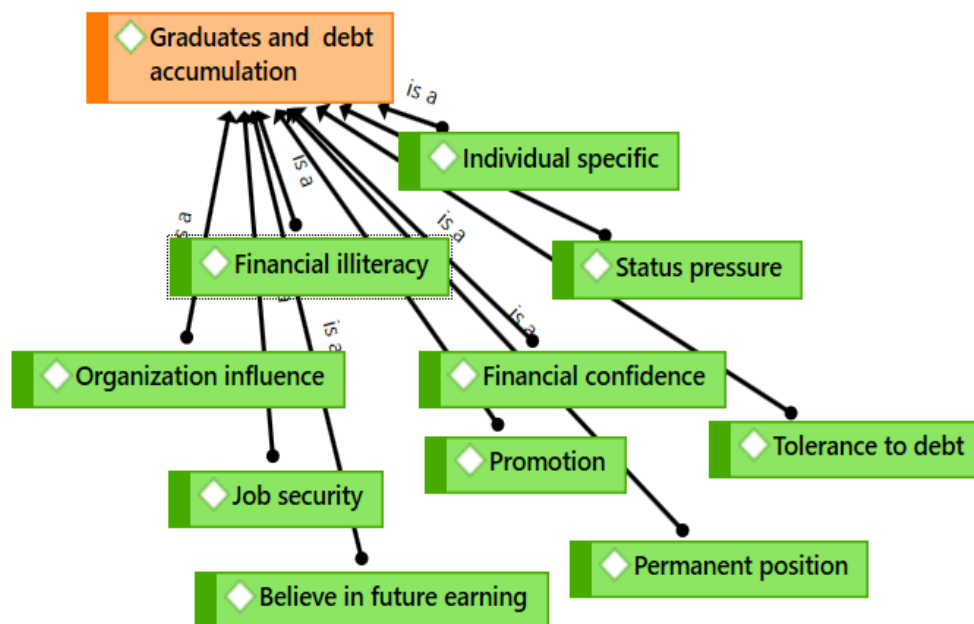


Figure 4.16: Findings related to the sub-theme – Graduate and debt accumulation

Figure 4.16 show that participants agree that being a graduate does contribute to their decision on whether to use debt or not. They further point out that they feel comfortable accepting debt as they believe they have future prospects of making money and job security because they are graduates. The results also confirm the quantitative findings in Item B19, where 56% of respondents strongly to agree that “I have a greater chance of getting another job because I have a degree”. Participants have elaborated that “there is a sense of security that comes with being a graduate as financial institutions are willing to lend you money when you have a permanent position”. The findings therefore show a significant relationship between being a graduate and the influence on the attitudes to debt which may result in the accumulation of debt.

A sample of peculiar verbatim words below further provides validation of participants’ views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P3 Yes, I think graduates do have more tolerance to debt as they assume that they will have job security so they are willing to accept more debt than other consumers.

P4 I think it comes down to the person and how they approach finances. However financial institutions target graduates as they believe they have the capacity to make more money in future. So even thou graduates might not be willing to accept debt at first, however the accessibility of debt offered by financial institutions might change that as graduates will see it as a worthwhile expense in the long run.

P5 Yes, the problem is that most young graduates are not financially literate and financial institutions target them with easy accessible debt. This leads to young graduates to be more acceptable to debt.

P7 Yes, it is a mistake that most graduates make as they assume they will have future earnings. They do not consider what would happen if they lost their jobs. They also do not consider their current financial situation.

P9 Yes, being a graduate puts pressure on you to portray a certain lifestyle of success and status for people to take you seriously or get a certain amount of respect. A lot of graduates have the mentality of fake it till you make it approach to life which consist of them portraying a life that they might actually not afford. Some graduates might take on debt to finance this lifestyle that they do not actually afford with their current income. So yes I do think that being a graduate does lead one to accept debt.

P12 It does influence because of the background such as black tax and income that one earns. As a sole breadwinner, most graduates are expected to support their families back home while trying to build a life of their own. As such young graduates find themselves in situations where they take debt to finance all the financial obligations that they have as they have not reached their earning potential yet when they start employment.

From the verbatim words above, it can be interpreted that the decision of whether to acquire debt or not is based on the status quo of a young graduate. The increased access to debt means that

although graduates might not be willing to accept debt at first, the accessibility of debt offered by financial institutions might change as graduates will see it as a worthwhile expense in the long run. Other contributing factors that encourage participants to use debt include the societal pressure to live a certain lifestyle or uphold a certain self-image and family responsibilities (black tax).

It can be deduced from the quantitative and qualitative findings above that being a graduate is also a contributing factor to accumulating debt. Findings show that young graduates are willing to accept more debt as they believe that they will have job security and future earning potential because they are in possession of a degree. Although Henager and Mauldin (2015) argue that other people, apart from young graduates, use debt; however, the most occurred debts are from young graduates. Bevan-Dye *et al.*, (2012) further state that a tertiary qualification is considered to have high earning potential and high social status in society. Likewise, Bevan Dye and Akpojivi (2016) concluded that graduates have greater spending power because they assume high future disposable income. It is therefore evident that attaining a university qualification is perceived an investment that will provide opportunities in the job market with high income, this perception plays a major role in how young graduates perceive debt. Their willingness to accept debt may be altered by this perception of secured financial stability in future. The combination of high earning power, access to debt and high spending power may lead to over-spending or accumulation of exorbitant debt. It therefore becomes important to educate graduates on the use of debt and personal financial management.

4.5.5.3 Lack of personal financial management

It was further found in this study that lack of personal financial management is also a contributing factor to young graduates accumulating debt. In Table 4.12, Item D4 shows that 60.7% of respondents strongly disagree to disagree that they are adventurous with their money. In Item D5, 52.9% of respondents strongly disagree to disagree that they would take debt simply because the repayment terms were suitable to them. This implies that more than 50% of young graduates are not impulsive spenders or would accept debt simply because they can afford to repay the instalments. Furthermore, in Item D8, 81% of respondents mention that they do not believe their expenses are a lot and accumulating debt will help cater for their expenses. This alludes that most

young graduates are able to pay for their expenses with their income and do not have to rely on debt to be able to afford their monthly expenses.

Similarly, in Item D6, 76.1% of respondents strongly disagree to disagree that they like larger purchases and use debt to finance the purchase. This denotes that young graduates do not like using debt to make large purchases. In item D9, 53.5% of respondents strongly disagree to disagree that the things they own say a lot about how well they are doing in life. This insinuates that more than half of young graduates do not associate their success to material possession. Nevertheless, in Item D11, 51.7% stated that they like a lot of luxury in life. Moreover, In Item D7, 91.5% of respondents add that they do not use credit to pay for luxuries and entertainment. This conveys that materialism does play a significant role in young graduate's lives however they would not use debt to finance this lifestyle.

In order to validate these findings, the qualitative findings were performed on data collected. The findings are presented below in Figure 4.17 according to themes that are similar to one another.

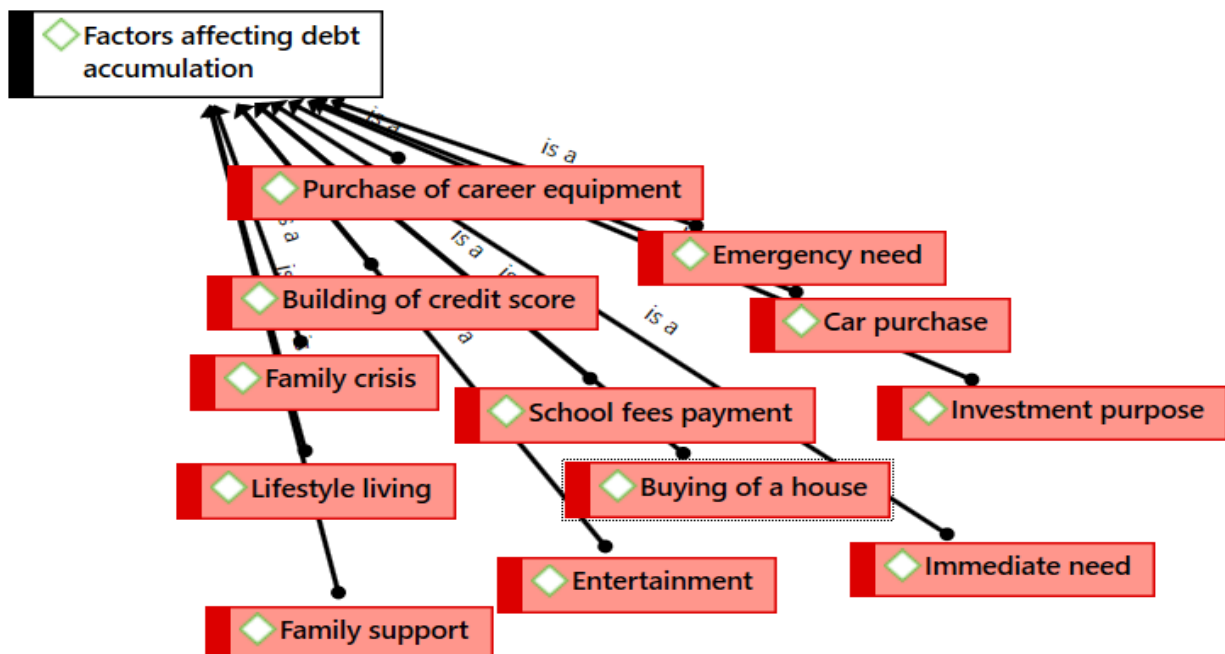


Figure 4.17: Findings related to the sub-theme – Lack of personal finance management

Figure 4.17 shows that participants spend debt on the acquisition of houses, cars, family support, lifestyle, investment purposes, school fees, building a credit profile, emergency, and entertainment. These findings are incongruous with the quantitative findings in Item D6 where 76.1% of respondents strongly disagree to disagree that they like large purchases and use debt as a source to finance the purchases. However, these findings concur with the quantitative findings in Table 4.11 where Item C6 found that 43.6% of respondents use debt for major expenses such as a car and mortgage bond. These findings again revealed that participants use debt on expenses such as entertainment, lifestyle, and immediate needs. These findings are incompatible with the quantitative findings in Item D7 where 91.5% of respondents indicated that they do not use debt to pay for luxuries and entertainment. However, in Table 4.11, Item C4, 45.3% of respondents indicated that they have an existing clothing account and In Item C5 45.3% of respondents admit that they have a credit card. The qualitative findings support quantitative findings in Item D11 where 51.7% of respondents stated that they like a lot of luxury in life. It can be deduced that young graduates use debt to finance major expenses, however they also use debt to pay for non-essential items such as entertainment and luxuries. The use of debt for personal expenses such as entertainment and luxuries illustrate incurring expenses that are more than income (unplanned expenses) as some of the expenses have to be paid for using debt. The findings therefore show that young graduates incur both good (purchasing assets) and bad debt (living expenses), this is an indication of lack of personal financial management.

A sample of peculiar verbatim words below further provide validation of participantss' views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P1 When you have big purchases, it might not be easy to save up for that. Which leaves debt as an alternative as you can purchase immediately. So when I cannot afford something immediately which is important, I would not mind to take on debt to finance the purchase and pay for it later. When you also have an emergency or family crisis then you will most likely result in you accepting debt to finance the emergency.

P4 I wanted to buy a house and a car but I didn't have the funds to purchase them cash so I used debt as an alternative because I considered these expenses to be a necessity. A car and a house are big expenses that one would not be able to afford in cash when they have just started employment.

P9 I have a credit card which I took only for emergencies however I find myself overspending as I don't draw budget. My overspending is mainly due to leading a lifestyle that is above my income and drinking habits. I find myself using my credit to finance the shortfall in my monthly expense, then the following month I then have to pay back the credit card which leads to another shortfall each month.

P12 My major expenses which have led me to debt is entertainment and supporting my family financially. I would say that I do not plan or budget for my finances which leads to overspending sometimes.

P15 What led me to take on debt is affordability and whether the expense is a necessity at that time. If I find myself in a situation where I cannot afford to buy something cash but I need it at that time, I will resort to taking debt in order to finance the expenditure.

From the verbatim words above, the findings point out that participants believe it is not practical to save money for large purchases as it will take a lot of time and income. They regard expenses such as a car and house as necessities, which they are not able to afford when they are starting employment, making debt a more feasible solution for making big purchases. Similarly, expenses such as emergencies and unplanned expenses will be financed through debt as they do not have available disposable income. Although a majority of young graduates alluded to using debt only for necessities or emergencies, others have admitted to using debt to pay for luxuries, entertainment and overspending of their monthly budget. To further understand the personal financial behaviours of young graduates, it is necessary to determine whether they use a monthly budget. Therefore, Figure 4.18 below extends on analysis of personal financial management by looking at how young graduates plan their monthly budget.

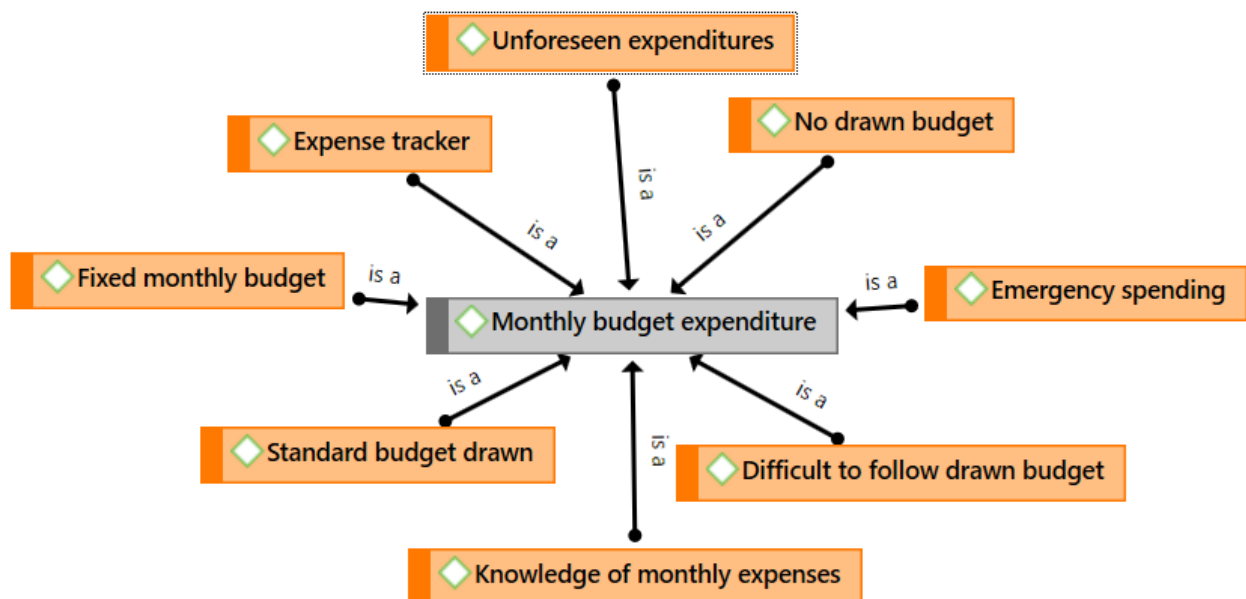


Figure 4.18: Findings related to the sub-theme – Monthly budget expenditures

Figure 4.18 above shows that 11 of the 15 participants interviewed draw a budget to plan and track their monthly expenses, however they do not always stick to it. While others admit to not drawing a budget at all, they however stated to have knowledge of how much expenses they need to pay every month. It was further extrapolated that participants often have unplanned expenses resulting in over-spending of their monthly budget. This leads one to believe that a majority of young graduates are not planning their expenses properly or sticking to a budget to avoid over-spending. Failure to enforce a monthly budget to manage finances is an indication of a lack of personal financial management.

A sample of peculiar verbatim words below further provide validation of participants' views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P1 I have a fixed budget that I follow every month so I don't draw a budget every month. I just make adjustments to the budget from time to time if there is any changes in my income or expenditures. I do have a deviation from my budget sometimes from overspending or family emergency. So I can say that I do not always stick to the budget.

P3 Yes, I have a budget but I don't always stick to it due to unforeseen expenditures and emergencies. Sometimes I do not even follow the budget strictly so. I have expenses that I know I pay for every month and then the rest of the expenses I just pay what is important at that time. Sometimes this does lead to overspending.

P5 Yes, I have a budget that I draw every month and I make sure that I stick to the budget every month by reconciling my expenses paid to the actual budget. I also make use of an expense tracker which helps me to track and record my actual expenses which I can then compare to my budget to ensure I stick to the budget. The expense tracker also helps me to see any deviations from my budget or any money I overspend so I can rectify the expense in the next month.

P10 I do not draw a budget but I have an idea of how much I need or will spend each month. I plan before making major purchases every month and make sure I stick to that plan. I hardly overspend as I know how much I will need to cover my expenses each month.

From the verbatim words above, it can be interpreted that majority of participants draw a monthly budget, some have indicated that they draw it every month, while others have a fixed budget that they follow each month. Participants have also indicated that although they have a budget drawn, they do not always stick to it due to overspending, unplanned costs, and family emergencies. Although young graduates draw a budget every month, it appears that they do not track their expenses to ensure that they stick to the budget. In addition, only a few have indicated to using their budget as a guideline for how much money they can spend and ensuring that they actually

stay within that budget. It can therefore be interpreted that young graduates know that they need to draw a budget to manage their monthly expenditure, however they experience challenges of knowing how to effectively apply it. This may be because they believe it is difficult to follow a budget or they may not know how to use it properly. The lack of use or not knowing how to use a budget correctly may lead to poor management of finances which results in the use of debt.

The quantitative and qualitative findings on the lack of personal financial management point out that young graduates primarily obtain debt to finance large expenses such as buying a house and car finance. However, they also use debt for entertainment and luxuries. This demonstrates a lack of planning for expenses and overspending. The findings agree with Beale and Cude (2017) and Harnish *et al.*, (2018) that increase in debt is due to the inability to delay gratification and unplanned spending. Furthermore, the findings show that young graduates are not acquainted with the skills of drawing a monthly budget or applying it to effectively manage their finances. This leads to unplanned spending and accumulation of debt thereof. Botha (2017) attests that a comprehensive financial plan acts as a guide when making financial decisions that assist individuals to pay attention to their financial matters. It can be deduced that adapting a monthly budget and having a comprehensive financial plan ultimately enforces the use of an expenditure plan and lowers the level of debt.

4.5.5.4 Lack of financial literacy programmes

Findings from the study also show that lack of financial literacy programmes at schools and workplace are also a contributing factor to young graduates accumulating debt. Figure 4.19 depicts the findings.

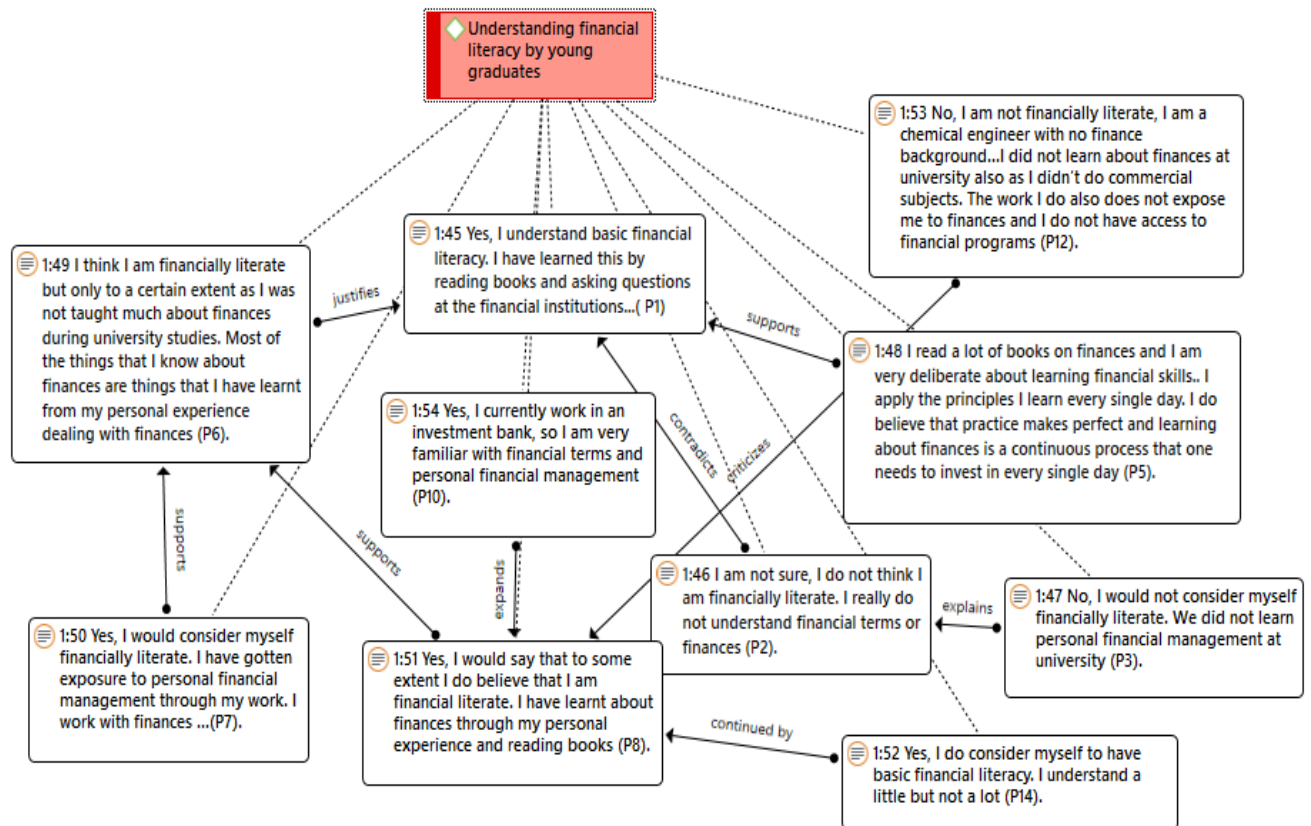


Figure 4.19: Findings related to the sub-theme – Lack of financial literacy programmes

Figure 4.19 shows that 12 out of 15 participants believe that they do possess basic financial literacy. They further explain that they did not acquire the financial literacy through any formal training or during their university education. It can therefore be interpreted that there is a lack of financial literacy programmes at university and in the workplace leaving young graduates with the responsibility for their own financial matters and development.

A sample of peculiar verbatim words below further provide validation of participants' views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P1 Yes, I understand basic financial literacy. I have learned this by reading books and asking questions at the financial institutions each time I want to take a financial product. I can say I apply what I have learned in my own finances and it has helped me a lot.

P3 No, I would not consider myself financially literate. We did not learn personal financial management at university so there are not a lot of tools available to educate young graduates on financial literacy and personal financial management.

P6 I think I am financially literate but only to a certain extent as I was not taught much about finances during university studies. Most of the things that I know about finances are things that I have learnt from my personal experience dealing with finances.

P10 Yes, I currently work in an investment bank, so I am very familiar with financial terms and personal financial management. I apply this knowledge to my daily life and it has helped me a lot.

P11 Yes, I am. The profession I am in exposes me to finances and teaches me how to deal with finances. My background also played an important role as I used to struggle financially and had to learn how to manage my finances so I can be able to pay for all my necessities. So now I know how to manage my finances and live below my means. I do believe that financial behaviours are influenced by you background and exposure to life. Life experiences are always the best teacher.

P13 Yes, I think I do have some knowledge on finances but not a lot as I do not have a background on finances from universities and my workplace. I just try to educate myself.

The verbatim words above show that most participants did not receive financial literacy training at university or in their workplace. They financial literacy they acquired was through reading books, life, and work experiences. Participants who work in the finance sectors attest that the nature of their work exposed them to how to deal with finances while those who work in a non-finance sector have indicated that they do not get exposed to finances in their workplace leaving them to learn on their own. Some participants indicated that family background also played an important role in teaching them how to manage their finances properly as they did not have much income and had to learn how to live within their means to pay for all necessities. Participants further mention that they have been using the knowledge that they have acquired to manage their finances and choose financial products or assessing terms of debts to choose the suitable options for them to take. It can be extrapolated that there is a lack of financial programmes at university and in the workplace, which leaves young graduates with lack of financial preparedness when they start employment. The lack of basic financial knowledge leaves young graduates in a vulnerable position when making financial decisions and managing decisions. This could lead to financial mistakes such as reckless borrowing. This infers that there is a great need for financial programmes at university and in the workplace to educate young graduates on how to properly manage their finances.

It can be interpreted from the findings that there is a lack of financial literacy programmes at universities and the workplace. This leaves the responsibility of learning about personal financial management in the hands of each individual; while others are able to take charge of their learning experience about finances, others may not know how to do so. This poses a challenge on young graduates to learn as they go through personal experiences, which sometimes leads to dire financial

mistakes. Abdullah *et al.*, (2019), Lusardi and Tufano (2009), van Raaij (2016) and Isomidinova and Singh (2017) concur that there is a significant need for financial programmes as young graduates are faced with making complex financial decisions. The findings agree with Brown *et al.*, (2013) that possessing basic financial knowledge assists in managing finances, making sound financial decisions, and reduces the use of debt. Ottaviani and Vandone (2016) and Vosloo *et al.*, (2014) also agrees with the findings of the study that there is a lack of financial programmes as young graduates have indicated that they did not received financial literacy at university or after graduating, they had to learn it on their own through life and work experiences. It is therefore clear that financial literacy plays a significant in personal management of one's account, which may reduce the use of debt, however the training is not available at university level and after university, which leaves it to each individual to take the responsibility of educating themselves.

In summary of research objective three, young graduates indicated that they believe that easy access to debt plays a significant part in the acquisition of debt. The findings also reveal that young graduates are willing to accept more debt as they believe that they have job security and future earning potential as they are in possession of a degree. It was further discovered that the lack of personal financial management is the contributing factor to the increase in the use of debt. This is because young graduates have challenges in applying their budget; although they have savings, very few have investments to grow them wealth. Finally, debt is acquired as a result of the lack of financial programmes at university and the workplace to educate young graduates on how to manage their finances properly. The next section will therefore look at the effects of accumulating debt at a young age.

4.5.6 Research objective 4: Investigate the effects of debt accumulation

The aim of this research objective is to determine the effects of debt accumulation among employed young graduates. Factor E1-E6 were used as criteria to understand the effects of debt accumulation, Table 4.13 presents the analysis made in this regard. The results for each item are discussed collectively combining the percentage of “Strongly agree”, “Agree”, and vice versa. The findings are depicted in the tables below.

Table 4.13: Effects of debt accumulation at young age

Question Description	Strongly Agree =1	Agree =2	Disagree =3	Strongly Disagree = 4	Mean	Std. Dev.
E1	(28.9%)	(32.5%)	(19.3%)	(19.3%)	2.29	1.087
E2	(11.2%)	(24.1%)	(21.6%)	(43.1%)	2.97	1.063
E3	(6.0%)	(18.1%)	(31.0%)	(44.8)	3.15	.926
E4	(12.9%)	(22.4%)	(26.7%)	(37.9%)	2.90	1.058
E5	(3.4%)	(9.5%)	(31.9%)	(55.2%)	3.39	.800
E6	(14.7%)	(16.4%)	(29.3%)	(39.7%)	2.94	1.074

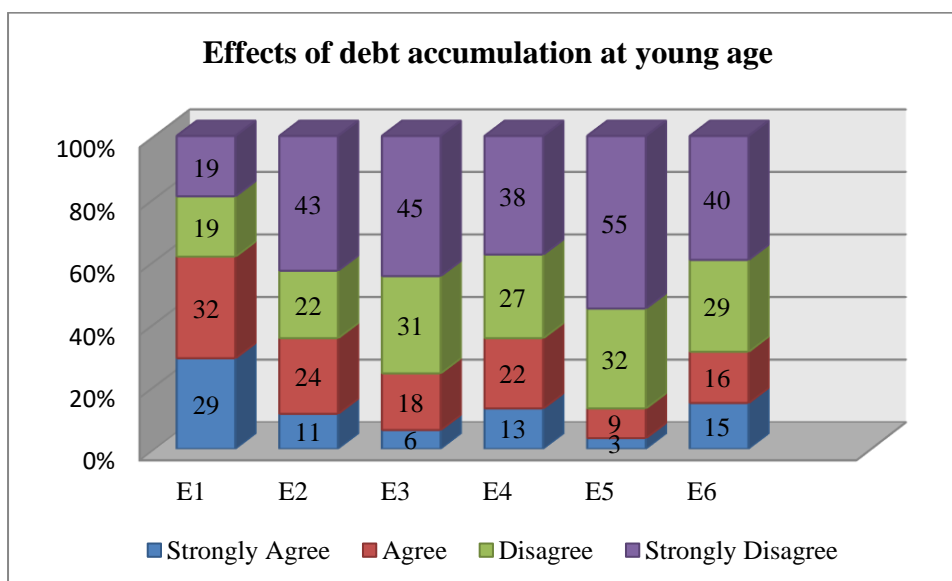


Figure: 4.20: Effects of debt accumulation at a young age

NOTE:

E1=I have a good idea about how much credit card and overdraft debt I am incurring

E2=I sometimes cannot sleep because I worry about how much debt I incurred

E3=When I think about the debt I owe, it gives me depression

E4=I worry that the repayments on my debt will become unaffordable

E5=I worry about debt to the point where it affects my performance at work

E6=I worry about my debts because one day I might end up not having any income to spend after deductions from my creditors

4.5.6.1 Effect of debt on Stress levels and life decisions

In Item E2, 64.7% of respondents maintain that they are not worried about how much debt they incurred to the point where it affects their sleep. In Item E3, 75.8% of respondents indicated that they are not depressed about how much debt they have. While in Item E5, 87.1% of respondents add that the debt they have does not affect their performance at work. The findings ascertain that young graduates are not stressed or worried about the amount of debt they have. This alludes that although young graduates accumulate debt, it does not affect their well-being where they struggle to sleep or perform at work. Although a majority of young graduates are not psychologically affected by the debt they accumulate, however at least 35% (Item E2) of respondents have admitted that they do struggle and worry about the repayments on their loans to the point where they find it hard to even sleep. This is a significant number, which indicates that some young graduates may be accumulating too much debt and may be struggling to meet their financial obligations each month.

To validate these findings, qualitative findings were made and are illustrated in the Figure 21 below.

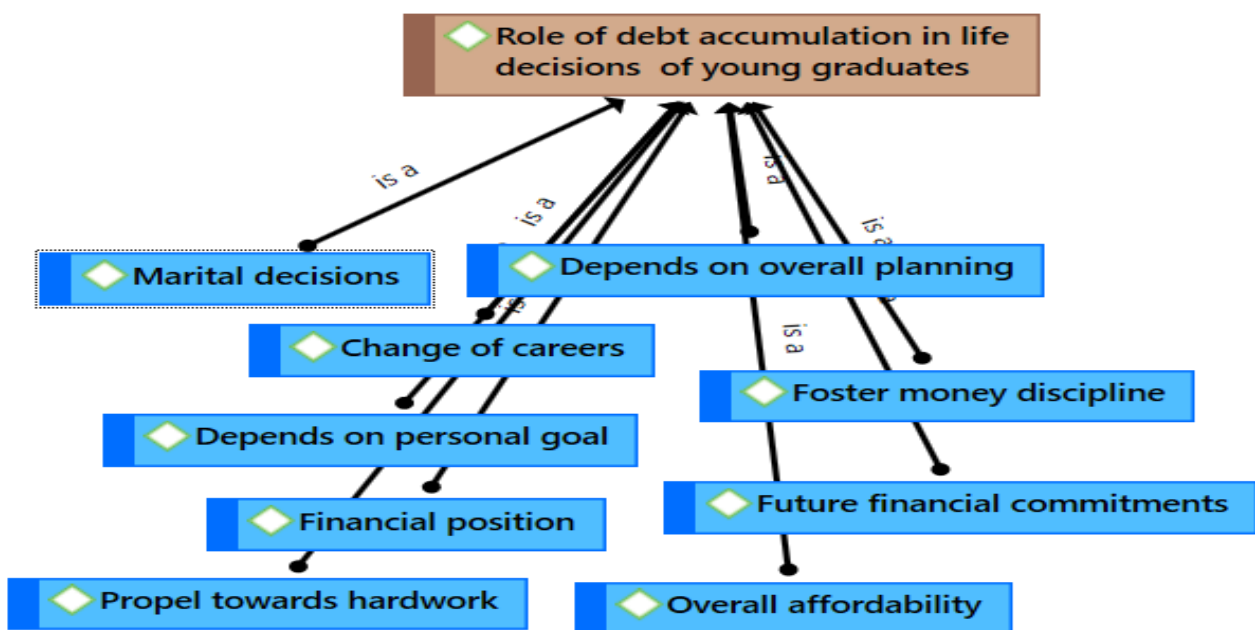


Figure 4.21: Findings related to the sub-theme – Role of debt accumulation in life decisions

Figure 4.21 shows that debt plays a role in how participants make life decisions. Life decisions that are influenced by debt include marriage, change of career, and future financial commitments. This is because debt affects their overall affordability and financial position.

While other participants have indicated that debt does not have any influence on how they make life decisions, it all depends of their personal goals. These findings validate the quantitative findings (Item E3) where 75.8% of respondents indicated that they are not depressed about the debt they have

accumulated and Item E5 where 87.1% of respondents stated that the debt they have does not affect their work performance.

A sample of peculiar verbatim words below further provides validation of participants' views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P1 I don't think it will influence my career choices as I have provident funds which I can rely on should I lose my job or decide to stop working so I can pursue other career opportunities. If I were to get married I would be more interested in whether my spouse has debt because that will have an impact on our finances after we get married. I find that the person does have debt, I might decide to wait on marriage until they have paid off their debts or marry out of community of property. So I will say that debt would not delay my life decisions however it is something I need to take into careful considerations when making decisions.

P6 Yes, it plays a major role as I do not want to commit to certain things/future expenses while having existing debt. Sometimes I might wait until I have paid off my existing debt before I can commit to another financial obligation.

P9 I do not think debt influences my life decisions, I think my income does. I will base my decisions on how much I earn and whether I can afford it rather than my existing debt. If I have surplus income to do something, then I will do it because I know that the debt I have will be paid off eventually. So I cannot hold off on my plans because of debt that I will someday pay off.

P12 No. I do not think that the debt I have will play a major role in my life decisions. Life decisions mainly depend on what your long term plans are and your affordability at that time not the existing debt.

P15 Yes, having existing debt will affect your retirement and your ability to accumulate wealth. It makes it difficult to change careers as you consider your financial obligations. For example you will only consider a job that will pay you enough to cover your current expenses rather than choose one that may offer you opportunities in the long run but has a lower salary.

From the verbatim words above, it was discovered that debt affects the decision-making process that involve finances. Participants have indicated that they have to take the debt into consideration as it affects their affordability and financial position, which means that they do not want to commit to certain things/future expenses while having existing debt. They admit that sometimes they might wait until they have paid off existing debt before committing to another financial obligation. Participants also add that having debt makes it difficult to change careers as you consider your financial obligations; for example, you will only consider a job that will pay you enough to cover your current expenses rather than choose one that may offer you opportunities in the long run but has a lower salary. Participants further explain that having existing debt will affect your retirement and your ability to accumulate wealth. While others have stated that it may not necessarily delay their life decisions as this will depend on their personal goals and income rather than the debt they have. The findings therefore establish that debt plays a significant role in how young graduates make life decisions as debt impacts their affordability and financial position.

From the quantitative and qualitative findings, it can be deduced that debt affects the *Stress levels and life decisions of young graduates*. The findings show that their accumulated debt does not affect their sleep, performance, at work, or make them feel depressed. This implies that the amount of debt they have is not so much that it affects their psychological well-being. This is so because their income

level is able to pay off the debt but the inability to manage the future debts becomes difficult for the young graduates. The findings correspond with Gutter and Copur (2011), Harnish *et al.*, (2018), Nissen (2019) and Pérez-Roa and Ayala (2020) that life satisfaction, mental health, and overall well-being are connected to positive financial well-being. As such, it can be seen that accumulating debt at a young age significantly determines the livelihood on an individual and overall life satisfaction.

The qualitative findings further reveal that although the debt they have does not stress them, it does affect how they make life decisions such as marriage, changing careers, and planning a family. This is because debt affects their affordability and financial position. While this may be the case for a majority of young graduates, others have indicated that their personal goals and income will influence the choices they make rather than the debt they have. Similarly, Bailey (2018), Friedline and Freeman (2016) agree that the accumulation of debt may affect or even delay some life decisions such as marriage, parenthood, and acquisition of a house. This leads us to believe that there is a relationship between debt and how young graduates make their life decisions. The next section looks at the effect of debt on the financial well-being of young graduates.

4.5.6.2 Effect of debt on financial well-being and delay of wealth

In Item E1, 61.4% respondents indicated that they have a good idea on how much debt they are incurring. This implies that young graduates are aware of their financial position and how much debt they owe. This might also make them aware of their level of wealth and indebtedness. In addition, 64.6% of respondents further indicated in Item E4 that they do not worry about the repayments on their debt becoming affordable. This conveys that the financial well-being of a majority of young graduates is positive despite taking on debt as they are able to meet their monthly obligations and maintain positive financial well-being. This is evidenced by the results in Item E6 that 69% respondents stipulate that they do not worry that the debt accumulated will affect their ability to afford their living expense. To validate the findings of the quantitative, the qualitative findings were discussed below in Figure 4.22.



Figure 4.22: Findings related to the sub-theme – Finance management and well-being

In determining the effect of debt on financial well-being and delay of wealth, young graduates were asked whether they are currently managing their finances properly and what strategies they use to manage finances. Young graduates stated that the strategies they use include a monthly budget, avoiding unnecessary debt, saving money before spending, living within one's income (means), and avoiding impulsive income. These findings support the quantitative findings in Item E4 where respondents do not worry about the repayments of their debt becoming affordable because they are able to meet their financial obligations every month. This implies that young graduates are managing their finances properly despite not following a specific budget.

A sample of peculiar verbatim words below further provide validation of participants' views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P2 I would say I am not managing my finances properly, currently my employment income does not cover all my expenses, so without the extra income I would not be able to cover all my monthly expenses. I mostly I rely on the extra income I make aside from my job to cover the shortfall I have each month. Therefore I can say that I do not have a strategy to manage my finances as I struggle from month to month to cover all my expenses.

P9 My strategy is that I put away my savings at the beginning of the month immediately after receiving my income. If I overspend the money I have available for expense then I have to figure my way out with regards to financing the shortfall.

P10 I would say I do not have a specific strategy however I able to manage each month because I know my financial obligations/expenses and work around that to ensure that all expenses I paid for.

P12 No, I am not managing my finances properly because I don't really have a strategy or a budget that I follow. I do however know how much I need each month to cover my expenses. I also try to pay

off debt quicker to avoid interest. I pay off the highest debt I have first and then go to the rest. I use the installment I saved from the paid off debt to pay off the remaining debts. I prefer to pay off my debts instead of saving money. I do not think it is wise to save money while you have outstanding debt. P15 Yes, I would say that sometimes I do manage my finances properly but not always. I just try to always ensure that I live within my means.

From the verbatim words above, it can be interpreted that the inability of young graduates to manage their finances can also affect the financial well-being and wealth of young graduates. This is so because participants do not think they are managing their finances properly as they do not have a specific strategy or tool they use. Although other participants have indicated that they do not have a strategy to manage their finances, they are still able to manage their finances properly. However, this is not always the case as it was discovered that they often have to depend on extra income from other jobs to finance a shortfall from overspending. In addition, there is lack of savings accounts as participants highlighted that they use available funds to pay debt to avoid high interest charges. This is because young graduates believe that it is not wise to save money while having existing debts.

It can be ascertained from the findings that the inability to manage expenses means that young graduates have to rely on extra income from other jobs to meet their financial needs leaving little or no disposable income to make savings or investments. The findings of this study concur with Lusardi *et al.*, (2018), Rutledge *et al.*, (2018), Zhan and Xiang (2016) that the accumulation of debt at a young age leads to a delay in the accumulation of wealth due to lack of savings and investments. Even though Chinen and Endo (2012) argued that having a savings plan and low debt will lead to financial wellness, as only 1% of young graduates indicated that they do not think that saving money will decrease the reliance on debt. Vosloo *et al.*, (2014) ascertained that debt has a negative impact on the overall financial well-being of young graduates. Friedline and Freeman (2016) also attest that debt creates financial distress and limits financial opportunities. It is evident that the accumulation of debt negatively affects current financial well-being as it increases the financial obligations that have to be met each month, which decreases cash flow and future financial prospects of growing wealth. The next section presents the findings relating to research objective five.

4.5.7 Research objective 5: Determine strategies to control debt and level of indebtedness of young graduates

The aim of this research objective is to determine the strategies that can be used by young graduates to control debt. Factor F1 was used as criteria to understand the strategies to control debt, Figure 4.23 presents the analysis made in this regard.

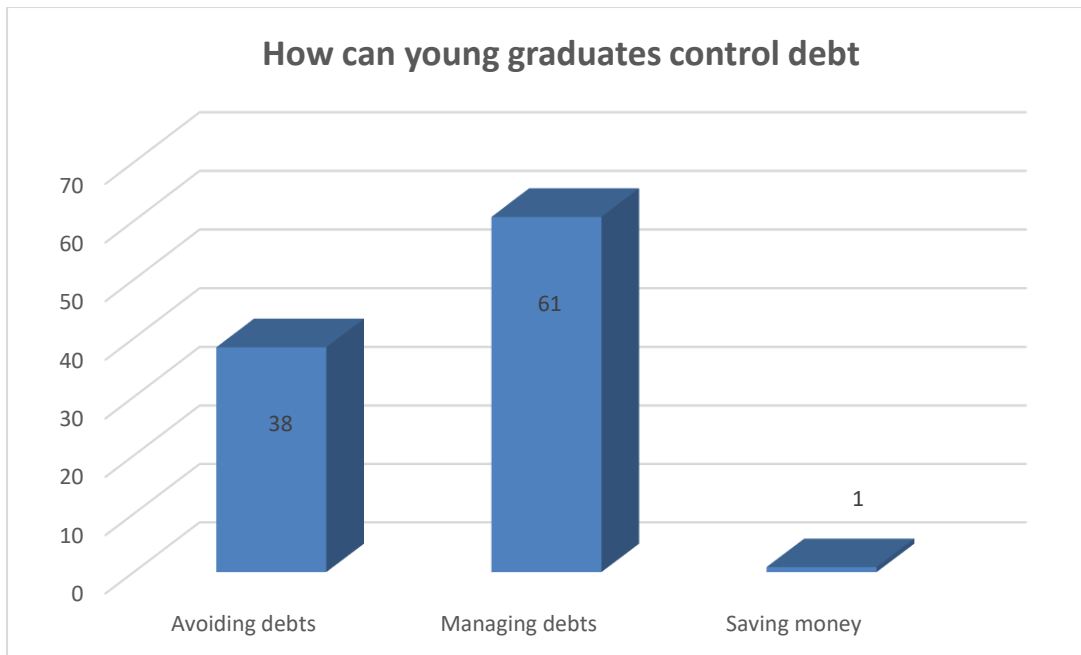


Figure 4.23: Strategies to control debt

NOTE:

F1= How can young graduates control debts.

“Avoiding debt”

“Manage debt”

“Savings”

Figure 4.23 shows that the most common strategies identified by the respondents as a way to control debt is to avoid and manage debt. These are further discussed and validated with the qualitative findings below.

4.5.7.1 Debt avoidance strategy

The findings in this study determined that 61% of respondents indicate that a strategy to control debt is to manage debt, while 38% indicated that debt avoidance is the best strategy. This means that a majority of respondents believe that it may not be practical to avoid debt, however it is best to manage debt. Minimising the amount of debt accumulated is part of managing debt, therefore it is also important to look at strategies to avoid or minimise the amount of debt acquired.

To further explain these findings, the qualitative findings were computed in Figure 4.24 and Figure 4.25 below.

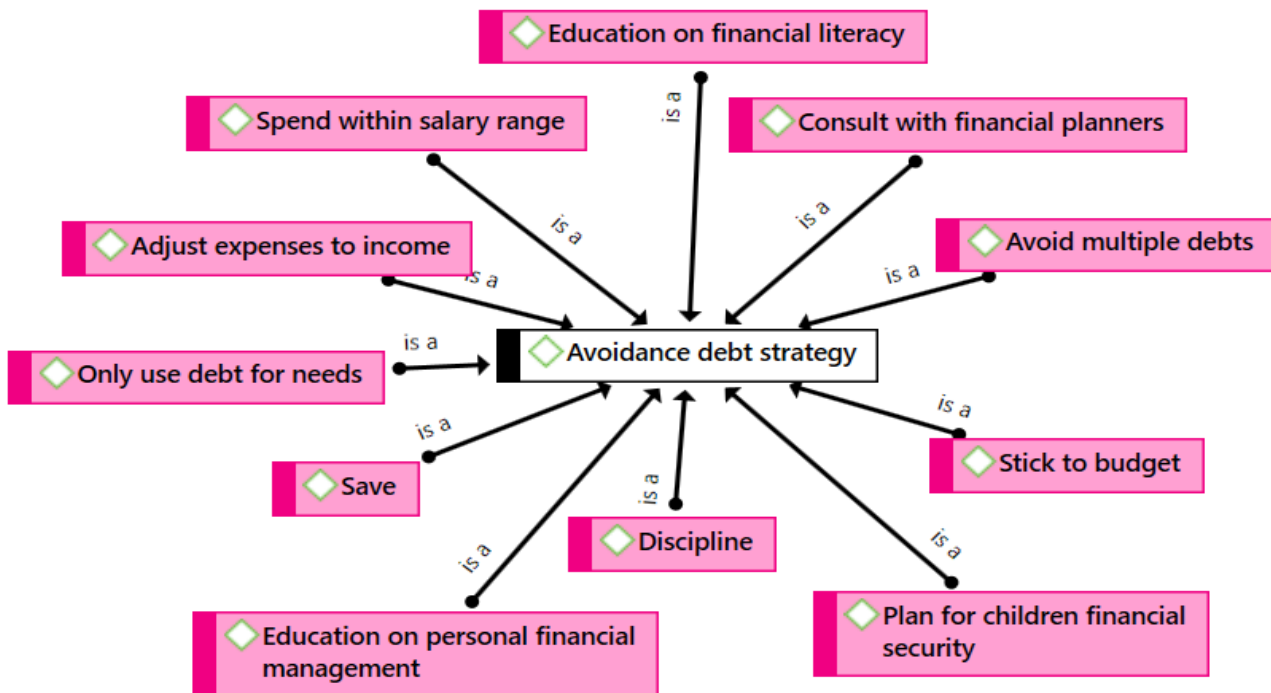


Figure 4.24: Findings related to the sub-theme – Avoidance debt strategies

Figure 4.24 shows that in order to avoid debt, participants must avoid having multiple debts, they must have personal financial management, financial literacy, only use debt when necessary, and be disciplined in finance. Participants further explained that it is not always possible to avoid debt as they come from disadvantaged backgrounds where they have to care for their families while starting their own life. These findings confirm the quantitative findings on the spending and debt behaviour of young graduates (see section 4.5.3), which reported that debt is not a good thing, but it is unavoidable. This infers that it is not possible to avoid using debt, rather avoid some types of debts or unnecessary debts.

A sample of peculiar verbatim words below further provide validation of participant's views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P2 I think it is not possible to avoid debt because most graduates come from disadvantaged backgrounds where they need to take care of their families. Taking care of your family and starting your own life comes with a lot of expenses and you income may not be sufficient to cover those costs which leaves debt as the only alternative. I would say we cannot avoid debt but we need to know how to use debt for necessary things and ensure that we pay it off in time.

P3 I think everyone needs live within your means. If you adjust your expenses to your income rather than adjusting your income to your expenses then you can avoid the use of debt. You need to be honest with yourself about your affordability because that will help you to know better decisions when it comes to spending.

P6 Save, don't spend money unnecessarily, consult financial planners about using money, and learn to live within your means, draw a budget and stick to it. Be financial conscious.

P12 There is no way of avoiding debt. It is just important to take debt when they need it. Avoid small debts, take debt for big purchases.

P14 People need to be taught financial literacy and personal financial management at an early stage. If people are educated, then they will make better decisions. Also one needs to know the difference

between good and bad debts. Know how to best use debts to benefit you in the long run. People should be taught about finance with some more practicability instead of just theory.

P15 Avoid having multiple debts. Rather have one debt and pay it off. You can use such things as credit card to pay for everything. If you have multiple installments then it becomes hard to pay them unlike when you have one installment.

From the verbatim words above, it can be interpreted that it is not possible to avoid getting into debt. This is because most graduates come from disadvantaged backgrounds where they need to take care of their families while starting their own lives which comes with a lot of financial responsibilities. Participants indicated that debt should be used only for necessary items in order to avoid accumulating too much debt. Moreover, they also emphasised that debt should be paid off within the repayment period to avoid additional charges. It is also important to avoid having multiple debts at the same time as it becomes difficult to pay multiple installments. Participants further suggest that other strategies to avoid debt may include living within your means, saving money, being disciplined by not spending money unnecessarily, and sticking to your budget.

The inference drawn from both the quantitative and qualitative findings is that young graduates are raised in an environment where debt plays an essential role especially when starting a career. Young graduates indicated that it is not practical to avoid debt altogether due to the financial demands that come with entering the labour market and becoming an adult. They further indicated that unnecessary debts should be avoided as a measure to manage the amount of debt acquired. Van Deventer *et al.*, (2014) confirm that debt planning means incurring debt to achieve financial goals while keeping a positive cash flow and avoid relying on debt in future. Personal financial management strategies such as managing expenses to not exceed income, savings, paying debt installments on time, and avoiding impulsive spending reduce the need to rely on debt. Abdullah *et al.*, (2019) , Atkinson and Messy (2012), Koh, (2012) and Van Deventer *et al.*, (2014) also confirm that positive financial behaviours such as savings, building financial security, and financial literacy assist in proper financial planning even for emergencies resulting in decreased financial need to obtain debt. From the findings of the study, it is evident that debt plays a vital role in young graduate's finances therefore personal financial management strategies are necessary in ensuring proper debt management by avoiding incurring necessary debts.

4.5.7.2 Debt management strategy

The quantitative findings show that 61% of respondents indicate that the strategy to control debt is to manage debt. To understand how young graduates can manage debt, the qualitative findings explained strategies of how young graduates can manage debt.

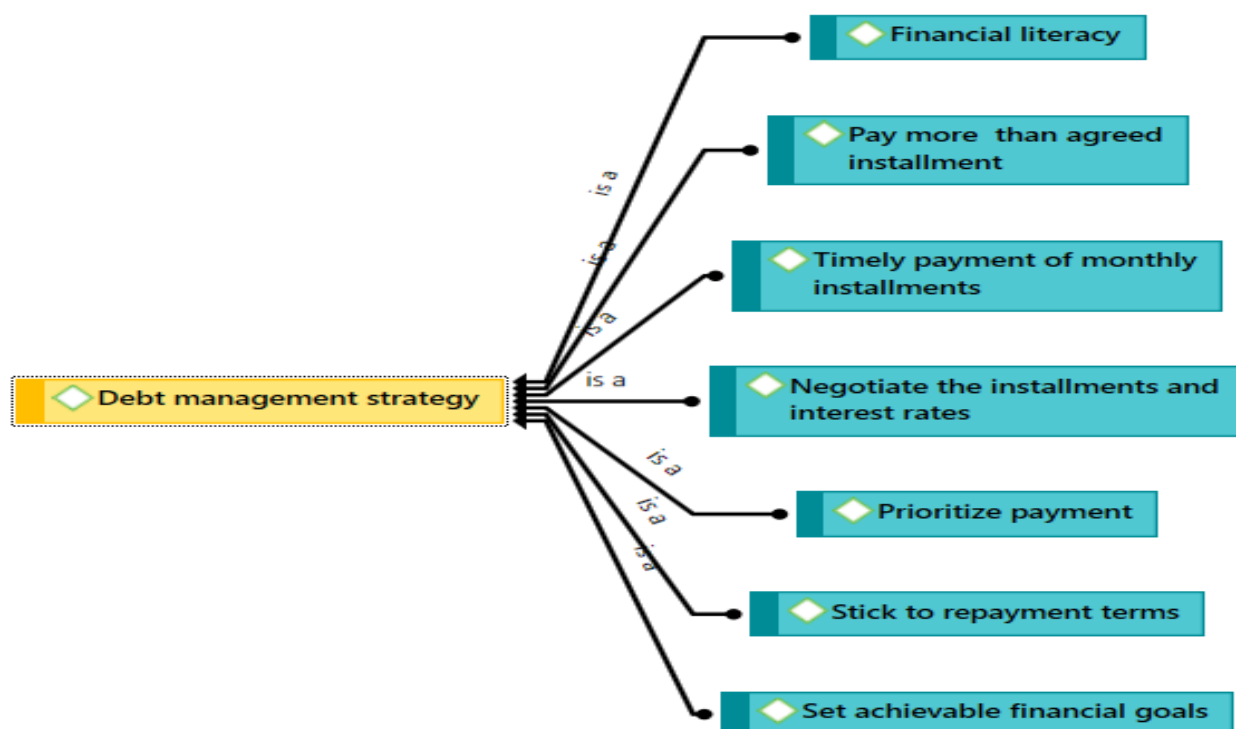


Figure 4.25: Findings related to the sub-theme – Debt management strategies

Figure 4.25 show that young graduates can manage their debts by getting financially literate through financial programmes, paying more than the minimum installment, paying installments on time, negotiating installments, prioritising payments, and setting achievable goals.

A sample of peculiar verbatim words below further present's participants' views, which is demonstrated by a few responses from P1 to P15 interviewed during the qualitative data collection.

P1 Pay a little bit more than your installment. Do the calculations of how to reduce your debt and the interest you will pay. Do an affordability test to know how much you can afford. People may not be financially literate to make sound decisions but should always ask and inquire before entering into contracts. If you are ignorant about your finances then you will forever make financial mistakes in future.

P5 I would say I don't have a specific strategy that I use, I usually pay as I go. I make sure that all my monthly installments are paid in time. I think paying all your monthly installments is a good way to manage your debt as you will finish paying it off in the agreed period and you will not damage your credit score.

P6 My strategy is that I try to pay the debt with the lowest outstanding amount first as I can pay that off more quickly and with less amount. I then proceed to pay off another debt. Rather than just pay the installment, it is wiser to try to settle as much debt as possible.

P10 It is not easy to get out of debt. The best strategy is to stick to the repayment terms and pay the installment as agreed. If you struggle making payments every month then you may need to consider returning the products/goods that you purchased back if you can't afford to pay for them anymore. It is always best to be honest about what you can afford and not force you financial situations to purchase things that you cannot afford.

P15 You need to be financial literate so that you can make sound financial decisions and not take out debt unnecessarily. Look for alternatives which can assist to reduce your expenses. You can also look into debt consolidation if you are unable to plan your finances.

From the verbatim words above, it was determined that participants adapt different strategies to manage existing debt. However, some young graduates stated that they do not have a strategy when dealing with their debt, they pay the required amount/installment that is due every month and they have money available at month end to reduce debts. It implies that since they have a monthly income, they might not be interested in exploring ways they can manage their debts so as to be financially balanced. Botha and Musengi (2012) mentioned that debt planning strategies are important and there is a need for all workers to manage their debt in diverse ways. Therefore, young graduates are required to adopt ways such as ensuring they attend financial literacy programmes, pay installments, negotiate interest rates and installments, priorities payments, and plan the need for debt before engaging in the debt. Abdullah *et al.*, (2019) and Botha *et al.*, (2017) concur that in order to manage debt, one needs to have a comprehensive financial plan to manage finances and accounts.

It can be deduced from the findings that to establish financial management practices and the manner in which young graduates control and manage their accounts (income), it is important to understand the relationship between financial wellness, debt management, and personal financial management. Young graduates further elaborated on the need for financial programmes to educate them on how to manage their finances properly and make sound financial decisions. These findings agree with Lusardi and Tufano (2009) who elaborated that to manage debt one needs the ability to make simple decisions regarding debt, applying basic knowledge about interest rates to everyday financial choices, and managing their accounts. Van Deventer and De Klerk (2017) also attest that financial literacy and financial skills are necessary for managing debt. In summary, debt management is important in ensuring financial wellness therefore it is important to effectively apply strategies such as personal financial management, evading unnecessary debts, and possessing financial knowledge to manage debt.

4.6 SUMMARY OF CHAPTER

This chapter consisted of the presentation, interpretation and discussion of the findings made in this study. It began with a glance on the research objectives highlighted in Chapter 1, which provided a roadmap on the problem of the study. The findings commenced by presenting the demographic information of the young graduates who participated in the study. This was then followed by the main findings of the study, which discussed the reliability and validity test conducted on the data collection instrument.

The main findings were then categorised into the respective research objectives. These research objectives seek to determine the spending and debt behaviour of young graduates, the extent, level and nature of debt, factors that influence attitudes to debt, effects of debt accumulation, and the

strategies that young graduates can use to control the use of debt. A presentation and discussion on the findings were made through an explanatory sequential mixed method design. The findings were further interpreted and discussed in line with the literature that supports or refutes the findings of the study. The next chapter will present the summary, conclusion and recommendations of the study.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The use of debt has rapidly increased over the years in emerging economies due to the economic recession and inflation which has caused high cost of living. South Africa is a developing country accustomed to a high standard of living financed mostly through debt, especially among young consumers. This is extremely alarming since the youth in South Africa consist of more than half of the population and are considered to be the high focus area for marketers. Young graduates are perceived to have a high earning potential and are targeted by financial institutions with easy access to debt which increases the use of debt (section 1.2). Moreover, young graduates are at a vital stage of their lives accompanied by financial dependence, marriage, and building careers, which comes with a lot of financial demands which can lead to the willing to accept debt (section 1.3). The study therefore highlights that there is a relationship between the attitudes to debt and acquisition of debt (section 2.3.1) as the accumulation of debt at a young age can result in dire consequences (section 2.5).

In order to understand the attitudes to debt and what leads to increase in the use of debt, factors that drive young graduates to accumulate debt were identified (section 2.3.2). Factors identified include financial literacy, easy access to debt, family background, compulsive buying, and delay of gratification, socio-economic issues, and materialism. The understanding of these factors assists in understanding the causes to the increase in the use of debt, which will assist in developing the strategies to manage debt (section 2.6). Academic institutions, financial institutions, and policymakers have a significant role to play in providing guidance to young graduates on financial literacy to manage personal finance. The findings of this study were analysed and discussed in the previous chapter (Chapter 4). The findings were compared to the afore-mentioned previous literature to identify similarities or contradictions within the studies.

This chapter then presents the summary and conclusions drawn from the findings of the study. It shows how the research objectives of the study were achieved. This is followed by the recommendations on issues identified by the study. Lastly, the limitations and areas for future research were discussed.

5.2 OVERVIEW OF THE STUDY

In Chapter 1, the study commenced with an introduction of the study, highlighting the purpose of the study. A brief discussion of the background section of the study followed. The research problem, significance of the study, research questions, and research objectives were identified. The research

methodology employed for the study was also briefly discussed. The definition of terms and the project plan were also outlined.

Chapter 2 introduced the literature review and its purpose. The research gap for the study was reviewed to show the gap that will be researched by the study. The theoretical framework was outlined, which reviewed the relationship between attitudes to debt and acquisition of debt and the factors that influence attitudes to debt. Historical attitudes to debt: different groups of young consumers were also reviewed to understand how different groups use debt, the way debt can affect the well-being of employed young graduates, and strategies young graduates can use to control their attitudes towards debts and level of indebtedness.

Chapter 3 describes the research methodology and research design adopted in order to achieve the research objectives of this study. A chapter map depicted the layout of the chapter. A brief outline of the research objectives of this study from Chapter 1 were shown. The study adopted an explanatory sequential mixed method design. This method involves two phases in which the quantitative data was first obtained and then emerging items in the constructs were further explained with the aid of the qualitative data. This chapter also elaborated on the research methodology, which includes target population, data collection instruments, data analysis and ethical considerations for the study.

Chapter 4 reported the presentation, interpretation and discussion of findings. The data was presented and analysed to provide answers to the research questions formulated in Chapter 1. Research findings based on an analysis of the data for each research objective were presented and further discussed starting with the quantitative phase and then using the qualitative phase to explain the quantitative results.

Chapter 5 presents the summary, conclusions and recommendations of the study. A summary of the main findings of the study is presented according to each research objective, this includes the conclusions on the findings and the recommendations on how debt can be addressed by different parties.

5.3 SUMMARY AND CONCLUSIONS ON MAIN FINDINGS

The main findings of the study as analysed in Chapter 4 are briefly summarised below.

5.3.1 Research objective 1: Determine the spending and debt behaviour of employed young graduates

The first objective for the study as set out in Chapter 1 was to determine the spending and debt behaviour of young employed graduates. Based on the findings and discussion in Chapter 4, three themes were revealed, namely *Necessity of debt*, *the debt behaviour of young graduates* and *spending behaviour of young graduates*. The *necessity to debt* shows that young graduates are highly dependent on debt when enter the labour market and started earning an income. Young graduates are raised in

an environment where using debt has become a norm and this influences their attitudes to debt. This means that although young graduates may not be in favour of debt, society has made them believe that it is not possible to survive in today's life without debt. This is evidenced by the findings in 4.5.3.1. B6 shows that 62% of respondents strongly agree to agree that credit is an essential part of today's lifestyle, while Item B3 shows that 58% of young graduates strongly disagree to disagree that the use of debt is wrong. Almenberg *et al.*, (2020), Beale and Cude (2017) and Agnew and Harrison (2015) also confirmed that young graduates are still establishing financial management practices and may be willing to accept debt as part of life. Things such as building a good credit profile, attaining a certain lifestyle and family responsibilities put immense financial pressure on young graduates. Since debt is made available to them when they start employment, they believe it is the only option that they have. Young graduates developed positive attitudes towards debts when they started employment meaning that they are willing to accept some form of debt in their lives.

Based on the findings on the *debt behaviour of young graduates*, it can be deduced that although young graduates believe that debt is part of their lives, they however believe that debt should not be used in a reckless manner such as paying for luxuries. This is evidence by findings in 4.5.3.2 where 93% of respondents strongly disagree to disagree that they use debt for a good social life. The findings further show that young graduates use debt for items such as an emergency, buying assets, and future goals, these are things they deem to be important and worthwhile to use debt for. This means that the use of debt should be minimised by avoiding reckless borrowing and only using debt to advance or to meet immediate needs. Friedline and Freeman (2016) Lusardi *et al.*, (2018) and Zainol *et al.*, (2016) also found that a majority of debt accumulated is mainly to pay for needs and large expenses such as buying a house or paying for healthcare.

The findings on *spending behaviour* of young graduates revealed how the money management skills and spending patterns play a role in in the accumulation of debt. Salary level, lack of budgeting skills, luxurious lifestyles, and job security negatively influence spending behaviour, which leads to the accumulation of debt. This is because young graduates believe that they will have job security because they have a degree, thus making them believe that they will be able to settle the debts in future. This is evidenced in section 4.5.3.3 where 56% of respondents indicated that they believe that they have a greater chance of getting another job because they went to university and 61.4% respondents stated that they believe they have enough time to settle their debt in future. Furthermore, 69.6% of young graduates confirmed that they did not have existing debt by the time they graduated. This clearly indicates that young graduate's attitudes to debt changed when they started employment due to increased spending power that comes with earning an income. This presents a challenge where young graduates have increased spending power and low money management skills as they have elaborated to not using a budget to manage their finances. The findings concur with Adzis *et al.*, (2017) and

Harnish *et al.*, (2018) that the increase in debt may be attributed to a lack of money management skills. It is therefore clear that the spending behaviour of young graduates has contributed immensely to how they manage their finances and the amount of debt they accumulate thereof.

This study then conclude that the use of debt has significantly increased over the years, more especially in emerging economies such as South Africa. Young consumers, specifically young graduates, are impacted when they are raised in a credit-led environment. This is because they are perceived to have high earning potential, job security, and a fundamental contribution to the economy as a whole. Young graduates are at a distinctive stage of their life where they are faced with critical financial decisions while learning how to manage their finances. This positive tolerance to debt combined with bad spending behaviour attributed to income level, lack of financial literacy, and lack of budgeting skills may lead to the accumulation of exorbitant debt. For this reason, it becomes of paramount importance to educate young graduates on how to manage debt, which poses the greater need for financial literacy programmes. Since young graduates start to accept debt when they start earning an income, it would be more beneficial that they are taught about personal financial management before they commence employment, which can be done at universities or schools.

5.3.2 Research objective 2: Determine the extent, level and nature of debt

The second objective formulated in Chapter 1 aimed to determine the *extent, level and nature* of debt. Acquiring huge amounts of debts can lead to financial distress and affect the overall well-being of young graduates as it becomes difficult to manage the debt. It was therefore necessary to ascertain the amount of debt acquired by graduates and the type of debt acquired. The findings show that a majority of young graduates hold some type of debt mainly consisting of car finance, mortgage bond, and credit card. The issue of over-indebtedness is more subjective as young graduates do not think they are accumulating too much debt because they are able to afford the monthly instalments payable on their debts. However young graduates are spending at least a quarter to at least 70% of their income in servicing debt (4.5.4.1), this is an indication of over borrowing. In addition, it was discovered that the total debt young graduates have is also large meaning the repayment duration may also be lengthy. As a result, young graduates may be trapped by debt for an extended period, thereby limiting the disposable income they have for future investments and financial well-being. Similarly, Brown *et al.*, (2016) concluded that young adults extremely rely on debt because a majority of them hold some type of debt.

Based on the summary of the findings made from this study, this study reached a conclusion that young graduates mainly use debt for large expenses such as mortgage bonds and vehicle financing. Since a majority of young graduates deem these debts to be a necessary expense that is unavoidable, it therefore means that financial institutions or government need to re-evaluate the policy on granting

these specific credits as they are large amount of debts that will take a long time to repay and will take a large portion of income every month in debts installments. Easy access to debt has been identified in 4.5.5.1 as one of the contributing factors that lead to the increase in the use of debt, therefore putting stricter evaluation process on determining affordability will minimize over-indebtedness by only granting debts that young graduates can afford.

5.3.3 Research objective 3: Identify factors that influence young graduates to accumulate debt

The third objective demonstrated in Chapter 1 aimed to identify the factors that drive young graduates to accumulate debt. The first factor identified is *easy access to debt and income levels*. Young graduates are perceived to have future high earning potential and job security by financial institutions who entice them to borrow money by offering access to debt. The increased access to debt can lead to over-borrowing as young graduates indicated that if they have access to debt, they will use it regardless of whether they have a financial need or not. The easy access to debt offered by financial institutions therefore opens a door for reckless borrowing as young graduates are solely dependent on themselves to make sound financial decisions, this becomes a dire problem since they are not equipped with financial knowledge. The findings concur with Lea (2021) and Vosloo *et al.*, (2014) that the rise in debt can be attributed to the increased access to debt.

The second factor identified is *graduate and debt accumulation*. Young graduates are at a critical stage of their lives when they start employment and are faced with complex financial decisions while still learning about finances. They are building their career, purchasing assets, and maintaining their families. Young graduates are also faced with social pressures to live a life of status and prestige, which compels them to borrow money to meet their financial obligations. Although they are employed and may have job security in future, they have not reached their earning potential yet. The increased financial demands, lower income level, and access to debt increases the use of debt. Young graduates may be willing to accept debt as they have a perception that they have job security and will be able to settle their debts because they will make more money in the future. To buttress this finding, Inseng and Teichert (2016) confirm that there is a substantial relationship between educational level, income level and how one manages their finances.

The third contributing factor to debt is the *lack of personal financial management*. The inability to manage finances properly leads to unplanned spending and overspending. When expenses start to exceed income, debt becomes an alternative source of finance. Young graduates do not draw a budget or if they do draw one, they do not stick to it. This means that young graduates lack the skills and tools to manage their finances properly, which leads to debt accumulation. This is evidenced by the use of debt to purchases both asset and luxuries. The findings are similar to Beale and Cude (2017)

and Harnish *et al.*, (2018) that failure to delay gratification and unplanned spending leads to the increase in the use of debt.

The last contributing factor is the *lack of financial literacy programmes* at universities and the workplace. The basis of good financial behaviour starts with the knowledge on finances and how to make sound financial decisions. The lack of financial literacy programmes at university sends young graduates into the work environment unprepared to handle finances when they start earning an income. Young graduates have been identified to be in a vital stage of their lives, characterised by increased access to debt, complex financial decisions, and significant financial obligations. Therefore, the lack of financial literacy contributes to the inability to manage finances and increased borrowing. Correspondingly, Abdullah *et al.*, (2019) Ottaviani and Vandone (2016) and Vosloo *et al.*, (2014) agrees that there is a lack of financial literacy programmes at university, which forces young graduates to learn on their own or through work experiences.

This study then concluded that easy access to debt, possession of a degree, lack of personal financial management, and lack of financial literacy are the leading contributors to the increase in the use of debt amongst young graduates. Although there are a number of factors identified, the main underlying issue is lack of knowledge concerning financial matters. This is because money has been a sensitive topic that is not discussed at home, schools, and even in the workplace. This has created a situation where consumers highly depend on financial institutions to advise them on their finances, however financial institutions are also driven by profits and may not provide unbiased advice that benefits the consumer.

Also, young graduates are in a dire situation where they embark on establishing their careers and are taught how to make money through their qualifications but are not taught how to manage their finances. The decision of whether to accept debt or not lies with the consumer, therefore to minimise the use of debt, strategies should be focused on teaching the consumers how to make those decisions rather than only focusing on the organisations that provide the credit. This is because the government and NCR can regulate the provision of credit for formal lending, however there is still informal or unregistered lenders such as loan sharks who still provide debts to consumers who cannot even afford to repay the loans. It is clear that the focus should be placed on the decision makers and the affected parties, which is the consumer. The study concludes that the foundation of addressing these issues is providing awareness and knowledge about personal financial planning to young graduates. When young graduates possess the knowledge and skills on finances, they will be able to make sound financial decisions and all the other matters such as easy access to debt and lack of personal financial management will no longer be an issue.

5.3.4 Research objective 4: Investigate the effects of debt accumulation

The fourth research objective aimed to identify the effects of debt accumulation. The accumulation of debt at a young age affects *stress levels and life decisions* of young graduates. Although the young graduates stated that the debt acquired does not affect their stress levels or make them feel depressed, it does however influence how they make their life decisions. This is because debt affects affordability and needs to be taken into consideration during the decision-making process. As evidenced in 4.5.6.1, certain life decisions such as marriage, career change, and starting a family may be delayed because young graduates do not want to commit to more financial obligations when they have existing debt. The findings of this study are consistent with Bailey (2018) and Friedline and Freeman (2016) who state that debt accumulation affects major life decisions, while Aboagye and Jung (2018), Gutter and Copur (2011) Lusardi *et al.*, (2018) and Rutledge *et al.*, (2018) who are of the view that positive financial well-being lead to life satisfaction and mental health.

The study also found that debt affects the *financial well-being* of young graduates as it affects affordability and ability to generate wealth in future. Having huge amounts of debt means that a significant portion of income goes to servicing debt every month, thereby leaving less disposable income to meet current needs and make investments. Young graduates have indicated that they do not think they are incurring too much debt as they are still able to afford their monthly debts, however, a significant portion of their income is used to service debt. This affects their financial well-being and affordability. Some young graduates have stated that they rely on extra income to meet their current obligations, which insinuates that their expenses exceed their primary income. Moreover, they have admitted to having savings but less or no savings at all because they use the extra income to pay debts. This is an indication of a negative financial well-being. The findings support views from Vosloo *et al.*, (2014) and Friedline and Freeman (2016) that debt affects financial well-being negatively and leads to financial distress. Likewise, Zhan and Xiang (2016) found that debt delays accumulation of wealth due to inability to save and invest.

It can be concluded from the findings of the study that debt affects the financial well-being and personal lives of young graduates. Money plays a significant role in our daily lives and provides access to the standard of living that we wish to have. The accumulation of exorbitant debts can threaten our financial well-being and our overall well-being. Paying off debt each month means less disposable income to provide for our lifestyle and invest. This also limits our choices; for example, when a person has financial obligations that they need to pay off every month, that person will be reluctant to leave a job to pursue other career options that may not offer the same income to cover the monthly obligations. This also creates a situation where they start to stress and worry about the debts that they have as they may fear their ability to maintain a healthy financial well-being in future. Young graduates are aware of the effect of debts in their lives, but they may not know how to control it.

5.3.5 Research objective 5: Determine strategies to control debt

The last research objective ascertained the strategies to control debt. The findings of the study revealed that young graduates are raised in a credit-led environment where it may not be practical to completely avoid debt. As a result, every young graduate holds some type of debt and believe that they need debt to finance the financial needs they have after entering the labour market. This is evidenced by the findings in 4.5.7 where 61% of young graduates stated that the best strategy is to manage debt while only 38% indicated that debt can be avoided. Based on the *avoidance strategy*, it was found bad debt or unnecessary debt should be avoided rather than avoiding all types of debt. Furthermore, the acquisition of multiple debts should be minimised to avoid over-indebtedness. Debt should also be paid off within the repayment period to avoid incurring additional costs and charges such as interest. Finally, young graduates stipulated that good personal financial management such as living within your means and savings can also reduce the reliance on debt. The findings of the study are in accordant with Harnish *et al.*, (2018) and Venter *et al.*, (2014) who mention that positive financial behaviours reduce the use of debt.

Since it is not possible to avoid debt completely, it is important to know how to manage and use debt wisely. *Debt management strategies* include taking only good debt (assets, investments and personal development) and avoiding bad debt (luxuries, entertainment and food). In addition, the timely payment of instalments, sticking to repayment terms, not refinancing debt, and paying off small debts quicker are some of the strategies that can be used to manage existing debt. Abdullah *et al.*, (2019) Ottaviani and Vandone (2016) and Lusardi and Tufano (2009) confirm that in order to manage debt, the ability to make sound decisions and apply financial knowledge is needed.

Based on the findings of the study on the strategies to control debt, it can be concluded that the responsibility of managing debt and personal finance lies more with the consumer, however there is limited information and resources that equip them with the skills to make sound financial decisions. Young graduates have adapted a number of strategies to avoid/manage debt, however the effectiveness of these strategies has not been measured as they these are mostly general recommendations made by different parties. These methods used are more of a common practice among young graduates since most of them have stated similar strategies to manage their debts. The strategy to manage debt needs to integrate the whole financial plan rather than looking at debt in isolation. For instance, the financial impact of paying off debts before time has on one's financial position.

5.4 RECOMMENDATIONS

The recommendations made in this study are based on the comprehension of information gathered in previous chapters consisting of a literature review and findings made from data collected from employed young graduates in the Gauteng Province of South Africa pertaining to their attitudes towards debt.

5.4.1 Access to debt

The study's findings show that easy access to debt is one of the contributing factors that drive young graduates to accumulate debt. Nga (2007) stated that the NCR is not fully enforceable, which leads to reckless lending. As such, this study then recommends that there is a need for NCR to review the policy on lending and issuing of credit limit to ensure that procedures are strictly adhered to and to ensure compliance. Government should introduce strict punishments for credit providers found guilty of non-compliance of the National Credit Act. Currently, debt is issued based on affordability which is calculated as income less expenses. Only expenses in the form of debit orders are verified by the bank from the bank statement while other expenses have to be disclosed by the applicant. This makes it easy for the applicant to manipulate the expenses to ensure that their affordability appears to be high, thereby making them qualify for debt that they cannot afford. The NCR should review the policy on calculation of affordability to ensure that the financial status of every applicant is verified with proof of expenses before they can be eligible to acquire debt. The NCR should also put strict measures on the issuing of unsecured multiple debts such as clothing accounts, credit cards, and personal loans as this leads to over-indebtedness. Financial institutions also play a significant role in ensuring that the NCR is fully enforced in their organisations, therefore a penalty or fine should be issued if an organisation is found guilty of non-compliance of the NCR policy.

5.4.2 Financial literacy programmes

The study also found that the lack of financial literacy is the leading cause of the accumulation of debt. Vosloo *et al.*, (2014) emphasised that there is a lack of financial literacy programmes at university resulting in young graduates entering the labour market unprepared to handle finances. The study recommends for schools, universities, and education policymakers to introduce financial literacy as part of the study curriculum. Although the subject of financial literacy has gained attraction globally and a lot of financial content is available on the internet, it is not sufficient to leave the process of learning about finances in each individuals' hands. Financial literacy should be offered as a formal course designed with practical activities over a sufficient period to allow deep learning to take place. The programmes should be available to all students, not only to business majors because the ability to manage financial literacy is a graduate attribute that is vital for every student who will enter the labour market or start their own business.

Marriott (2007) stated that academic institutions have a responsibility to provide guidance and awareness on personal finances to empower financial literacy to curb the use of debt. In addition, technology has become a significant part of learning with the Fourth Industrial Revolution in effect, therefore the programmes need to incorporate the use of software applications available to manage finances. Young graduates today spend most of their time on their phone using social media and other applications, therefore the programmes need to be designed to fit how graduates learn and to ensure the skills they acquire are relevant to the current market.

To buttress this point further, finances are forever changing, therefore continuous learning needs to take place to ensure that young graduates are up to date with changes in the finance market. Employers also need to play a role in making financial literacy programmes available to employees on a regular basis at their workplace. The programmes can be offered as part of the skills development fund available to employees. Employers can also offer additional support to employees by offering access to a financial planner to assist employees in managing and planning their finances. Financial institutions can also play a significant role as they come into contact with every consumer physically or through their banking apps. Financial literacy webinars can be incorporated into the banking apps or websites for customers to have access to the information at their convenience.

5.4.3 Access to personal financial planning and budgeting tools

The lack of personal financial management including failure to use a budget and money management skills contribute to the increase in the use of debt. Currently, private clients or certain bankers have access to a financial planner while other consumers are not aware that they can consult a financial planner. Therefore, financial institutions can play a role by providing access to a financial planner at the bank to assist them with managing their finances, constructing a monthly budget, and advice on investments and policies. The bank can also make it mandatory for each applicant to consult a financial planner at the bank before the issuing of significant amount of debt. This will assist the consumers to understand the financial products and the terms so they can make an informed decision.

Young graduates indicated that they are able to draw a budget however they struggle with following it. Financial institutions also can incorporate budgeting tools such as expense trackers in the banking app to track expenses in order to assist with budgeting. This will also be useful in calculating affordability prior to the issuing of debt. Employers can provide employees with access to financial planners at the workplace, furthermore wellness support needs to be provided for employees struggling with stress due to finances. Access to debt counsellors should also be made available in the workplace.

5.4.4 Awareness on financial programmes and resources available

There has been a great improvement in the subject of financial literacy, the issue of finance is being discussed widely through seminars, financial literacy vlogs, podcasts, and a number of apps have been designed to assist in managing finances. However, there is still a lack of awareness with regard to finance resources that can be used to manage finances. A number of resources such as financial programmes, budgeting apps, financial planners, excel spreadsheets, savings tools in banking apps, credit score apps, and debt counsellors; however, there is a lack of awareness about these tools. Academic institutions, financial institutions, employers, policymakers and other related organisations have a huge responsibility in creating awareness about the resources available to manage finances.

5.5 LIMITATIONS AND AREAS FOR FUTURE RESEARCH

The study employed a mixed method approach to investigate the attitudes of employed young graduates towards debt while establishing their financial management practices. Similar to other studies, a number of limitations can be identified within the study. This presents an opportunity for future research.

- A sample of 117 young graduates employed in the Gauteng Province (see section 4.3) were used for interpretation of the findings of this study. Therefore, the results may not be extrapolated to other provinces as the demographic information differs from one province to the next. This provides the opportunity to roll out the study in other provinces. Furthermore, it would be interesting to investigate the attitudes of unemployed or self-employed graduates towards debt.
- Few sources cited in this study are old as there has been limited research conducted recently in this area of research.
- The study investigated young graduates during the initial stage of employment, therefore the findings lack longitudinal. Future research may be conducted to find out if the attitudes of young graduates change over time.
- Only young graduates in possession of a higher education qualifications from university were included on the study. Areas for future research may include Further Education and Training (FET) college graduates, students and other young professionals.
- The study found out that one of the leading causes of the increase in debt is lack of financial literacy programmes (see section 4.5.5.4). It is a great concern for which research needs to be conducted on the financial programmes that are available to identify how they can be improved to meet the financial needs of consumers.

5.6 CONTRIBUTION OF THE STUDY

In South Africa, possessing a degree or a higher education qualification is perceived as an investment with future strong earning and job opportunities. For this reason, young graduates are considered to

be a lucrative market and the biggest contributors to the country's economy. The use of debt among young graduates has increased at an exponential in the past decades. Young graduates start their careers with the accumulation of debt as they are enticed by financial institutions with easy access to debt. The access to debt coupled with lack of financial literacy and lack of personal financial management increases the need to borrow as young graduates develop a more lenient attitude towards debt. The increase in borrowing creates an over-indebted generation who cannot positively contribute to the community and the economy. Easy access to debt, lack of personal financial management, and lack of financial literacy programmes are factors that influence young graduates to accumulate debt. The study will therefore make a significant contribution in providing insight to government, higher education, and other key role players on financial literacy needs that young graduates have so as to design the financial literacy programmes that will address this shortfall. In addition, the study will provide crucial information to universities, schools, colleges, and government institutions that will assist on the design of a curriculum that will address the financial literacy needs of students and graduates. This will lead to increased financial literacy skills, better personal financial management, and positive financial habits that will contribute to the economy positively.

Financial institutions play a vital role in the marketing and granting of financial products to young graduates, therefore this study will provide a significant contribution on the financial needs of young graduates such as what influences their decision to utilise debt and the type of debt used. The study will equip financial institutions and other key role players with valuable information on how to approach this group of young graduates concerning their financial needs. The findings of this study can also be used as a basis to develop interventions such as a conceptual framework to reduce the use of debt or to ensure that debt is used wisely. It will also inform policymakers such as the NCR on the loopholes of the credit act to identify areas of improvement.

The study also determined that young graduates may be over-indebted. Although young graduates have adapted some strategies to assist in managing their debts, the effectiveness of these strategies has not been measured. Over-indebtedness cripples the financial well-being and future opportunities of young graduates and the economy. Existing debt interventions such as debt counselling are more cantered around people who are already over-indebted and little on the prevention or management of debt to reduce the accumulation of exorbitant debt. The study will provide insight on the extent and level of indebtedness of young graduates to assist the NCR and financial institutions to devise effective interventions to manage or avoid the use of debt.

5.7 CONCLUSION

It is evident that debt has become a significant part of today's lifestyle and overall financial wellness of many consumers. Young graduates are no exception to this trend of acquiring debt and this raises

major concerns since they are key contributors to the economy. Lack of financial literacy, lack of personal financial management, easy access to debt, societal pressures and high financial demands are some of the challenges faced by young graduates. Consequently, young graduates are negatively affected, and the economy as a whole. Findings show that key role players such as academic institutions, financial institutions, and employers are failing in providing access to financial literacy programmes, financial planners, and creating awareness on the resources available. It is fundamental that financial literacy is included as part of the school curriculum to ensure students acquire this skill before entering the labour market.

This study expanded on existing studies of attitudes to debt by investigating the attitudes of employed young graduates towards debt while establishing their financial management practices. Young graduates play a significant role in the economy. Therefore it is important to understand their attitudes towards debt and factors that drive them to accumulate debt so as to draw strategies to address these challenges. This will assist in ensuring that young graduates develop positive financial habits and contribute positively to the economy as a whole. The ability to save money will ensure that young graduates are able to start businesses that will create further employment and will provide a good basis for the future economic sustainability of the country.

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APPENDIX A: QUESTIONNAIRE AND COVER LETTER

Dear Sir/Madam

Permission to conduct research – Ms J Sibanda – MCom student

My name is Julia Sibanda, I am a Masters student in Management Accountancy at the North-West University, Potchefstroom campus. I am currently conducting research on *“Investigating the attitudes of young employed graduates towards debt management”*. The research mainly seeks to explore the attitude and reasons for young graduates (18 to 35 years) to accumulate debt in the first 5 years of employment. The research will be completed via questionnaires and interviews that will take a maximum of 20 minutes each to complete. Completion of the questionnaire and interviews is voluntary, identity will be kept anonymous throughout the research. All information obtained will be confidential and **only** utilised for the purpose of the research.

You will receive no payment for your participation; as your participation will be considered a voluntary act that will be embraced with gratitude. Your informed consent is an ethical requirement and it ties back to your protection as a human participant in research. The following information is provided about the study, in order for you to make an informed decision about your participation.

Hope you find this in order.

QUESTIONNAIRE

TOPIC: INVESTIGATING THE ATTITUDES OF YOUNG EMPLOYED GRADUATES TOWARDS DEBT MANAGEMENT

SECTION A: RESPONDENT'S DEMOGRAPHIC DETAILS

Please complete this section by inserting an X in the appropriate block or supplying the information as required.

1. Gender	
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2. Age	
---------------	--

3. Income level	Less than R100 000	
	R100 000 – R200 000	
	R200 000 – R300 000	
	R300 000 – R400 000	
	Above R400 000	

4. Employment status	
-----------------------------	--

5. Qualification level (Highest qualification)	
--	--

6. Number of years employed	
------------------------------------	--

SECTION B: Spending and debt behaviour of young graduates

Please complete the questionnaire by choosing if you “Agree”, “Strongly Agree”, “Disagree” or “Strongly Disagree” with each statement/question. Use a cross (X)

SPENDING AND DEBT BEHAVIOUR		Agree	Strongly Agree	Disagree	Strongly Disagree
1.	Taking out a loan is a good thing because it allows you to enjoy life				
2.	It is a good idea to have something now and pay for it later				
3.	Using credit is basically wrong				
4.	I'd rather go hungry than buy food with a credit card				
5.	Being in debt is never a good thing				
6.	Credit is an essential part of today's lifestyle				
7.	It is better to go into debt than to let children go without Christmas presents				
8.	Even on a low income, one should save a little regularly				
9.	Borrowed money should be repaid as soon as possible				
10.	I do not like borrowing money				

11.	Borrowing money is sometimes a good thing				
12.	It is ok to borrow money to pay for children's clothes				
13.	Even though I am incurring debt now, it will be worth it in the future				
14.	I believe I have enough time to settle my debt in future				
15.	Debt makes me feel that I am indebted to paying someone or paying for my loans				
16.	I minimize my spending to minimize my debt				
17.	I use credit to pay for a good social life				
18.	I had already accumulated debt by the time I graduated				
19.	I have a greater chance of getting another job because I have a degree				

SECTION C: Extent, level and nature of debt held by young graduates

1.	I worry I will not be financially secure in future				
2.	I think I have too much debt				
3.	I can afford to pay all my monthly debt installments				
4.	I have a clothing account				
5.	I have a credit card				
6.	I have car financing or mortgage bond				
7.	I am able to save money on a regular basis				

SECTION D: Factors that drive young graduates to accumulate debt

1.	It is too easy for people to get credit cards				
2.	If I have access to credit, I will use it.				
3.	It is important to live within one's income				
4.	I am rather adventurous with my money				
5.	The repayment terms are suitable to me, hence I can take up debt				
6.	I like larger purchases, going for debt would help me attain it				
7.	I use credit to pay for luxuries/entertainment				
8.	I believe my expenses are a lot, accumulating debt will help me cater for my expenses				
9.	The things I own say a lot about how well I am doing in life				
10.	I want to own properties of my own				
11.	I like a lot of luxury in my life				

SECTION E: Effects of debt accumulation at a young age

1.	I have a good idea about how much credit card and overdraft debt I am incurring				
2.	I sometimes cannot sleep because I worry about how much debt I incurred				
3.	When I think about the debt I owe, it gives me depression				
4.	I worry that the repayments on my debt will become unaffordable				

5.	I worry about debt to the point where it affects my performance at work				
6.	I worry about my debts because one day I might end up not having any income to spend after deductions from my creditors				

SECTION F: Strategies to control debt and level of indebtedness of employed young graduates. (Select one answer)

1.	Avoiding debt	
2.	Manage debt	
3.	Adjust expense to income	
4.	Savings	
5.	Make realistic budget	
6.	Stick to budget	
7.	Negotiate on debt	

Any comments about attitudes to debt

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THANK YOU FOR YOUR VALUABLE TIME IN COMPLETING THIS QUESTIONNAIRE.

APPENDIX B: INTERVIEW GUIDE

INVESTIGATING THE ATTITUDES OF YOUNG EMPLOYED GRADUATES TOWARDS DEBT MANAGEMENT

DEMOGRAPHIC INFORMATION				
Gender	Qualification level	Employment status	Age	Years employed
RQ1 : SPENDING AND DEBT BEHAVIOUR OF EMPLOYED YOUNG GRADUATES TOWARDS DEBT				
1. How would you describe your spending habits as a young graduate in employment?				
2. Do you think that debt is an essential part of today's lifestyle/is debt necessary?				
3. How would you describe your debt behaviour as a young graduate?				
EXTENT, LEVEL AND NATURE OF DEBT HELD BY YOUNG GRADUATES				
4. Do you have any debt, if so what type?				
5. What does the majority of your debt consist of (e.g., store cards, credit card, car payments, mortgage payments)?				
6. How much debt do you have (ranging R0 – R10 000, R10 000 – R50 000, R50 000 – R100 000 > R100 000)?				
7. What percentage of your income is approximately used to pay debt instalments?				
FACTORS THAT DRIVE YOUNG GRADUATES TO ACCUMULATE DEBT				
8. How did you accumulate your debt?				
9. Would you consider yourself financially literate, do you understand finances and financial terms?				
10. Do you draw a budget for your monthly expenditures?				
11. Do you have savings, investments etc.?				
12. Do you think being a graduate influences the accumulation of debt?				
13. Do you think the amount of income one earns influences the amount of debt acquired?				
EFFECTS OF DEBT ACCUMULATION AT A YOUNG AGE				
14. Are you currently managing your finances properly, how do you manage your finances?				
15. Are you left with surplus income at month end?				

16. Is the debt accumulated playing a major role when making important life decisions (e.g., career, children, marriage)?

STRATEGIES TO CONTROL DEBT AND LEVEL OF INDEBTEDNESS OF EMPLOYED YOUNG GRADUATES.

17. What strategies do you think can be used to avoid the use of debt?

18. What strategies can be used to manage existing debt?

APPENDIX C: ETHICAL CLEARANCE



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Ethics Committee (EMS-REC)
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Email: Bennie.Linde@nwu.ac.za

31 May 2019

Mrs Lillian Nwosu
Per e-mail

Dear Mrs Lillian Nwosu,

FEEDBACK – ETHICS APPLICATION 31052019 – J Sibanda (22641483) (NWU-00101-19-A4) – MCom in Management Accountancy – Mrs Lillian Nwosu

Your ethics application on *The attitudes of young graduates in employment towards debt while establishing financial management practices*, that served on the EMS-REC meeting of 31 May 2019 refers.

Outcome:

Approved minimal risk study. A number NWU-00101-19-A4 is given to three years of ethical clearance. The application form needs to be signed.

Kind regards,

 Recoverable Signature

X M Rathbone

Signed by: 23309296

Prof Mark Rathbone
Deputy Chairperson: Economic and Management Sciences Research Ethics Committee (EMS-REC) Potchefstroom

APPENDIX D: EDITING CERTIFICATE

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25 February 2021

Editorial Certificate

To Whom It May Concern,

This letter certifies that the thesis entitled; **Investigating the attitudes of young employed graduates towards debt management** by J Sibanda, was proofread for language, grammar, punctuation, spelling, and overall style by NIM Editorial.

Signed on behalf of NIM Editorial by:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

.....

Dr N.I Mabidi Founder & Chief Editor

APPENDIX E: TURN IT IN REPORT

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