

**Investigating the level of financial literacy,
materialism and savings behaviour of Millennials
in Phokwane local municipality**

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ABSTRACT

It has become essential for the millennial generation to know and continuously improve their financial literacy. Financial literacy assists this generation by making sure that they make the right financial decisions for themselves and their families. The South African economy is known as a consumption economy with a low national savings rate. Because of this consumption economy, materialism increases. It has been reported that the financial literacy rate of South Africa is greater than other emerging economies. However, due to its consumption culture the positive effects that financial literacy has on the financial decision that individuals make is not evident in South Africa if we consider the low savings rate. Therefore, the South African economy has been affected due to this low savings rate. Thus, a need to depend on foreign investment for growth exists.

This study focused on millennials who reside in the Phokwane Local Municipality (PLM) (Northern Cape, South Africa). As such, the aim of this study was to determine the financial literacy level and materialism of millennials in the PLM and their savings behaviour. To achieve the aim of the study, the study made use of financial literacy, savings behaviour and materialism variables to gather quantitative data that was obtained from millennials residing in the PLM. The variables were then statistically tested and analysed to ascertain what the financial literacy level, materialism and savings behaviour of these millennials were.

A sample size of a hundred and twenty-five millennials was used. The results from the analyses revealed that the millennials in the PLM have low levels of financial literacy and was thus classified as not being financially literate. It was also found through the data analysis, that this specific millennial generation were considered to be materialistic. Lastly, the results reflected that the savings behaviour of these millennials was deemed as good. As such, the study succeeded in investigating the level of financial literacy, materialism and savings behaviour of millennials residing in PLM. Based on these findings, recommendations were made to stakeholders in PLM to improve the financial literacy level, savings and the materialistic behaviour of millennials in this region.

Keywords: Millennials, financial literacy, savings behaviour, materialism, South Africa

OPSOMMING

Vir die millenniërgenerasie het dit noodsaaklik geword om finansiële geletterdheid te ken en aanhoudend te verbeter. Finansiële geletterdheid help hierdie generasie om te verseker dat hul die regte finansiële besluite vir hulself en hul families neem. Die Suid-Afrikaanse ekonomie is bekend as 'n verbruikerseconomie met 'n lae nasionale spaarkoers en materialisme verhoog weens hierdie verbruikerseconomie. Daar is ook berig dat die finansiële geletterdheidskoers van Suid-Afrika hoër is as ander ontluikende ekonomieë, maar weens die verbruikerskultuur, is die positiewe effek wat finansiële geletterdheid op die finansiële besluite van die individu egter nie sigbaar in Suid-Afrika nie, indien die lae spaarkoers in ag geneem word. Derhalwe word die Suid-Afrikaanse ekonomie deur die lae spaarkoers beïnvloed en bestaan die behoefte om op buitelandse belegging staat te maak vir groei.

Hierdie studie fokus op millenniërs in die Phokane Plaaslike Munisipaliteit (PPM) (Noord-Kaap, Suid-Afrika). Sodanig was die doel van die studie dan om die vlak van finansiële geletterdheid en materialisme van millenniërs in die PPM en hul spaargedrag, te bepaal. Om die doel van die studie te bereik, het die studie gebruik gemaak van finansiële geletterdheids-, spaargedrag- en materialisme veranderlikes om kwantitatiewe data in te samel van millenniërs wat in die PPM woon. Die veranderlikes is statisties getoets en geanaliseer om te bepaal wat die vlakke van finansiële geletterdheid, materialisme en spaargedrag van hierdie millenniërs is.

'n Bevolkingssteekproefgrootte van een honderd vyf-en-twintig millenniërs was gebruik. Die uitslae van die analise het getoon dat millenniërs in die PPM lae vlakke van finansiële geletterdheid het en is dus geklassifiseer dat hul nie finansiëel geletterd is nie. Deur die data-analise is daar ook bevind dat die millenniërgenerasie as materialisties beskou kan word. Laastens het die resultate gereflekteer dat die spaargedrag van millenniërs goed is. Sodanig het die studie daarin geslaag om die vlakke van finansiële geletterdheid, materialisme en spaargedrag van millenniërs in die PPM te ondersoek.

Gebaseer op hierdie bevindinge, is voorstelle aan belanghebbendes in die PPM gemaak om die finansiële geletterdheidsvlakke, spaar- en materialistiese gedrag van millenniërs in hierdie omgewing te verbeter.

Sleuteltermes: millenniërs, finansiële geletterdheid, spaargedrag, materialisme, Suid-Afrika

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LIST OF ABBREVIATIONS

EMS-REC	Economics and Management Sciences Research Ethics Committee
FP	Financial Planning
FinProd	Choosing the right financial products
GDP	Gross Domestic Product
LCH	Life-Cycle Hypothesis
MA	Money Attitude of Millennials
MatMil	Materialism of Millennials
MM	Money Management of Millennials
NPO	Non-Profit Organisation
NSR	National Savings Rate
NWU	North-West University
OECD	Organisation for Economic Co-operation and Development
PLM	Phokwane Local Municipality
SA	South Africa
SASI	South African Savings Institute
SD	Standard Deviation
SI	Savings and investment behaviour of millennials
SPSS	Statistical Package for the Social Sciences
Stats SA	Statistics South Africa
TFSA	Tax-free savings account
TVET	Technical Vocational Education and Training
USA	United States of America

CHAPTER 1

NATURE AND SCOPE OF STUDY

1.1 INTRODUCTION

This chapter presents the reader with the background of the study, the problem statement, the objectives of the study, research questions, significance, delimitations, and structure of the study. The financial literacy level of millennials in South Africa, materialism and savings behaviour of millennials are discussed.

1.1.1 Millennials and financial literacy

Millennials, also known as generation Y, are the generation born between 1980 and 1999 (Stats SA, 2018). Many predict that by the year 2025, three out of every four workers worldwide will be millennials (Omilion-Hodges & Sugg, 2019:74) (Lusardi & Oggero, 2017:2). Millennials grew up in a time of prosperity, and when they entered the workforce, there was an economic downturn (Close, 2020). De Bassa Scheresberg and Lusardi (2014:2) mention that they are still a generation that remains energetic and highly optimistic even with the economic instability.

However, Deloitte (2019) and Martin (2018) found that this economic downturn affected the trust millennials have for financial institutions and governments. Similarly, in the South African context, the trust levels of millennials in the current government have been on a decreasing trend.

Millennials are generally known to be unwise in their finances. However, for a person to prosper financially, it is essential to have financial skills. Therefore, the financial literacy level is crucial for that person's survival (Pangestu & Karnadi, 2020:2). Furthermore, Mbukanma (2019:1) mentions that human beings' existence is, unfortunately, connected to money management. Therefore, it can be said that it is vital to have financial skills for a person to prosper financially.

By using the 2014 Standard and Poor's Global FinLit survey, Lusardi and Oggero (2017:3-6) mention that South African millennials' literacy rate was measured at 43%. They (Lusardi & Oggero, 2017:6) also mention that millennials from the five major emerging economies, the percentage rate of literate adult South African millennials is the highest compared to Brazil, China, India and the Russian Federation.

Mbukanma (2019:5) mentions that even though the literacy rate of South Africa is not the lowest when compared to other developing countries, it does not reflect the savings of the country as this rate is much lower than the financial literacy rate. Currently, the South African national saving

rate (NSR), which is portrayed as a percentage of the nominal GDP of South Africa, stands at 18% for the second quarter of 2021, and the South African household contribution to the NSR stands at 2.2% (SARB, 2021b). Figure 1.1 shows that since the end of 2020, an increase in the NSR has been recorded from 14.7% to 18% in the second quarter of 2021.

Gross saving as a percentage of gross domestic product							
Ratio in per cent at seasonally adjusted and annualised rates							
Sector	2020					2021	
	Q1	Q2	Q3	Q4	Year	Q1	Q2
Corporate.....	15.9	23.1	21.9	16.9	19.3	17.9	16.6
General government.....	-2.9	-12.3	-9.3	-4.8	-7.1	-3.6	-0.8
Household.....	2.0	2.8	3.2	2.3	2.6	2.4	2.2
Total.....	15.0	13.6	15.8	14.4	14.7	16.6	18.0

Figure 1.1: Gross savings percentage of South Africa.

Source: SARB (2021b)

The Oxford Learner's Dictionary (2021) defines materialism as: "The belief that money, possessions and physical comforts are more important than spiritual values". Similarly, the Merriam-Webster Dictionary (2021) defines materialism as "A way of thinking that gives too much importance to material possessions rather than to spiritual or intellectual things".

Jacobs and Smit (2010:12) describe an individual as materialistic if material possessions are very important. Materialism refers to the relationship an individual has with material possessions. Highly materialistic individuals spend more money and time shopping and are likelier to incur high levels of debt. Potrich and Vieira (2018:1059) support the statement of Jacobs and Smit (2010:12) and mention that the greater the level of the materialism of a person, the greater the tendency to incur debt.

Mbukanma (2019:2) mentions that many researchers have classified South Africa as a consumption economy. Syden (2012:1) also notes that consumption is encouraged by many having access to credit facilities. Pangestu and Karnadi (2020:3) have found that materialism also affects the consumption behaviour of people. Potrich and Vieira (2018:1059) conclude that the more financial literate an individual is, the less materialistic that individual will be. The consumption culture of South African households harms their savings behaviour (Syden, 2012:1).

It has been found that millennials that are financially literate demonstrate good financial behaviour for economic security and well-being. Financial literacy affects the ability of millennials to make sound financial decisions which is related to the saving and consumption behaviour of that individual (Dewi *et al.* 2020). Duh (2011:177) found that materialistic behaviour of millennials in South Africa had a negative relationship with conservative money attitudes, which savings and budgeting forms part of.

1.1.3 Saving behaviour of millennials in South Africa

The OECD (2016:52) mentions that “household savings are estimated by subtracting household consumption expenditure from household disposable income plus the adjustment for the change in pension entitlements”. Cronjé and Roux (2010:23) further explain that household savings are split into two categories, namely, contractual and discretionary savings. Discretionary savings are savings that an individual does voluntarily. Contractual savings are commitments that an individual makes to pay a series of payments into a fund, like an assurance policy.

In 2001, the South African government established the South African Savings Institute (SASI). This initiative was taken to educate and improve the savings culture of South African citizens and secure the sustained growth of the national savings rate (SASI, 2021). Awareness campaigns, such as July Savings Month, Teach Children to Save – South Africa, and the Varsity TVET College Financial Literacy campaign are some of SASI's activities. But, unfortunately, all these initiatives have so far failed to improve the savings rate in South Africa.

In the quarterly bulletin of the SA Reserve Bank, it was mentioned that the current national savings rate stands at 18% (SARB, 2021b). Although this reflects the poor savings behaviour of all South Africans, the millennial generation does make up a large percentage of the population in South Africa.

Botha (2018) mentions that millennials in South Africa are saving, and 61% of the millennials that participated in a study done by Old Mutual in 2018, were found to be saving. Joseph (2018:11) mentions that millennials understand that they need to decrease spending in order to save for what they want or need in the future. Joseph (2018:11) mentions that of the millennials that took part in the Old Mutual Investment and Savings Monitor Survey of 2018, a subsegment of them consider saving to be a priority.

However, Jamal (2017) mentions that a study done by 10x Investment showed that millennials in South Africa do not save enough and that previous generations have better savings behaviour. Koloba (2018:60) mentions that millennial students with access to credit facilities do not save for the future, meaning that they do not consider saving a priority. Koloba (2018:60) goes further and

mentions that the economic growth of South Africa can only improve if a savings culture among South Africans is adopted, which will, in turn, lead to future investments.

1.2 PROBLEM STATEMENT

Numerous studies have been conducted to investigate the financial literacy and savings behaviour of individuals in South Africa, such as De Bassa Scheresberg and Lusardi (2014), Lusardi and Oggero (2017), Mbukanma (2019), Nanziri and Leibbrandt (2018), and Syden (2012). In addition, Pangestu and Karnadi (2020) looked at the impact of financial literacy and materialism on savings behaviours. All these studies have concluded that a high level of financial literacy has a positive effect on the savings behaviours of individuals. However, on the other hand, materialism has also been found to negatively affect an individuals' savings behaviour (Duh, 2015), (Pangestu and Karnadi, 2020).

A high level of materialism has been associated with a decrease in the savings behaviour of individuals (Pangestu & Karnadi, 2020), and a low financial literacy rate has been associated with a low savings rate and decreased planning for the future (Lusardi & Oggero, 2017). Thus, the chances for millennials making uninformed financial decisions that could affect their future increases when they have low financial literacy skills. Although materialism forms no part of evaluating if an individual is financially literate, it is believed to be essential for a person to be seen as being financially literate to be aware of the effects that materialism has on the financial well-being of the individual (Garðarsdóttir and Dittmar, 2012).

Therefore, even though research has been conducted on the financial literacy rate and the savings rate of South Africa, as well as the effects of these two on each other, no research currently exists that seeks to investigate the financial literacy level and materialism scores of millennials and savings behaviour of these individuals that reside in the Phokwane Local Municipality (PLM). Thus, a situation exists where, because no research exists, the consequences may be far broader for society. Not knowing where improvement is needed may lead to undesired financial decisions taken by millennials, as this may be seen as the right financial decisions due to a lack of financial literacy skills. Also, no corrective steps or assistance can be provided to the millennials in the PLM if no research data exists to determine millennials' savings behaviour. Lastly, millennials in South Africa have been seen to have a culture of overspending, with one of the highest levels of inequality in the world. Therefore, South African millennials' materialistic values are intensified (Botha, 2018; Jacobs & Smit, 2010).

Duh (2011), however, has found that millennials in South Africa are not materialistic. Therefore, the need for a study on millennials in PLM is further magnified as no definitive answer exists and

a need arisen for this study to seek insights into the financial literacy levels, materialism level and savings behaviour of millennials in PLM. In addition, it will provide stakeholders within the PLM area with the necessary data to know where improvement is needed and where support will need to be provided.

1.3 AIM AND OBJECTIVES OF THE STUDY

1.3.1 Research aim

This study investigates the financial literacy level and materialism of millennials in the Phokwane Local Municipality and their savings behaviour.

1.3.2 Research objectives

The study's primary objective is to investigate the financial literacy level, materialism score, and savings behaviour of millennials residing in the Phokwane Local Municipality area. This primary objective is further explored through the following secondary objectives:

- To ascertain the level of financial literacy of millennials in the Phokwane Local Municipality.
- To determine the materialism score of millennials in the Phokwane Local Municipality.
- To determine the savings behaviour of millennials in the Phokwane Local Municipality.

1.4 RESEARCH QUESTIONS

The research question is based on the abovementioned research objectives. The researcher seeks to answer the following questions that were derived from the objectives.

1.4.1 Primary research question

What are the levels of financial literacy and materialism and the saving behaviour of millennials residing in the Phokwane Local Municipality?

1.4.2 Secondary research questions

- What is the level of financial literacy amongst millennials residing in the Phokwane Local Municipality?
- What is the materialism score of millennials residing in the Phokwane Local Municipality?
- What is the savings behaviour of millennials residing in the Phokwane Local Municipality?

1.5 SIGNIFICANCE OF THE STUDY

The current study seeks to determine if millennials in the PLM are financially literate and what their materialism score is. The study also seeks to determine what the savings behaviour of these millennials are. This study is motivated by the need for financial behaviour awareness amongst millennials in the PLM.

According to Stats SA (2020b), only 21.9% of the population in PLM aged 20 years and older have completed grade 12. Of the 21.9% who completed grade 12, only 6.6% has achieved a higher education qualification. Furthermore, 17.7% of those aged 20 and older did not have any schooling. This means that 60.4% of those aged 20 and above did not complete their schooling careers.

Lusardi and Oggero (2017:9) mention that financial literacy increases with one's education level. Based on this theory, it can be assumed that 60.4% of the individuals aged 20 and above in the PLM who did not complete their schooling will have lower levels of financial literacy than individuals who are more educated. Therefore, 17.7% of those aged 20 and older who did not have any education would have even lower financial literacy levels than those who perhaps completed primary and secondary schooling.

In their study, the Society of Actuaries (2019:26) found that millennials have a higher level of financial stress than generations that came before them. Furthermore, this financial stress is increased if millennials do not have sufficient financial literacy skills. Thus, millennials need to be financially literate so that they have the skills to make the correct financial decisions for their future, which will also decrease financial stress.

Lusardi and Oggero (2017:2) further mention that, over the past year, governments and employers across the globe have transferred the onus of saving and investing to their residents and employees. Thus, it is essential that millennials are financial literate to be able to have good savings behaviour.

This study will provide millennials and other parties in the public and private sector with insights to determine how best to assist millennials with increasing their financial education if needed. In addition, this study will also motivate millennials to gain more financial knowledge, thus increasing their financial literacy levels and reaping the benefits that financial literacy brings.

1.6 DELIMITATIONS OF THE STUDY

The research is delimited to the Phokwane Local Municipality, specifically to participants in Hartswater, Jan Kempdorp and Pampierstad. PLM is situated in the Northern Cape, South Africa.

Therefore, it is advised that proper caution should be exercised when generalising the contributions of this study, as the findings of this research is only applicable to Phokwane Local Municipality district and not the whole of the Northern Cape Province or South Africa.

1.7 STRUCTURE OF THE STUDY

Chapter One: Introduction to the study

In this chapter, the focus is on the introduction to the study, the problem statement, aim and objectives of the study. The significance of the study is also outlined.

Chapter Two: Literature review

In this chapter, the researcher provides a critical analysis of others research that will be relevant for this study.

Chapter Three: Data and methodology

This chapter provides an overview of the research design and research methodology used in the study.

Chapter Four: Data analysis and interpretation of results

In this chapter, an analysis and interpretation of the results of the study obtained is completed.

Chapter Five: Findings, conclusion, and recommendation

This chapter provides the conclusion to the study as well as recommendations.

1.8 CHAPTER SUMMARY

In this chapter, the researcher introduced the reader to the study. A background to the study was provided, with a problem statement, aim of the study, and research objectives that consisted of primary and secondary objectives. The research questions were provided, and the significance of the study and delimitations of the study were explained. The next chapter provides insight to related literature and the perceptions of previous authors as it concerns the financial literacy levels of millennials in South Africa, materialism, and millennials' savings behaviour.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

In Chapter One, the background of the millennial generation was provided, and financial literacy of millennials, materialism, and the household savings behaviour of millennials in South Africa was also introduced. The problem identified by the study, which is to launch an investigation into the level of financial literacy, materialism, and household savings behaviour of millennials in the PLM, was highlighted. The objectives of the study were also discussed. This chapter critically reviews and discusses empirical and theoretical literature on the financial literacy level, materialism level and household savings behaviour of millennials in South African as well as globally.

Many of the individuals that form part of the millennial generation have lived through three recessions in South Africa since 1994 (Stats SA, 2020a). The World Bank described the global economy's current recession due to the Covid-19 pandemic as the worst recession that we have experienced since World War II (World Bank, 2020). These recessions have highlighted the role that financial literacy, materialism and household savings behaviour play in the lives of millennials in making rational financial decisions. Therefore, if there is a lack of financial knowledge identified in millennials, it will impact their financial decision-making.

The South African government has initiated many educational programmes to assist South Africans in becoming financially literate and having good savings behaviour. The South African government and other institutions have been able to improve the citizens' financial literacy levels. Currently, it outranks other emerging economies, such as Brazil, China, India, and Russia (Lusardi & Oggero, 2017:6). However, the same cannot be said about the savings rate of South Africa, which is the lowest compared to the four nations mentioned previously. South Africa is also classified by many as a consumption nation, and this has a connection with the materialistic attitudes that individuals may have.

2.2 THE MILLENNIAL GENERATION

Having introduced what will be discussed in Chapter Two, the researcher will now focus on the population of this study, which is the millennial generation, also known as Generation Y. This

section focusses on who they are, and their characteristics. The researcher then moves on to South African millennials.

2.2.1 Millennials, who are they?

Millennials, also known as Generation Y, are those individuals born between 1980 and 1999, although no consensus has been reached on the exact years where the millennials generation starts and end. For this study, the researcher has used the age definition provided by Stats SA (Stats SA, 2018). Thus accordingly, for this study, the age of millennials ranged between 22 and 41 in 2021.

The name “millennials” is derived from the fact that these individuals were the first to “come of age” in the new millennium (PRC, 2010:4). William Strauss and Neil Howe have been credited widely for giving this generation its name (Horovitz, 2012; Kurian *et al.*, 2017) Moreover, they are one of the largest generations in history (Goldman Sachs, 2021).

Millennials form part of the civic generations – their parents brought up members of these generations in a protective manner, emphasising adherence to a group and social norms. When they reach adulthood, this generation focuses on resolving societal challenges and building institutions (Winograd & Hais, 2011:13).

They are different from previous generations as they are technologically savvy. The millennial generation was born during a time in history that saw the dawn of tremendous technological advancements (Stats SA, 2018). Also known as the first “always connected” generation through digital technology and social media (Timmerman, 2015:11), their smart devices are almost seen as a part of their body (PRC, 2010:1). Their addiction to technology has created a situation where many check their smartphones nearly every hour and experience phantom pocket-vibration syndrome (Stein, 2013). The fact that millennials are connected through the internet makes them more alike than any other generation. Their use of technology has created an era of online social activism. This generation also uses technology to make sure that their voices are heard.

Close (2015:48) mentions that millennials prefer sending instant messages, text messages and emails instead of communicating face-to-face with others. They feel that this method of communication is more comfortable for them. In addition, this generation keeps up with current trends and try to incorporate these new trends into their lives at a higher rate than generations before them (Timmerman, 2015:9).

2.2.2 Characteristics of the millennial generation

The Merriam-Webster dictionary (2021) defines characteristics as: “A distinguishing trait, quality, or property”.

Timmerman (2015:8) mentions that with each generation, changes in the characteristics of these generations occur and the generations become defined by these different characteristics. For example, Strauss and Howe (1992:33) mention that how parents have raised a generation will affect how the children will parent. These events that occur in each generation determine each generation’s characteristics as they move through their lives (Timmerman, 2015:8).

Smith and Nichols (2015:44) mention that the external environment also influences the behavioural background of that generation, which in this study are millennials. PRC (2010) go further by explaining that any differences between generations at any moment in time could result from three overlapping processes. These processes are the following.

- Life-cycle effects: Younger individuals might differ from their older counterparts at the current moment but may well become like them as they age.
- Period effects: Major events such as the Covid-19 pandemic, economic downturn, war, breakthroughs in medicine and technology will affect all individuals simultaneously. However, the degree differs according to where individuals are in their life cycles.
- Cohort effects: These are period events and trends that profoundly imprint young individuals, mainly because their core values are still evolving. These imprints may be with them for the rest of their lives. An example here could be the current Covid-19 pandemic which the effects of will be felt long afterwards.

Millennials are known to be highly optimistic, even though they came of age in difficult economic periods. This generation is believed to become the primary force shaping the United States of America (Winograd & Hais, 2011:14). Main (2017) mentions that millennials have also been described as more open-minded and more supportive of equal rights issues for minorities. Kurian *et al.* (2017:5-6) mention that millennials have grown up in an interconnected world and been exposed to more information, cultures, people, and travel opportunities than any previous generation, which has made them more tolerant of diversity. They demand having a work-life balance and are also curious and confident. They are also cooperative team players, rule followers and accept authority (Howe & Strauss, 2000). Furthermore, they are seen as determined individuals (Timmerman, 2015:10). Botha (2019:49) mentions that this generation is taking a stand for sustainable living to improve the health of Earth for future generations, for example, ecotourism is their preferred form of tourism.

Millennials are, unfortunately, also negatively known as the instant gratification generation. This generation wants whatever they want immediately and believe they can become anything they want immediately. They are also seen as difficult, lazy, selfish, and entitled, narcissistic, materialistic, extremely cautious and are addicted to technology (Knoetze, 2018; Stein, 2013; Smith & Nichols, 2015; Timmerman, 2015).

The reason for this could be that millennials grew up and live in a world where information is quickly obtained with the assistance of technology. They are the first generation with computers available to them in their homes and the first digital generation. They utilise technology in almost every aspect of their lives. Millennials also become dependent on technology at a much earlier stage in their lives (Emeagwali, 2011; Kowske *et al.*, 2010; Smith & Nichols, 2015).

The negative stereotyping of millennials and the misunderstanding of their values by other generations have harmed how others see them. Hayes *et al.* (2018:849) mention that the top three traits of millennials from literature are that they are: tech-savvy, lazy/unmotivated, and self-centred. From their own perspectives, millennials believe that their top three characteristics are that they are: tech-savvy, comfortable with change, and tolerant or open-minded. Although these traits cannot be concluded as universally held by all millennials, it shows the other generations' negative attitudes towards millennials. Although millennials may have personality traits that are the same, they are not monolithic. There are as many differences between millennials as there are between millennials and other generations.

2.2.3 The millennial generation in South Africa

Millennials in South Africa grew up during the twilight of apartheid and the transitioning period into a democratic South Africa. The latter of this group (from 1994 to 1999) was born into democracy (Lappeman *et al.* 2021). Many South African millennials came of age in a time of economic difficulty, and some have already experienced three recessions – which has contributed to their reluctance to invest (Botha, 2018; Stats SA, 2020a). This reluctance is grown out of a distrust of financial markets, which failed many times in their young lives.

Compared to where previous generations were at the same age as millennials, millennials are lagging financially. Deloitte (2019:2) mentions in their study that millennials experienced a lower rate of growth in their first decade of employment than the generations before them. They also have more debt than previous generations at the same time.

This distrust has also contributed to making them rethink family life, and many are postponing marriage and having children until it becomes financially practical. Chien and Morris (2018:4) mention that they are going to school for longer as well. They want to live close to their parents

or even with them as they have great respect for them. Millennials are also known to be ethnically diverse and socially tolerant (Winograd & Hais, 2011:193-197). From a South African millennial perspective, they have been able to overcome most of the previous socio-political barriers amongst the different population groups in South Africa and also can see the view of others (Emeagwali, 2011; Knoetze, 2018; Smith & Nichols, 2015).

The stress levels of millennials in South Africa were one of the highest compared to 45 other countries that took part in the Deloitte Global 2021 Millennial and Gen Z survey (Deloitte, 2021). Four out of ten millennials said that they felt stressed all the time. Seventy per cent of the millennials in the South African group that took part in the survey felt anxious and worried about their long term personal financial future and the welfare of their families. In addition, 60 to 62 per cent of them thought that their day-to-day finances also contributed to their anxiety and stress levels (Deloitte, 2021:7-12).

Although a little more than a third of these millennials also expected their finances to improve within 12 months, and many have also said their financial position has improved. However, unfortunately, some millennials felt that their financial situation would worsen. For example, 65 per cent of the respondents said that the economic outlook in South Africa would be negative in the next 12 months. One of the most significant concerns was unemployment in South Africa (Deloitte, 2021:8-13). Currently, the unemployment rate in South Africa has increased to a record 34.4% (Omarjee, 2021).

Knoetze (2018:1) mentions that many South African millennials are socially, economically, and educationally marginalised. Reiersgord (2021) notes that the youth of South Africa cannot be categorised as millennials. He explains that they cannot be classified as millennials, due to how the term millennial is understood in the USA. This classification refers to economic factors, generational descent, and historical conditions. These factors and events do not sufficiently plot into the South African climate where race and the legacy of apartheid have shaped inequality and generational lines.

Young South Africans are misunderstood and referring to them as millennials echoes this misunderstanding and the wide generational gap in South Africa. An example of this is given where Reiersgord (2021) mentions that millennials are known as the first “always connected” generation. In a South African context, race and income determine the access that an individual has to technology despite the increase of accessibility in South Africa. This access is also influenced by where in South Africa the individual resides, be it in a rural or urban environment.

2.3 FINANCIAL LITERACY OF MILLENNIALS

In this section the financial literacy of millennials is explored. First, financial literacy will be defined and thereafter the importance of financial literacy will be explained. Next the researcher focusses on financial literacy of millennials around the world and concludes the section with the financial literacy of millennials in South Africa.

2.3.1 Conceptual definitions of financial literacy

Many definitions of financial literacy exist in research, and these definitions are also highly diverse (Zsótér, 2018:40). However, despite these highly varying definitions. Nonetheless, Derbyshire (2016:41) mentions that common grounds have been found between researchers and their definitions of financial literacy are knowledge of the individual, proper use of money management, and effective decision-making.

African Bank (2019) defines financial literacy as “the knowledge required to be able to make sound and responsible financial decisions. It focuses on the ability to manage personal financial matters in a financially competent way”. Nanziri and Leibbrandt (2018:2) define financial literacy as knowing a few but fundamental financial concepts. In their research (Nanziri & Leibbrandt, 2018:2), they also mention that a person’s financial literacy level is comprised of personal financial capabilities and the financial knowledge of the specific person.

Horvai and Bokarev (2018) note that financial literacy essentially is the aptitude that an individual has to use their knowledge and skills to manage their financial resources effectively. It is a continuous learning cycle throughout the life of an individual. Santos and Tavares (2020:92) report that financial literacy can be understood as the degree of mastery of critical concepts that provide people with the capacity and trust to manage their finances. They (Santos & Tavares, 2020:92) explain that financial literacy is characterised as reading, analysing, managing, and communicating the financial aspects of everyday life. Santos and Tavares (2020:92) also mention that it can be explained as the level of knowledge about markets’ characteristics, instruments, regulations, institutions, and competence to use the acquired knowledge in the financial area.

Financial literacy intends to expand the knowledge and understanding of managing one’s finances to create prosperity and realise a desire to invest (Prashella & Leon, 2020:322). The Organisation for Economic Co-operation and Development (OECD) has defined financial literacy as “A combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.” (OECD, 2011:3)

Potrich *et al.* (2015:364) postulate that financial literacy covers several concepts, including financial awareness, financial knowledge, financial skills and financial capability, the behaviour of the individual, and financial attitude – therefore, this definition supports the definition provided by the OECD. Potrich and Vieira (2017:1047) mention that financial literacy is an essential competency for individuals, while Mbukanma (2019:1) mentions that households are frequently confronted with economic challenges and circumstances. For individuals to make proper and well-thought out decisions in these situations, it is imperative to be competent and have financial knowledge. However, financial literacy is often used as a synonym for the financial education or financial knowledge. Using these constructs as a synonym may lead to problems as they are conceptually different, according to Potrich *et al.*, (2015:363-364).

For this study, the researcher will be using the definition of financial literacy provided by the OECD. Financial literacy is addressed by the OECD and divided into three dimensions: financial knowledge, financial behaviour, and financial attitude. The choice to use this definition is justified as this definition provided by the OECD is extensively used in research, and it covers the most significant number of dimensions (Potrich *et al.*, 2015:364).

2.3.2 Importance of financial literacy

Mbukanma (2019:1) states that human survival is intertwined with money management, and it has been established that a lack of financial knowledge in households has caused much stress and uncertainty. Potrich *et al.*, (2015:364) mention that an essential component for successful adult life is financial literacy. Being financially literate will assist an individual in having a short-term and long-term view of their finances (African Bank, 2019).

The financial environment has become increasingly complex for individuals, and financial literacy is recognised as a critical proficiency for individuals to take charge of their financial environment. Without financial literacy, citizens of a country may experience broad implications for its economic health and stability (Horvai & Bokarev, 2018).

The life expectancy of individuals is increasing, but welfare systems' generosity across the globe is decreasing. Botha (2019:8) mentions that a study has forecasted that the life expectancy of human beings would reach 125 years by 2070. This forecast, if correct, would directly impact the current millennial population where they would have to work for longer or save more for their future or both. This has seen an environment being created where the achievement of financial security at retirement has become increasingly difficult. With the increase of life expectancy, millennials will have to support themselves for much longer in retirement than previous generations. This is one of the reasons why financial literacy is an essential element of economic

and financial stability both for the individual and the economy of that individual (Lusardi & Oggero, 2017:2).

Prashella and Leon (2020:322) mention that people must deal with complex financial decisions early in their economic evolution, so they are not easily affected by a global economic crisis in the future. Unfortunately, as mentioned, many millennials came of working age amid a financial crisis (Joseph, 2018:11) and this has brought to effect the focus on financial literacy (Zsótér, 2018:39). Furthermore, Joseph (2018:11) states that even though millennials started their careers during financially difficult times, they helped jump-start the world economy and continuously contribute to its growth.

Rutledge (2010) points out that turmoil in the financial markets has emphasised the need for adequate financial literacy of consumers and consumer protection to maintain long-term stability in the financial sector globally. Rutledge (2010) also mentions that an individual who has a good financial education, may also potentially be an effective form of consumer protection even though financial education cannot substitute effective legal and regulatory frameworks to protect consumers. Potrich *et al.* (2015:374) mention that research on financial literacy could assist in the creation of products and services customised for those with low levels of financial literacy. Initiatives to assist those with low levels of income in increasing their levels of financial literacy may even contribute to the microfinance market because this will improve informal business entrepreneurs' understanding of financial issues within their specific business. Rutledge (2010:34) also recommends that financial literacy surveys should be conducted every three to five years. Follow-up surveys will help identify if financial education programmes are working. In addition, regular financial literacy surveys provide food for thought in ways to improve consumer protection.

In 2004, the South African government adopted the financial sector charter, which requires financial sector institutions registered in South Africa to contribute 0.2% of their annual after-tax profits to financial education programmes in South Africa (Cole *et al.*, 2014:452). This shows the importance that government places on the financial education of its citizens. An example of a financial sector institution that has successfully been contributing to the financial literacy level of South Africans is Momentum Metropolitan (2021). This institution has been running programmes to assist South African young people with their financial literacy skills. One of their innovative programmes was done over the widely used social application – *WhatsApp*. To date, they have assisted 8099 young people through online and face-to-face platforms. They have also invested in financial literacy courses at 20 schools, four TVET colleges and two NPOs in South Africa (Momentum Metropolitan, 2021). Nanziri and Olckers, (2019:2) mention that financial literacy may

become a central policy concern in South Africa due to the high levels of income and wealth inequality found in the country.

Although financial literacy is still considered a relatively new field of study, financial literacy has started to gain much attention from governments, citizens, and researchers in recent years. The financial crisis of 2008 has also created widespread focus and examination on the financial literacy of individuals (Zsótér, 2018:39).

2.3.3 Financial literacy of millennials

Financial literacy is an essential skill for millennials because the financial decisions that they have to make have consequences throughout their lives. Research has found that the millennials that reside in many advanced economies across the globe are more financially literate than their counterparts that live in emerging economies (Lusardi & Oggero, 2017:5). Lusardi and Oggero, (2017:8) also mention that an average of 56% of millennials in advanced economies is financially literate. In emerging economies, the average decreased to 32% of millennials. Financial literacy has also been found to be a critical factor in explaining financial fragility and that it has an independent effect on the lessening of financial fragility in millennials (Lusardi & Oggero, 2017:7-13). Financial fragility is an individual's lack of resources to cope with unexpected expenses (Bialowolsko *et al.*, 2021:1140).

Lusardi and Oggero (2017:9) postulate that millennials' educational attainment and significantly increased math skills are strongly associated with financial literacy. This suggests that having a general understanding or proficiency in mathematics is beneficial to understand financial concepts better. Unfortunately, only one in three adults have shown an understanding of basic financial concepts across the globe – this has made it clear that billions are unprepared to deal with rapid changes in the economic landscape (Lusardi & Oggero, 2017:14). Lusardi and Oggero (2017:15) further mention that millennials worldwide were also found to lack the basic skills needed to make savvy financial decisions, and a great need exists to promote financial capability. Rutledge (2010:33) mentions that financial capability improvement is a long-term investment that contributes to the financial well-being of millennials.

Millennials displayed lower levels of financial well-being than the previous generations that are still working. Moreover, those with lower financial literacy also showed lower levels of financial well-being. Thus, a need for increased financial literacy was identified so that households can learn more about planning, budgeting and saving (Lusardi, 2019; Lusardi & Oggero, 2017:14). Saving, budgeting, compound interest and debt management are all key concepts of financial literacy.

Financial literacy was positively correlated with the percentage of internet users in the population, and millennials are quicker to adapt to new technology than previous generations. The internet and social media have also provided more available information sources for millennials to understand financial concepts better. Researchers also found that financial literacy amongst millennials is positively correlated with the percentage of individuals aged between 15 and older who saved using savings clubs (Lusardi & Oggero, 2017:11-12). In South Africa, these savings clubs are widely known by their local name as *stokvels*. Lusardi & Oggero (2017:12) also mention that financial knowledge is positively associated with an individual's likelihood of resorting to formal savings mechanisms.

2.3.4 Financial literacy of millennials in South Africa

South Africa is a major emerging economy, and it has been indicated that South Africa has a financial literacy rate of 42% (Lusardi & Oggero, 2017:8). Financial literacy increases sharply with education, income, and wealth in SA. Where respondents completed matric or completed a diploma or degree at university, the financial literacy of such individuals increased. South Africa follows much of the patterns found in other countries when it comes to financial literacy. The less educated and lower-income respondents display lower levels of financial literacy: only 21.9% of the population of PLM completed grade 12, and only 6.6% completed a higher education qualification (Stats SA, 2020b).

Klapper *et al.* (2020) mention that without understanding basic financial concepts, people are not well equipped to make decisions related to financial management. Financially literate people could make informed economic choices regarding saving, investing, borrowing and more. With the increase in complexity of financial products, financial knowledge is essential. Financial literacy is also related to economic well-being, as financially literate individuals are more likely to have a pension fund, own mutual funds, stocks or shares (Nanziri & Olckers, 2019:7-10).

In the past, traditional beliefs were that day-to-day household decisions regarding the money management of a household were the responsibility of the family's patriarch. However, in recent times, a new way of thinking has been introduced. This current way of thinking allows all adults, especially women, to be involved in household finance management (Roberts *et al.*, 2018:13). However, Potrich *et al.* (2015:374) unfortunately found that women who have dependent family members, lower education levels, and low individual and family income levels are more likely to belong to the group associated with low financial literacy levels. For example, in South Africa, 41.8% of households are female-headed households (Galal, 2021).

Roberts *et al.* (2018:13) mention that with the liberation of the South African economy, consumers' opportunities have been increasing. These opportunities have been offered and taken by South African consumers, and today the South African economy is known as a consumption economy. It is, however, understood that all living beings on planet Earth consume. Unfortunately, we as humans have taken consumption to greater levels. Currently, the household debt to disposable income ratio of South Africa stands at 75.3% (SARB, 2021a). Considering this, we can say that South African households, on average, spend three quarters of their take-home income on servicing debt. Informal lending activities of households are not considered in the percentage mentioned above (SARB, 2021a). This high percentage of debt servicing increases South African households' fragility to external financial shocks. These households include the millennial households in South Africa.

Thus, we see the importance of financial literacy in the financial decision making of millennial households (Roberts *et al.*, 2018:13). In addition, Reyers (2018:338) states that low-income families are especially vulnerable to economic shocks. Peterson (2011:31) mentions that one of the most significant social benefits of financial literacy is financial inclusion. The South African public will significantly benefit from increasing individuals' financial literacy levels in rural and low-income areas. Peterson (2011:33) further mentions that individuals who understand the workings of financial concepts will become valuable economic citizens and partake in economic activities. Unfortunately, millions of South African adults remain excluded from the formal financial service sector, of which many are millennials.

A study done by the Federal Reserve Bank of St Louis in the USA (2020) mentions that most millennials born in the 1980s will probably never recover from the global recession, and from a South African perspective, millennials have experienced three recessions in their lives so far. The local socio-economic situation in South Africa has also not supported wealth creation for millennials (Joseph, 2018:11). Bidoli and Morobane (2017:9) state that the South African economy is one of the most unequal globally, and TransUnion (2020) found that millennials in SA were particularly impacted financially by the Covid-19 pandemic.

Millennials in South Africa are and will be the future leaders of business as well as the government. It is predicted that by 2025, three out of every four workers globally will be millennials (Lusardi & Oggero, 2017:2). Thus, we should realise the importance of being financially literate for the future well-being of millennials.

2.4 MATERIALISM OF MILLENNIALS

In this section of Chapter two, the researcher explores the materialism of millennials. First materialism is defined, where after materialism of millennials around the world will be discussed and the section will be completed with a discussion of the materialism of millennials in South Africa.

2.4.1 Defining materialism

The concept of materialism has been viewed from economic, sociologic and consumer perspectives in previous research. Duh (2011:54) mentions that the most prominent of these perspectives are those of consumer researchers, such as Belk (1985:265), who defines materialism as the importance of worldly possessions. At the highest levels of materialism, such possessions assume a central place in a person's life and are believed to provide the most significant sources of satisfaction and dissatisfaction.

The Merriam-Webster Learners' Dictionary defines materialism as "A way of thinking that gives too much importance to material possessions rather than to spiritual or intellectual things." Duh (2011:175) defines materialistic individuals as "consumers who place material possessions and acquisition at the centre of their lives, value possessions as a means of achieving happiness and use possessions as indicators of success and status". The three dimensions of materialism used by Duh (2011) was centrality, happiness and success.

Fuentes (2019:173) mentions that if a consumer is materialistic, the consumer will place importance on acquiring and owning products. These materialistic consumers derive happiness and fulfilment from these possessions that they acquire and own. They also use these products to signal personal and social achievements.

The generations that are alive today live better and larger lives than any other generation before them (Stone *et al.*, 2008:12). Houses need to be bigger, and the cars that these generations drive need to be extravagant. Designer clothes and the latest technology have become the norm for many. This culture of increased consumption and the desire to own more items reflect the trend of materialism. Researchers believe that materialism has become a public health problem (Stone *et al.*, 2008:12). Arofah *et al.* (2018:376) mention that the more materialistic the individual, the worse is their financial behaviour or financial management. A primary priority of materialistic individuals is also to fulfil the need to satisfy their uncontrolled shopping behaviour. Materialism was found to be directly related to the amount of money a person owes, and low money management skills are associated with higher amounts of debt. Materialism is also associated

with higher levels of financial worry and a greater risk of compulsive and uncontrolled buying. (Garðarsdóttir & Dittmar, 2012:479).

Awanis *et al.* (2017) provides another view on materialism – in their research, they argue that in Asia, specifically, materialism is seen as an essential part of the collectivistic culture. They (Awanis *et al.*, 2017) also posit that these materialistic values benefit society as people that are materialistic will be more diligent in obtaining funds to fulfil their need to consume. However, Stone *et al.* (2008:12) report that results from their study in Hong Kong indicated that workers who placed a high value on obtaining funds were much more willing to engage in unethical and illegal workplace behaviours. This would mean that these individuals cared more about themselves and their consumption needs than society and its collective needs.

Materialism in recent times has become highly focused on the part of consumers' economic activity. However, research has mainly reported the negative consequences of living a materialistic lifestyle (Duh, 2015:30). These negative consequences are increasing consumer debt, decreasing savings, and lower levels of life satisfaction and well-being. A summary is provided in Table 1 (Duh, 2015:30) of the positive and negative consequences of materialism.

Table 2.1: Positive and negative consequences of materialism

Positive consequences	Negative consequences
• Contribution to business profits and societal standard of living • Materialists are trendsetters, early adopters and opinion leaders • Material objects are self-esteem repairers and identity constructors • Family stress buffers • Private and public self-indicators • Provider of a sense of belonging • Satisfier of the need for uniqueness	• Source of unhappiness • Lower self-actualisation • Poor school performance • Life dissatisfaction • Insatiable desire for higher income • Debt accumulation • Depletes natural resources • Intolerance • Neglect of public goods in favour of personal gratification. • Economic crisis

Garðarsdóttir and Dittmar (2012:479) note that to be viewed as financially literate, an individual surely needs also to be aware of the effects that materialism and dominant culture values have on financial well-being.

2.4.2 Materialism amongst millennials globally

The last few decades have seen substantial change in technology and transportation. Advances in technology and transportation means exposure to more information, cultures, people, travel opportunities, and the emergence of social media and reality television have made millennials more tolerant and diverse than previous generations and provided access to an increasingly globalised marketplace.

Ravhuhali *et al.* (2020:15284) mention that researchers argue that materialism is mostly promoted by social media, which young individuals cannot avoid due to its pervasiveness. Young individuals who do not have many resources will get involved in illegal/criminal activities to acquire material wealth to maintain or upgrade their status in society. It was also found that millennials' global and national identities play a role in the formation of materialistic views of consumption (Fuentes 2019:171-184; Kurian *et al.*, 2017:5-6). Marjuki *et al.* (2020:23) mention that millennials' behaviour of spending rather than investing is becoming problematic. According to Prashella and Leon (2020:322), mismanagement of finances has caused many to suffer financial losses. This is a result of excessive spending and consumption and the unwise use of credit cards. In Indonesia, millennials are seen as the main consumptive spenders (Marjuki *et al.*, 2020:23). Taking the high consumption behaviour of millennials compared to previous generations into consideration indicates a lack of financial discipline and the future consequences of high levels of debt. Improving their social status, mainly by purchasing fashion products, is seen as the primary purpose of gaining wealth by millennials (Marjuki *et al.*, 2020:33). Stone *et al.* (2008:13) report that individuals who set materialistic goals and their progress towards these goals do not increase their psychological health. These individuals were also less likely to believe that they have financial autonomy and are financially competent. Furthermore, materialistic individuals are also more likely to spend than save for their future.

Helm *et al.* (2019:273) argue that millennials in the USA who had proactive financial coping behaviours and who implemented proactive financial strategies were more contented and more satisfied with their personal lives and reported less psychological stress. Materialism was also found to be negatively associated with these millennials who practised these behaviours and strategies. Stone *et al.* (2008:13) also found that financial literacy may decrease the materialism of an individual and improve their financial attitudes, consequently creating happiness and psychological health.

According to Garðarsdóttir and Dittmar (2012:480), an increase in an individual's money management skills is not enough to prevent or minimise overspending and debt, although it is necessary. Therefore, it is vital to get to the root of the problem – the values that drive the pursuit

of possessions at the individual level. In light of the severe consequences that indebtedness can have for individuals, families and society, it is essential to study and discuss the materialism of millennials in South Africa.

2.4.3 Materialism amongst millennials in South Africa

South Africa has been classified as having a consumption culture (Mbukanma, 2019:2). However, South Africa also has a low savings rate and is one of the most economically unequal countries with an unemployment rate of 34.4%, which is also one of the highest in the world (Bidoli & Morobane, 2017; Omarjee, 2021; SARB, 2021b). Jacobs and Smit (2010:28) mention that strong materialist values are further intensified because of the high levels of inequality in South Africa.

Botha (2018:7-8) states that millennials in South Africans are overspending. This means that they are spending more than their monthly salaries and they are purchasing products on credit to give others the perception that they are successful. Using the credit provided to them by businesses, they are trying to keep up with the expectations of their peers. Duh (2011:176) found that materialism had a positive relationship with the symbolic (status, worry and achievement) money attitudes and a negative association with conservative money attitudes of millennials in South Africa.

Specific forms of materialism that have been seen in townships in South Africa, especially amongst low-income black youth, is known as “Izikhothane” and “slay queens”. These subcultures have forms of materialism, such as an obsession with a fashionable clothing brands and expensive alcohol. These youths adopt these materialistic behaviours to gain acceptance from their peers. The quest for materialism in South Africa also resulted in young women having relationships with more mature older men to receive money and gifts from their much older boyfriends (Mchunu, 2016:1; Ravhuhali *et al.*, 2020:15284).

South African millennials are not frugal, and value-oriented spenders and luxury purchase intentions positively correlate to materialism (Botha, 2015:70). However, Duh (2011:176) found that millennials in South Africa reported low levels of materialism. The security and budget money attitudes of South African millennials towards money are the most prominent (Duh, 2011:180). However, these were only those millennials aged between 18-25 and at university and not the full age range of millennials.

Duh and Struwig (2015:95) mention that the fast-changing social, technological and economic landscape in SA, adds to the pressure that generation Y South Africans experience to be accepted. As a result of wanting to be accepted into higher circles, these individuals prioritise

purchasing luxury goods that can be seen as goods that provide statuses, such as luxury vehicles and homes, branded clothing and footwear, and other luxury items.

2.5 HOUSEHOLD SAVINGS BEHAVIOUR OF MILLENNIALS

In the final section of Chapter Two, household savings behaviour is defined. The life-cycle hypothesis is discussed, and the savings programmes introduced in South Africa are explored. The researcher then moves onto the savings behaviour of millennials globally and closes the section with the savings behaviour of millennials in South Africa.

2.5.1 Defining household savings

The OECD (2016:52) mentions that household saving is estimated by subtracting household consumption expenditure from household disposable income plus the adjustment in pension entitlements. Cronjé and Roux (2010:23) define household savings as the part of a person's after-tax income that is not used for the individual's current consumption. They further explain that household savings are divided into two categories, namely, contractual and discretionary savings. Discretionary savings are savings that an individual does voluntarily. Contractual savings are commitments that an individual makes to pay a series of payments into a fund, like an assurance policy.

Pangestu and Karnadi (2018:3) define saving as the difference between income and consumption. Grobler (2015:6) mentions that household saving is that income not used for consumption. This type of saving is used for retirement, unexpected shocks, large expenses and other goals (Grobler, 2015:6). In South Africa, the majority of households are seen as negligible savers (Grobler, 2015:6). Solow (1956:65) states that the growth of an economy depends on the saving and investing habits of households and firms.

2.5.2 The life-cycle hypothesis

Deaton (2005) mentions that the life-cycle hypothesis (LCH) was created by Franco Modigliani and his student Richard Brumberg in the 1950s. Hayes (2021b) notes that LCH largely succeeded Keynesian economic thinking about spending and savings patterns. Keynesian economic thinking stated that savings is considered to be another good. Keynes also believed that as individuals' income increased over the years so would the percentage that they would save (Hayes, 2021b). Hayes (2021b) further mentions that LCH is an economic theory that describes people's spending and saving habits throughout a lifetime. The theory states that individuals seek to smooth consumption throughout their lifetime by borrowing when their income is low and saving when income is high. The LCH further assumes that individuals plan their spending over their lifetimes,

taking into account their future income. Accordingly, they take on debt when they are young, assuming future income will enable them to pay it off. Then during their middle years, save to maintain their level of consumption when they retire.

South Africa has a primarily young population and a very high age dependency ratio (Grobler, 2015:12). If we consider the LCH, we can see that younger residents spend and take on more debt, and most South African residents are young, which may explain the high levels of consumption and low level of savings. There is also an increased burden on the middle-aged population to survive. This group does not have enough to save because they are the so-called sandwich generation. The term refers to the fact that middle-aged people still have living parents, as well as their own children that they support. The demographics of South Africa also impact savings behaviour and link financial literacy to be a main driving force for savings (Grobler, 2015:11).

2.5.3 Savings programmes in South Africa

In South Africa, initiatives by the government and the private sector to improve the savings culture in South Africa have been implemented. Amusa (2014:74) mentions that the South African government has taken steps to boost domestic savings, including promoting an environment that fosters a high savings culture. For example, in 2001, the South African Savings Institute (SASI) was established to educate South African citizens and improve their savings culture (SASI, 2021). In addition, SASI has introduced awareness campaigns that other institutions have also adopted in South Africa. July Savings Month, Teach Children to Save – South Africa, and the Varsity TVET College Financial Literacy campaign are some of the activities undertaken by SASI. The National Treasury also introduced a tax-free savings account (TFSA) in 2015 to provide more motivation to many to start saving (BusinessTech, 2021a). Unfortunately, with the savings rate standing at 18% for the second quarter of 2021 (SARB, 2021b), it is safe to say that although these initiatives have perhaps made an impact, they failed to improve the savings rate of South Africa sufficiently.

Savings and growth drive each other in the short term, and growth drives savings in the long run. Thus, if we want to grow savings, we have to support economic growth. Countries with an average GDP growth percentage of less than 6% achieved savings rates of less than 20% (Grobler 2015:2). Lawlor (2019) observes that for South Africa to achieve a GDP of 5.4%, a savings rate of about 30% is needed. Manyama (2007:3) notes that for a 3% economic growth rate to be achieved, a 20% saving rate is required in SA. Although these researchers all give their viewpoints of what is needed for a certain percentage of GDP growth, we can see that the savings rate of SA needs to be above 20% for at least a 3% economic growth rate.

Looking at savings behaviour from access to the information point of view, the EY Global Banking Survey of 2014 shows that 34% of SA participants that took part in the study said that bank consultants are their primary source of information for savings decisions, while 20% went by word of mouth. However, South Africans' understanding of financial products is poor, data is not easily accessed or understood, and many want to learn more about saving (Grobler, 2015:23).

South Africa has a consumption rather than a savings culture, and the low savings rate compared to other developing nations will make economic growth difficult. Moreover, with its high inequality and unemployment rates and the fact that race and income determine access to technology for many South Africans, many of these programmes never reach their intended target (Grobler, 2015:23; Reiersgord, 2021).

2.5.4 Savings behaviour of millennials globally

According to Lusardi and Oggero (2017:2), governments and employers across the globe have transferred the onus of saving and investing to residents and employees over the past years. An example of this is the reduction of state-supported pensions in some countries, which means individuals must save to provide for their financial security after retirement. These changes have had an impact on the future financial well-being of millennials.

Millennials have also moved from investing to holding their excess funds in their savings accounts (Martin, 2018). However, Chien and Morris (2018:4) mention that millennials are saving more for retirement and that they have a higher propensity than other generations to avoid credit card debt. Also, Joseph (2018:11) indicates that millennials in the USA have been found to be more cautious when taking out short-term debt than previous generations and these millennials are also using their credit facilities for their long-term goals, for example, student loans. De Bassa Scheresberg and Lusardi (2014:19) state that only 17% of millennials who took part in their study had high debt levels.

In their 2020 Better Money Habits Millennial report, the Bank of America reports that nearly three out of four millennials in the USA are saving. Their top priorities are saving for their retirement, building an emergency fund, and purchasing a property. These millennials are also practising positive money habits and progressing on financial goals that they set for themselves. Botha (2019:8) mentions that millennials view their investment and money as tools for changing the world. Stone *et al.* (2008:13) conclude that setting financial goals for saving correlates with better psychological health for the individual that practices this.

Grobler (2015:2) cites Solow (1956) who states that saving funds investment and investment then fuels growth, which leads to higher savings in a virtuous cycle of economic development. Thus,

as the generation that will make up the majority of employed and leaders of tomorrow, South African millennials need to make sure that they have good savings behaviour to support economic growth, which will help more significant savings.

2.5.5 Savings behaviour of millennials in South Africa

Extensive research has been done in South Africa regarding household savings behaviour (Cronje, 2010; Grobler, 2015; Manyama 2007; Mbukanma, 2019; Syden, 2012). The national savings rate of South Africa in the second quarter of 2021, was 18% (SARB, 2021b). Manyama (2007:3) mentions that despite the increase in income in South Africa, the downward trend in saving indicates that consumption is high. The inadequate levels of saving in the country results in a reliance on foreign investment. Zwane *et al.* (2016:210) mention that low savings are a barrier to economic growth and development and pressure the country's current account. Amusa (2014:75) mention that the savings trends of South Africa can be divided into two distinct periods: the apartheid era and the post-apartheid era. From the 1940s to the 1990s, there was a steady increase in the savings ratio. A possible reason for this high savings ratio was the country's isolation from the rest of the world as protests against apartheid grew. South Africa was forced to rely on its savings to finance investment demand. The post-apartheid period saw the opening up of the South African economy to the rest of the world and saw a steady decline in the national savings rate. Increased foreign investment and large-scale borrowings financed much of the investment in the country.

Even though South Africa is arguably the most developed economy on the continent, with one of the best financial systems in Africa, the savings rate has still been declining over the last few decades. The impact of low savings has translated into declining levels of public and private investments, affecting the economic growth of a growing or emerging economy such as South Africa (Amusa 2014:74).

However, the informal savings market in South Africa is thriving with R44 billion collectively saved in approximately 820 000 stokvels. These stokvels, which are informal savings tools used by people in South Africa, have been serving communities for decades (Mashigo, 2020). The historical disadvantaged majority of low-income individuals found a mechanism that met their financial needs as the formal financial services industry excluded them. Jacobs and Smit (2010:28) state that during the apartheid years, many low-income consumers (which mainly consisted of black and coloured individuals) were excluded and denied access to the formal credit system because of race rather than creditworthiness. Without this access, they sought credit in the informal sector that is not regulated by any financial body, and even post-apartheid, this market is still in existence and thriving. The Finscope 2019 survey showed an increase in informal

savings in SA between 2018 and 2019 of 6% from 18% to 24% (Mashigo, 2020). The formal financial sector institutions have also started creating products for this market, like the Grocery Stokvel account of Absa (Absa, 2021).

Mathe (2021) reports that amid the Covid-19 pandemic and its effect on the economic situation in SA, people have started to save more. This has happened in an environment where the interest rates have been at an all-time low, with South Africa being a consumption country. The effects of the pandemic and how it will affect the future of South Africa has made many people not use these low-interest rates for spending and instead started saving more. However, South Africa's saving rate, even with this increase, is still meagre. This could be because, many are not looking at putting money away for savings and are instead just looking for other ways to save. Frederick *et al.* (2020:3) mention that 20-26% of South African households, both high and low income, are actively looking for ways that they will be able to save money. The only difference between the high and low-income households is where they are or how they are looking for ways to save. Shopping for cheaper brands of groceries and other household items are the most used tactic of low-income households. In high-income households, bulk buying, price comparison, promotions and loyalty cards are mainly used. Joseph (2018:11) mentions that millennials in South Africa clearly understand the importance of decreasing their spending to save for what they want in the future. However, they still have to beware of their spending habits as credit, specifically store credit, is easily attainable.

Frederick *et al.* (2020:3) also report that 48% of South Africans who took part in their study live from pay cheque to pay cheque. In addition, 38% of their respondents indicated that paying off debt was their top priority, and 39% said saving was a priority. Joseph (2018:11), however, mentions that Old Mutual's research found that 69% of millennials employed in South Africa have a savings account despite all the barriers and assumptions made about this generation.

Thus, if millennials practise good individual-level savings behaviour, it will protect them from income and spending shocks that they might experience in the future. Saving reduces vulnerability to external economic shocks and provides a comfortable retirement plan and smooth consumption over a lifetime. In South Africa, the income levels, living expenses and high-debt servicing costs all play a role in the low saving rate of South Africa. South Africa is a consumption-led economy, and this consumption-driven growth backed by excessive borrowing can become a debt trap for the country. For sustainable development in the country, investment is needed and not excessive consumption. If there are good domestic savings, it reduces the reliance on foreign investment and it also provides consumption stability. South Africa has relied on foreign investment to fund its excess spending (Grobler, 2015:3-10).

2.6 CHAPTER SUMMARY

In this chapter, the researcher provided a detailed evaluation of the literature available on the millennial generation, the financial literacy of millennials in South Africa and around the world, and the materialism levels of millennials in South Africa. An in-depth analysis of the household savings behaviour of millennials in South Africa was also provided. However, it is worth noting that it would be almost impossible for the researcher to review every single piece of literature before collecting data and only the most relevant and significant research was critically reviewed by the researcher to show what is already known about the research topic chosen (Saunders *et al.*, 2016:74).

Millennials and their characteristics were discussed. Their positive and negative aspects were looked at, and it was found that most millennials around the world are similar since they live in a connected world. It was also found through the previous literature showed that South African millennials have many of the same attributes as millennials worldwide. However, millennials also have their distinct characteristics due to the historical, political, and economic environment they grew up in. Because of this, others believe that the youth in South Africa cannot be called millennials.

From the millennial generation, the discussion moved on to an analysis of previous literature on the financial literacy of millennials. It was found that many definitions of financial literacy exist, but a common ground has been found. The importance of financial literacy for millennials was discussed, as well as the benefits of being financially literate and the negative repercussions that being financially illiterate could have on millennials. Previous research found that the financial literacy of millennials in South Africa increases with education, income, and wealth. Financial literacy's importance on the financial decision-making and well-being of millennials in South Africa was shown. The financial literacy rate of South Africa was found to be higher than other emerging economies. However, South Africa is still a consumption economy, perhaps showing that materialistic values are high.

The concept of the materialism of millennials was explored and analysed. The positive and negative consequences of materialism on the financial well-being of millennials were analysed. It was also found that for an individual to be financially literate, they should understand and be aware of the effects of materialism on their financial well-being. Even though financial literacy contributes to a decrease in materialistic behaviour, it is still necessary to understand what values drive the pursuit of possessions. South Africa, as previously mentioned, has been classified as having a consumption culture that is supported by the low savings rate that the country has. Previous research has also seen specific forms of materialism being practised by low-income

youth in South Africa. It was also found in other studies that South African millennials reported low levels of materialism. The researcher identified a gap in the literature to see if millennials in the PLM have a high or low level of materialism.

The household savings behaviour of millennials in South Africa was lastly analysed in Chapter Two. The savings programmes that have been introduced in South Africa has not increased the savings behaviour of South Africans. However, it was found that the good savings behaviour of millennials protects them against income and spending shocks like those experienced in the current Covid-19 pandemic. In the next chapter, the focus moves to the research methodology used in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

In the previous chapter, an understanding was obtained of the millennials generation by looking at the characteristics of millennials across the world and in South Africa. Research and knowledge of prior studies on aspects of financial literacy of millennials were discussed. The researcher then moved on to materialism and the negative and positive impact that it has on millennials. Lastly, the household savings behaviour of millennials was discussed. The researcher tried to see if there was any correlation between financial literacy levels and materialism and the savings behaviour of millennials.

In chapter three, the research methodology that was followed is provided. Thus, this chapter will focus on the research design, research method, target population, sampling methods used and sample size of the study. The data collection method and the format of the data collection tool will be provided. Lastly, how the data analysis was performed, and ethical issues are discussed.

3.2 RESEARCH DESIGN

Bryman *et al.* (2014:99) explain that the research design offers the researcher an outline for gathering and analysing data needed for a study. Saunders *et al.* (2016:163) describe the research design as the overall plan of how the researcher will answer the research question/s of the study. It specifies how the researcher intends to collect data. Kothari (2004:31) mentions that research design is the blueprint used by a researcher to collect, measure, and analyse data.

The deductive approach was adopted for this study, as this approach focuses on testing theories (Streefkerk, 2019). The researcher will start with theory and move on to testing these theories. Saunders *et al.* (2016:74) mention that the deductive approach is where the researcher develops a theoretical or conceptual framework which will be tested using data collected. Saunders *et al.* (2018:112) further provide five sequential stages in deductive research which are:

1. Research questions are defined from existing general theory.
2. Research questions and the relationship between two or more concepts or variables are tested to develop a theory.
3. Data is collected to answer the research questions provided.
4. The collected data is analysed by the researcher to determine the existing general theory or suggest the need for its modification.

5. The initial general theory is confirmed or modified if the findings do not confirm the existing theory.

Saunders *et al.* (2018:112) also mention that the deductive approach has certain key characteristics:

1. It explains causal relationships between variables.
2. It operationalises research questions as testable propositions.
3. It collects and analyses data to answer the research questions.
4. It uses clearly structured methodology to facilitate replication that is important to ensure that reliability is achieved.

The use of the deductive approach allows the researcher to answer the research question and test relationships between financial literacy and materialism and savings behaviour of millennials.

3.3 RESEARCH METHOD

Bryman *et al.* (2014:30) mention that the difference between quantitative and qualitative research approaches is that quantitative researchers use measurement, and researchers who use the qualitative approach do not. Saunders *et al.* (2016:165) also state that the quantitative approach uses numeric data, and the qualitative approach uses non-numeric data. Data collection techniques or data analysis procedures that employ numeric data is often also known as quantitative.

Bryman *et al.* (2014:31) describe quantitative research as a distinct research approach requiring collecting numerical data. This approach views the relationship between research and theory as deductive, favouring a natural science approach and adopting an objectivist conception of social reality. Maree (2016:1620) defines quantitative research “as a process that is systematic and objective in its ways of using numerical data from only a selected subgroup of a universe that is being studied.” The three most essential elements in this definition are objectivity, numerical data and generalisability. The quantitative approach is also associated with a deductive approach, focusing on using data to test the theory. However, it may also incorporate an inductive approach, where data is used to develop the theory (Saunders *et al.*, 2016:166).

Quantitative research examines relationships between variables, measured numerically and analysed using a range of statistical and graphical techniques. Characteristics of quantitative research are that this type of research investigates relationships between variables measured numerically and analyses the data using a range of statistical and graphical techniques. A single data collection technique may be used, such as a questionnaire, and a corresponding quantitative

analytical procedure, known as mono-method quantitative study. Quantitative research is associated with experimental and survey research. The survey strategy usually makes use of a questionnaire (Saunders *et al.*, 2016:166-168).

For this study, the researcher used a quantitative research approach. In addition, as mentioned in Section 3.2 of this study, the researcher followed a deductive approach that forms part of the quantitative research approach. The motivation for deciding on this methodology is the nature of the study, which involved using numbers and measurements. The study's goal was to learn about a subgroup of a population by surveying and getting acquainted with the target population's attitudes for the study's specific objectives.

3.4 TARGET POPULATION OF STUDY

In research, a population is defined as the universe of units, like people, nations, cities, regions, firms, etc., from which the sample is to be selected (Bryman *et al.*, 2014:170). Saunders *et al.* (2016:729) define a study's target population as group members that are the real focus of the research inquiry and from which a sample may be drawn.

For this study, the target population are the millennials in the Phokwane Local Municipality (PLM). The PLM is situated in the Northern Cape, South Africa and the towns in this municipality include Hartswater, Jan Kempdorp and Pampierstad.

The population of this municipality as of 1 June 2019 was 61321, and 33% of the youth is aged between 15-35 (Stats SA, 2020b). The PLM clusters the millennials in this group with another generational group known as Generation Z. The target population falls within and outside this youth category, and only those that will be 22 years old and upwards to 41 years old in 2021 were the focus in this study.

3.5 SAMPLING METHODS

Maree (2016:192) mentions that the two major classes to which sampling methods belong are probability and non-probability methods. Probability methods are based on the principles of randomness and probability theory, whereas non-probability methods are not based on the principles of randomness and probability theory. Therefore, probability samples fulfil the requirements for using probability theory to correctly generalise to the population, while this is not the case with non-probability samples.

Saunders *et al.* (2016:274) mention that sampling is a valid alternative to a census when it would be impracticable to survey the entire population and in situations where budget and logistic

constraints prevent the researcher from studying the whole population and when there are time constraints that also contain the researcher from surveying the entire population.

In line with the afore mentioned scenario, a non-probability sampling method was adopted in this study, which included purposive, snowball and convenience sampling techniques. The motivation to use these sampling methods was due to the time and budget constraints involved. However, a disadvantage of non-probability sampling is that it is unsafe to draw meaningful conclusions about the population.

3.5.1 Purposive sampling

Saunders *et al.* (2016:145) define purposive sampling as non-probability sampling. The researcher's judgement is used to select sample members based on a range of possible reasons and grounds. It is the most frequently used form of non-probability sampling. Using a purposive sample, the researcher uses his judgment to actively choose those who will best be able to help answer the research questions and meet the objectives. Thus, some of the population will have a chance of being chosen by the researcher while others will not.

3.5.2 Snowball sampling

Snowball sampling is a non-probability sampling in which after the first sample member, subsequent members are identified and volunteered by earlier sample members. This sampling method is used when it is difficult to locate members of the population (Saunders *et al.*, 2018:147).

Maree (2016:198) mentions that this method is used in cases where the population is difficult to find, or the research interest is in an interconnected group of people. Bryman *et al.* (2014:179) state that with the snowball method, the researcher makes initial contact with a small group of people relevant to the research topic and then uses these individuals to establish contact with others. Bryman *et al.* (2014:179) also confirm that it is a form of convenience sampling in certain respects.

3.5.3 Convenience sampling

Convenience sampling is understood as the sample the researcher uses are those who are easy to obtain rather than because of their appropriateness. Convenience sampling involves selecting those who are easiest to get hold of for the sample. It is a sample that is available to the researcher by virtue of its accessibility (Bryman *et al.*, 2014:178; Maree, 2016:197; Saunders *et al.*, 2018:147-148). Using these sampling strategies, the researcher will recruit independent individuals who then also recruit more participants for the study.

3.6 SAMPLE SIZE

As mentioned in Section 3.4, the total population in PLM is 61 321 residents. The target population of this study are those residents between the ages of 22 and 41 years old in 2021. Mbunkanma (2019:106) mentions that a target population consists of individuals that fall under the specific group that the study will be investigating, which is the millennial generation.

Table 3.1: Age groups and percentage of total population

Age group	Percentage of total population (61 321)
20–24 years old	9.0%
25–29 years old	8.2%
30–34 years old	7.0%
35–39 years old	6.2%
40–44 years old	5.4%

Source: Adapted from Stats SA (2020b)

Table 3.1 indicates that the total percentage of residents in PLM between the ages of 20–44 years old are 35.8%. Thus, the sample size was calculated using the following calculation:

$$61\,321 \times 35.8\% = 21\,953$$

It must however be mentioned that this total includes individuals that fall out of the age group that this study focussed on. As such, this total is only used as a guide to determine the sample size that was needed for this study.

Bryman *et al.* (2014:177) report that deciding on a sample size depends on several considerations, including time and costs. Bryman *et al.* (2014:177) also mention that the precision noticeably increases as the size of the sample increases from 50 to a 100 and upwards and Ntuli (2016:34) states that to involve all the members of a target population would be impractical and uneconomical.

Thus, for this study, the sample size was 125 participants. The researcher made use of purposive sampling, which means that the researcher makes use of their judgement in selecting sample members (Saunders *et al.*, 2016:145).

3.7 DATA COLLECTION

For this study, a cross-sectional design was chosen by the researcher. The motivation for choosing this design is because the data was collected at one point in time, and it is also associated with the use of social surveys. With cross-sectional studies, the survey strategy and use of questionnaires can be used to collect quantitative data. Moreover, it can explain the correlations between certain variables statistically – although, with non-probability sampling, the researcher cannot say that it represents a population statistically (Bryman *et al.*, 2014:105; Saunders *et al.*, 2018:130).

The primary data was collected in the form of a questionnaire with closed-ended questions. The questions used in the questionnaire were made to be as easily understandable as possible. This is because, as mentioned in Chapter Two of this study, more than 60% of the population of PLM did not complete their schooling. Another reason the researcher decided on this was to save the respondents' valuable time when completing the questionnaire. Although, this was not done at the expense of the study's objectives (Mbukanma, 2019:99).

The questionnaire took the form of a self-administered questionnaire. Saunders *et al.* (2018:148) mention that the term "questionnaire" refers to all methods of data collection in which each potential respondent is asked to answer the same set of questions in the same order. It is a suitable method for collecting data about the same things from respondents. Self-completed questionnaires are usually completed by the respondent and are often referred to as surveys. These questionnaires can be distributed through the internet, web or alternately post or mail or delivery and collection.

For this study, the self-completed questionnaire was created using QuestionPro software and sent via a web link to independent individuals. These independent individuals were identified to assist the researcher in sending out the questionnaire to participants. The questionnaire could be completed on a smartphone. In 2019, the South African smartphone penetration reached over 90% (Mzekandaba, 2020), thus, respondents could either use a computer or their smartphones or tablets to complete the questionnaire.

3.8 FORMAT OF THE QUESTIONNAIRE

The questionnaire chosen for this study consisted of four sections. Section one consisted of seven demographic questions. These questions measured the participants' age, gender, town, marital status, employment status, monthly savings percentage proportioned to the respondent's monthly salary, and lastly, the net salary of the participant.

Section two consisted of only one question, which measured the participants' highest level of education. Section three was divided into five subsections that focused on money management, financial planning, financial product choices, savings and investment decisions, and participants' money attitudes. Finally, section four consisted of questions focused on materialism.

Sections three and four contained questions with answers measured with a five-point Likert scale. Saunders *et al.* (2016:457) state that the Likert-style rating is where a respondent is asked to rate the statement by how strongly the respondent agrees or disagrees with the statement that is made.

3.9 PILOT TESTING

According to Saunders *et al.* (2018:156), the researcher should make sure that the respondents should understand the questions and know how to answer them. For both internet-based and paper-based questionnaires, this is of utmost importance. The questionnaire used for the pilot testing made use of the following scales:

- In section one and two, which focused on the demographic details and highest education of the respondents, nominal variables were also used.
- Section three and four made use a five-point Likert scale.

The researcher distributed the questionnaire to five individuals who were all born between 1980 to 1999. These individuals also had different demographic backgrounds, and all resided outside the intended focus area, PLM. In addition, these individuals all had diverse educational backgrounds. The researcher also sent the questionnaire to a statical consultant and three experienced researchers. The statistical consultant recommended the used of the above mentioned scales to ensure that quality data will be collected.

The pre-testing was excluded from the final sample. The researcher did the pre-testing exercise to ensure that respondents with different educational backgrounds understood the questions and answered the questions. All five individuals gave positive feedback to the researcher.

3.10 DATA ANALYSIS

For this study and with the help of a statistician from North-West University's (NWU) Statistical Consultation Services, a data analysis was performed using IBM® Statistical Package for the Social Sciences (SPSS®) Version 26. Descriptive statistics, more specifically, frequencies, means and standard deviations, were used to summarise the data. Where applicable, the data was represented in a graphical manner.

In quantitative research, reliability refers to the consistency of a measure of a concept (Bryman *et al.*, 2014:36-40). Cronbach's Alpha was used to test reliability. Factors with Cronbach's Alpha coefficients of 0.7 and above, but at least 0.5, were considered reliable and factor scores based on the averages or total scores of the questions within each factor were calculated afterwards.

3.11 VALIDITY

Maree (2016:239) points out that the validity of an instrument refers to the extent to which it measures what it is supposed to measure. The researcher did a pilot test on five individuals that the researcher approached to ensure validity. The individuals were all conveniently selected by the researcher. The researcher focussed on two aspects of validity provided by Saunders *et al.* (2018) when the data collection tool was designed.

- a. **Content validity** of the data collection instrument focussed on making sure that questions asked are sufficient to provide the researcher with enough data to be able to answer the research questions and objectives.
- b. **Construct validity** of the data collection instrument focussed on designing questions that are able to collect data needed to measure what the researcher intends to measure. Thus, the data collection tool was structured in such a way that it could provide sufficient data for it to be generalised to all millennials in PLM.

3.12 RELIABILITY

Saunders *et al.* (2018) defines reliability as the "extent to which data collection methods and analysis procedures will produce consistent findings". Mbukanma (2019:104) mentions that for a questionnaire used in a study to be valid, it must be reliable. Saunders *et al.* (2018) mention that the consistency mentioned above distinctly refers to the degree to which:

- The measures used in this research would produce similar results if used on other occasions.
- If other researchers would use the same methods and procedure used as in this research, similar results would be produced.
- The individuals that will be interpreting the results of this study would understand and see how the researcher of this study came to his conclusions from the data which was collected.

Saunders *et al.* (2016) mention that reliability is not the only factor to consider when it comes to the quality of research. Reliability together with validity form the key characteristics of the quality of research.

3.13 ETHICAL ISSUES

For the study, a research proposal with the consent form for the questionnaire and questionnaire was presented to the NWU's Economics and Management Sciences Research Ethics Committee (EMS-REC). The EMS-RC approved the study, and an ethics certificate (NWU-00041-21-A4) was provided to the researcher for the study.

The researcher adhered to the four major principles stated in the NWU's Code of Conduct. These four principles formed the basis of the study that the researcher undertook. The researcher was responsible and made sure that the research was original – the researcher adhered to all rules and regulations that applied to the study. With the assistance and guidance of both supervisor and co-supervisor of the study, the researcher ensured that the correct research methods were used to provide a natural outcome to the study.

All respondents could participate in the study or decline if they did not want to join with no repercussion. Likely, respondents were provided with an informed consent form that they signed. This consent form explained what the questionnaire entails and what consent is to be given. The researcher ensured that every potential respondent knew that all data received by the researcher would stay confidential. The questionnaire was also anonymous. This provided respondents with a level of comfort. The researcher used the assistance of independent persons to distribute and communicate with respondents.

3.14 SUMMARY OF CHAPTER

In Chapter Three, a detailed description of the procedures and methods followed by the researcher in the study was discussed. The study's research methodology, which includes the target population, the sampling techniques, the data collection techniques and analysis, and the reliability and validity of the chosen data collection tool selected for the study, was discussed. Lastly, the researcher examined the ethical issues that pertain to the study.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

Sykes *et al.* (2016:274) define data as referring to any facts, observations, and information from investigations. It is the foundation on which new knowledge is built. Mbukanma (2019:117) mentions that data analysis takes the data collected and combines it to give it meaning. This chapter presents the analysis, interpretation, discussion, and presentation of the data collected from the participants sampled for this study.

4.1 INTRODUCTION

In this chapter of the study, the data collected from the respondents were analysed to determine if millennials in the PLM were financially literate. It was also used to determine the level of materialism and the savings behaviour of millennials in the PLM.

This study made use of Microsoft Excel and SPSS software programmes to analyse and present the data collected. Descriptive statistics and the interpretation with a focus on the means of each question were made to complete the study's objectives. From the 125 responses collected from participants, 119 were duly completed, with six only completing certain sections of the questionnaire. This chapter, therefore, starts with a summary of the data using descriptive statistics, reporting valid percentages. This chapter will provide the reader with information on the following:

- descriptive statistics;
- presentation of the results;
- reliability; and
- correlations.

4.2 DESCRIPTIVE STATISTICS

Saunders *et al.* (2016:527) mention that descriptive statistics enable the researcher to describe and compare variables numerically. It is used in studies that explore observed data (Sykes *et al.*, 2016:275). Descriptive statistics were used in this study to provide a summary of the data collected and to provide a numerical and graphical explanation in a way that would be easily understandable.

Thus, with this said, section one of the questionnaire represents the responses obtained concerning the demographics of the respondents. Section two goes further and focuses on what

the highest education level of the respondents are. Section three focuses on a detailed interpretation of respondents' responses regarding the financial literacy constructs and the construct that measures savings behaviour. Lastly, section four focuses on the materialistic characteristics and attitudes of the respondents. The questionnaire consisted out of the following sections:

- Section 1: Demographic information of respondents
- Section 2: Education level of millennials
- Section 3.1: Money management knowledge of millennials
- Section 3.2: Financial planning knowledge of millennials
- Section 3.3: Choosing the right financial products
- Section 3.4: Savings and investment decisions of millennials
- Section 3.5: Money attitudes of millennials
- Section 4: Materialism of millennials

4.2.1 Section 1: Demographic information of respondents

The responses in Figures 4.1 to 4.7 reflect the recorded and analysed responses regarding the demographic information of millennials in the PLM. The analysed results are interpreted and presented below.

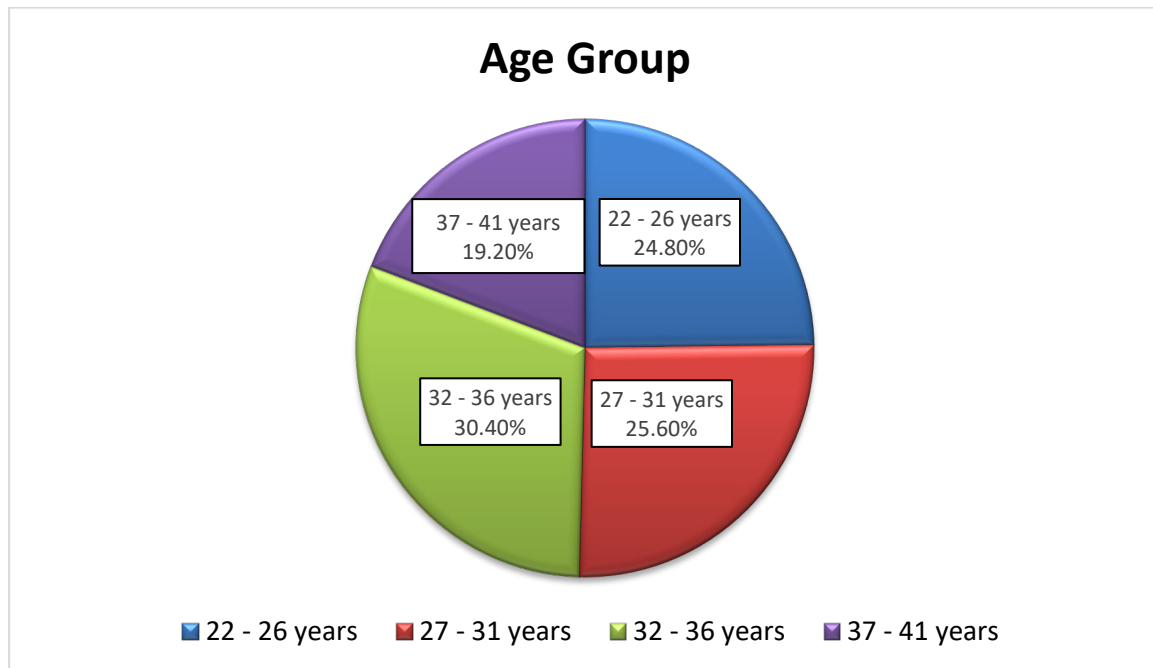


Figure 4.1: Age group of respondents

Figure 4.1 shows an almost even split between the two youngest age categories; 22-26 years (24,8%) and 27-31 years (25,6%), respectively. A larger proportion of the respondents indicated that they are 32-46 years old (30,4%). And the remainder indicated that they were 37-41 years old (19,2%).

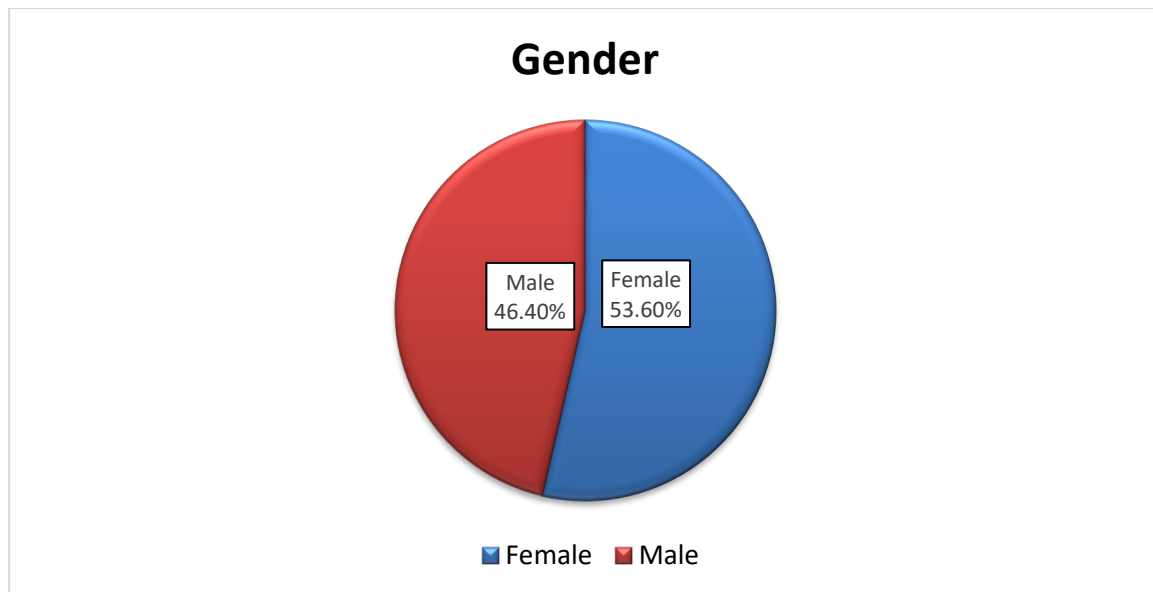


Figure 4.2: Gender of respondents

Figure 4.2 reports that 46.40% of the respondents were male and 53.60% were female.

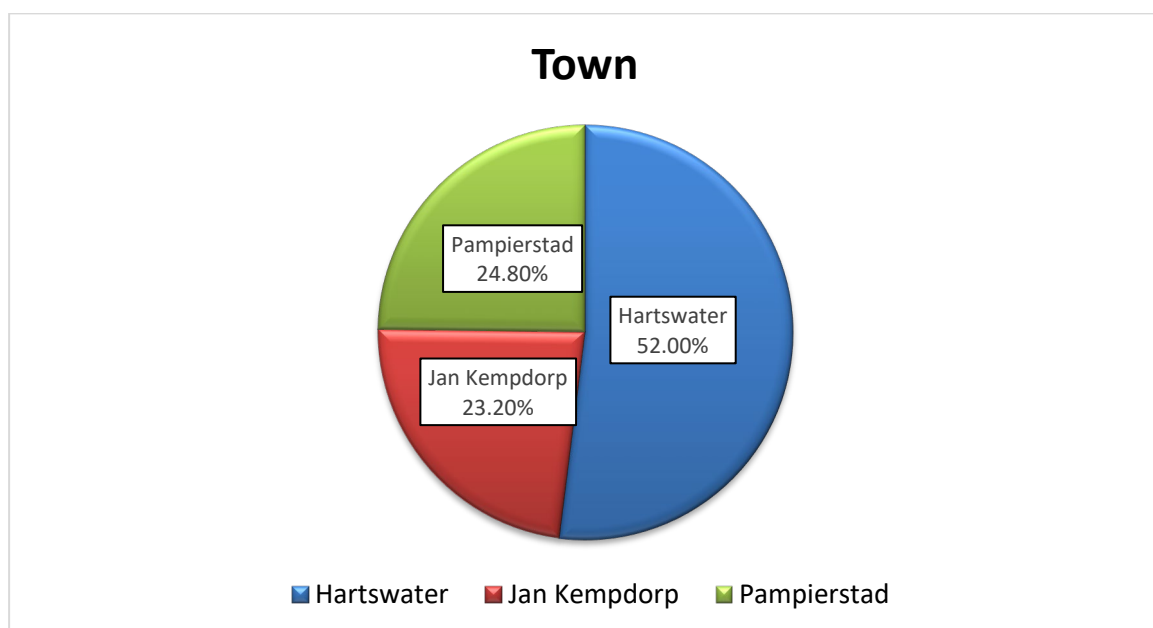


Figure 4.3: Town of residence of respondents

Figure 4.3 shows that 52% of the respondents reside in Hartswater. Pampierstad follows it with 24.80% of respondents and 23.20% living in Jan Kempdorp. These towns are all situated in the Phokwane Local Municipality district.

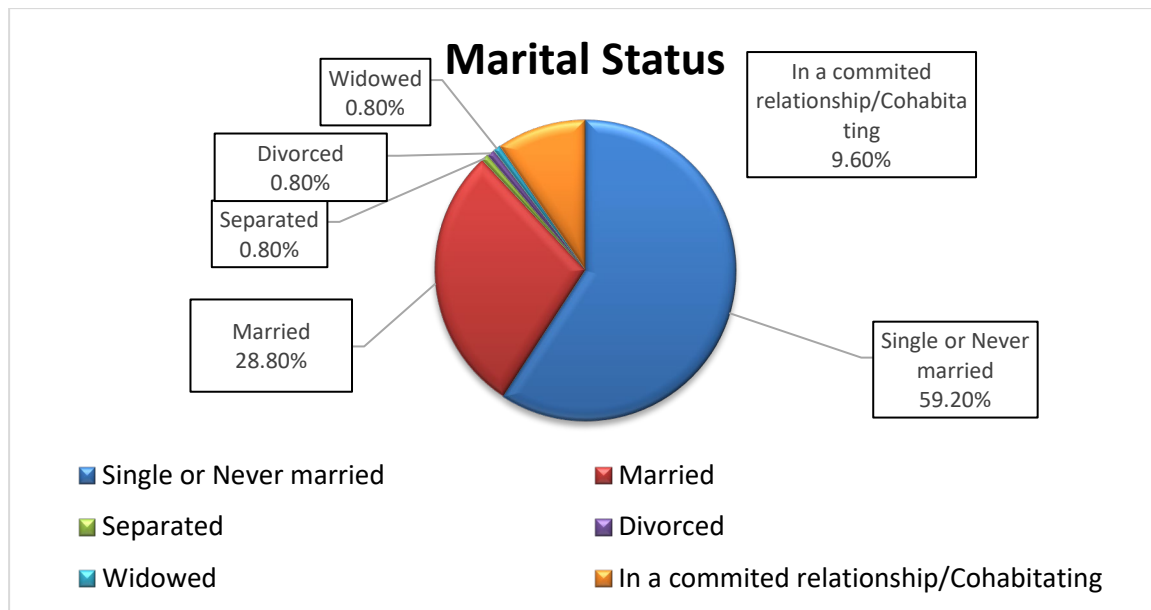


Figure 4.4: Marital status of respondents

Figure 4.4 shows the marital status of respondents. The most significant proportion of the respondents, 59.20%, reported that they were single or never married. The second-largest proportion, 28.80%, indicated that they were married. Finally, 9.60% of the respondents stated that they were “in a committed relationship / cohabitating”, and those respondents that indicated they were “divorced”, “separated”, and “widowed” were all the same percentage of 0.80%.

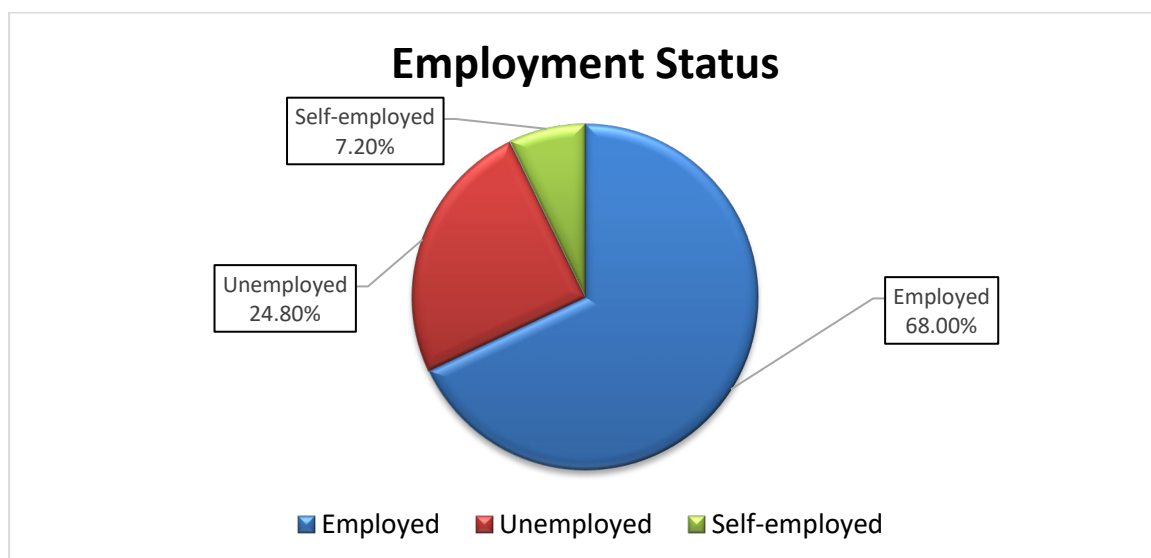


Figure 4.5: Employment status of respondents

Figure 4.5 presents the employment status of the respondents. Three options were provided, and 68% of the respondents indicated that they were employed. On the other hand, 24.80% of the

respondents stated that they were unemployed, and 7.20% of respondents stated that they were self-employed.

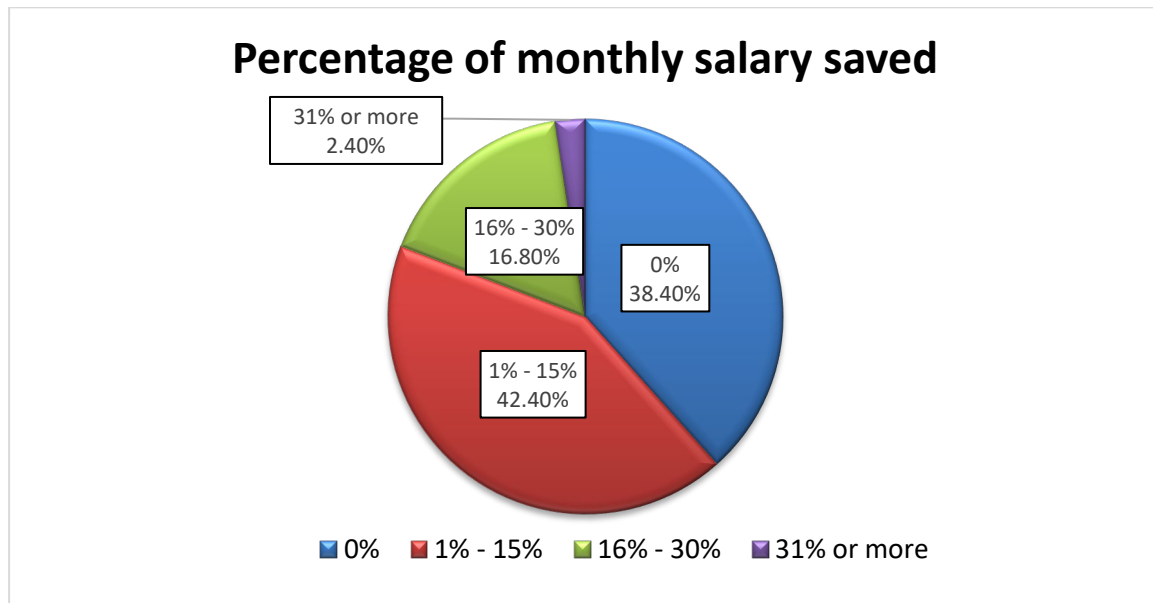


Figure 4.6: The percentage of monthly income being saved

Figure 4.6 represents the percentage of the respondents' monthly income that they are saving. The question was asked to understand what the savings rate of the respondents were. The most significant proportion of respondents indicated saving between 1% to 15% per month. Less than half (38.40%) of the respondents indicated that they were not saving during the month, 16.80% indicated that they save between 16% and 30%, and 2.40% indicated that they are saving 31% or more of their salary each month.

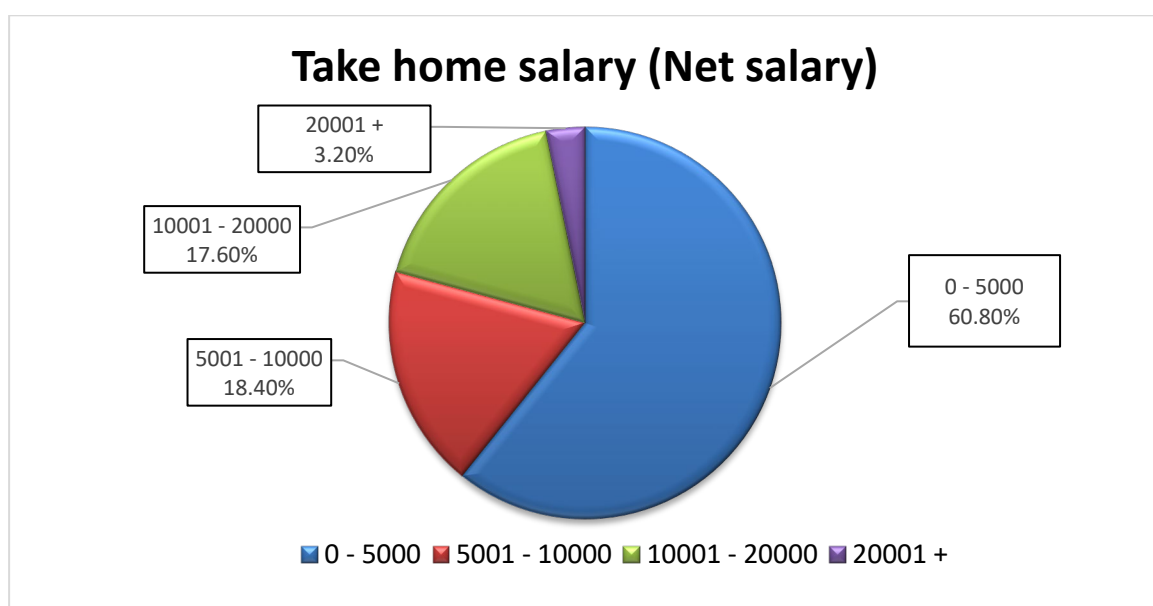


Figure 4.7: Monthly take-home salary (net salary)

Figure 4.7 shows the monthly take-home salary, also known as the net salary of the respondents. The most significant proportion, 60.80%, indicated that they earned between R0 to R5 000 a month. The category of net salary between R5 001 to R10 000 was the second largest, with 18.40% and 17.60% of respondents indicating that they earn between R10 001 to R20 000 a month. Lastly, 3.2% of respondents made R20 001 and above.

4.2.2 Section 2: Education level of millennials

Section two consisted of only one question that asked the highest level of education of respondents. Table 4.1 reflects the data analysed.

Table 4.1: The highest level of education of respondents

Highest level of education	Frequency (n)	Percentage (%)
Grade 4–6	2	1.6
Grade 7	5	4.0
Grade 8–11	27	21.6
Grade 12	53	42.4
Vocational training	4	3.2
Diploma	17	13.6
Degree	13	10.4
Postgraduate degree/diploma	4	3.2
Total	125	100

Table 4.1 illustrates the highest level of education of the respondents. The data collection results revealed that 1.6% of the respondents completed Grades 4–6, 4.0% completed Grade 7, with 21.6% completing Grades 8 to 11. Grade 12 was completed by 42.4% of the respondents, making it the most significant proportion of respondents for this question. Vocational training was completed by 3.2% of respondents, 13.6% of respondents completed a diploma, and 10.4% completed a degree. Lastly, 3.2% completed a postgraduate degree/diploma.

4.2.3 Section 3.1: Money management skills of millennials

In section 3.1 of the questionnaire used to collect data – which measured the characteristics of respondents regarding their money management – the respondents were asked a variety of questions to understand their behaviour towards budgeting, paying their bills on or before the due dates and knowing how much money they spend monthly.

Table 4.2: Money management knowledge of millennials

No	Statement	% Strongly agree	% Agree	% Do not agree or disagree	% Disagree	% Strongly disagree	Mean	Standard Deviation
MM1	I always draw up a monthly budget	15.20	36.00	12.80	24.80	11.20	2.81	1.28
MM2	I always involve my family when I draw up a budget	15.20	36.80	6.40	23.20	18.40	2.93	1.40
MM3	I stick to my budget	13.60	26.40	16.80	28.00	15.20	3.05	1.31
MM4	I pay all my bills before or on the due date	28.80	42.40	6.40	12.80	9.60	2.32	1.28
MM5	I always feel guilty about my debts	40.00	40.00	6.40	9.60	4.00	1.98	1.10
MM6	I know how much money I spend each month	20.80	44.00	12.00	16.00	7.20	2.45	1.19
MM7	My income is enough for me to meet my monthly living expenses	7.20	28.00	12.80	28.80	23.20	3.33	1.30
MM8	I always check my account balances	24.80	51.20	4.80	12.00	7.20	2.26	1.17
MM9	I have too much debt	20.80	29.60	13.60	25.60	10.40	2.75	1.32
MM10	I keep a record of my expenses each month	20.80	36.00	6.40	29.60	7.20	2.66	1.29
MM11	I borrow money from friends and family members during the month	13.60	35.20	11.20	22.40	17.60	2.95	1.36
MM12	I take out a loan from an authorised provider or money lender (Absa, Capitec, FNB, Standard Bank, African Bank, etc.)	14.40	24.00	8.00	31.20	22.40	3.23	1.41
MM13	I always prioritise my spending based on what I need and not what I want	24.00	42.40	9.60	19.20	4.80	2.38	1.18
MM14	I find it more satisfying to spend money than save it for the long term.	21.60	36.00	16.00	18.40	8.00	2.55	1.24
MM15	I have clothing accounts with at least one clothing store (Examples: Mr Price, Foschini, Markhams, Jet, Ackermans, etc.)	16.00	33.60	6.40	24.00	20.00	2.98	1.43
MM16	I use a credit card to buy food or pay other bills or cash advances/withdrawal	6.40	14.40	7.20	42.40	29.60	3.74	1.21

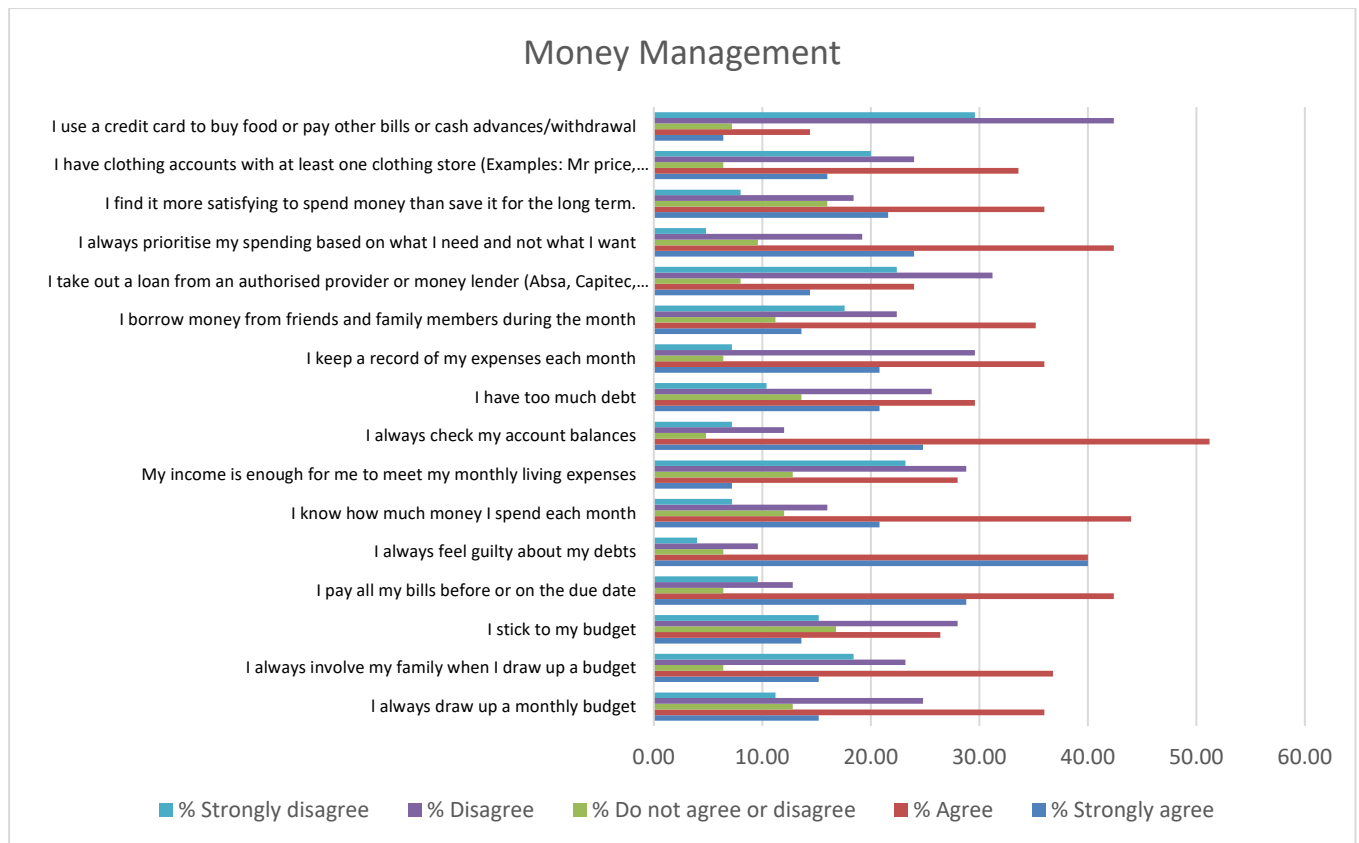


Figure 4.8: Money management knowledge of Millennials

Table 4.2 and Figure 4.8 provide the questions and responses of respondents in a table and figure format. The response options were arranged using a five-point Likert scale that ranged from strongly agree to disagree strongly. In Table 4.2, the researcher combined the frequencies and descriptive statistics to assist with interpreting the means. Sykes *et al.* (2016:277) define the mean (average) as “the most common measure of central tendency and refers to the average value of a group of numbers”.

Considering the money management (MM) questions in Table 4.2, the lowest mean was reported for question 5, which states “I always feel guilty about my debts” (mean = 1,98; SD = 1,10), indicating that respondents on average agree with the statement. Conversely, the highest mean was reported for MM16, reflecting on “I use my credit card to buy food or pay other bills or cash advances/withdrawal” (mean = 3,74; SD = 1,21), indicating that respondents disagree on average with the statement. Again, this reflects that respondents, although they feel guilty of the debts they currently must pay, they will not make more debt by purchasing on credit to pay bills or buy groceries.

It is essential to mention that the data analyses also indicated that MM5, MM9, MM11 and MM14 were all negatively phrased statements and, as such, were reversed scored. For example, MM5,

which states, "I always feel guilty about my debts", indicated that respondents felt guilty about their debts, which led the researcher to conclude that respondents' money management knowledge on average was low. If they were to disagree with this statement as 13.60% of respondents did, it would mean that they have management knowledge and can manage their money so that they do not feel guilty of their debts.

MM9, as mentioned, is also a negatively phrased question that states, "I have too much debt" with a mean of 2.75. Thus, most respondents agreed with this statement meaning that they do not have money management skills. Furthermore, MM11, which states, "I borrow money from friends and family members during the month", which had a mean of 2.95, was also negatively phrased. Thus, indicating to the researcher that most of the respondents were borrowing from friends and family, which would mean that they do not manage their money correctly during the month because they must borrow to survive for the month.

MM14 states, "I find it more satisfying to spend money than save it for the long term", with which most of the respondents, 57.60%, agreed and to which the correct answer would be to disagree with the statement. This also supports the opinion of the researcher that respondents do not have money management skills.

The average mean for section 3.1 – money management skills of millennials is recorded as 2.99 in Table 4.3, indicating that the respondents did not have money management skills. This suggests that they did not have an opinion on average.

Table 4.3: Descriptive statistics

	N	Minimum	Maximum	Mean	Standard Deviation
MM Average (Section 3.1)	125	1.31	5.00	2.9945	0.68240
FP Average (Section 3.2)	121	1.00	5.00	3.0450	0.87566
FinProd Average (Section 3.3)	121	1.14	4.86	2.4179	0.81549
SI Average (Section 3.4)	120	1.20	4.00	2.2917	0.63000
MA Average (Section 3.5)	119	1.18	5.00	3.0237	0.94412
MatMil Average (Section 4)	119	1.00	5.00	2.6769	1.08789
Valid N (listwise)	119				

4.2.4 Section 3.2: Financial planning behaviour of millennials

In section 3.2 of the questionnaire data was collected on respondents' characteristics regarding their financial planning behaviour, the respondents were asked a variety of questions to ascertain if they held certain financial products and were planning for their futures or only living for today.

Table 4.4: Financial planning behaviour of Millennials in PLM

No	Statement	% Strongly agree	% Agree	% Do not agree or disagree	% Disagree	% Strongly disagree	Mean	Standard Deviation
FP1	I have a life cover policy with an insurance company	23.97	19.83	5.79	30.58	19.83	3.02	1.51
FP2	I have a funeral policy for my family and myself	30.58	39.67	4.96	13.22	11.57	2.36	1.35
FP3	I have taken an insurance policy for all major assets I own (my car, house, etc.)	17.36	8.26	9.09	35.54	29.75	3.52	1.44
FP4	I maintain an emergency savings account	6.61	23.97	12.40	34.71	22.31	3.42	1.26
FP5	I can afford to pay my health care costs	15.70	23.14	16.53	24.79	19.83	3.10	1.38
FP6	I have a plan in place, and I'm pretty confident that I will have enough for my retirement	9.09	24.79	16.53	25.62	23.97	3.31	1.32
FP7	Doing financial planning for the future provides me with a sense of security	13.22	44.63	12.40	18.18	11.57	2.70	1.24
FP8	Financial planning is only important for wealthy people	13.22	21.49	15.70	27.27	22.31	3.24	1.37
FP9	I tend to live for today and let tomorrow take care of itself	20.66	30.58	14.05	19.01	15.70	2.79	1.39

Table 4.4 above provides the questions asked and responses given by the respondents. The response options were arranged using a five-point Likert scale that ranged from strongly agree to or strongly disagree. In Table 4.4, the researcher combined the frequencies and descriptive statistics to assist with interpreting the means.

Considering the financial planning questions (FP) as presented in Table 4.4, the lowest mean was reported for FP2 that reflects on "I have a funeral policy for my family and myself" (mean = 2.36; SD = 1.35), indicating that the respondents on average agreed with the statement. On the other hand, the highest mean was recorded for FP3 that reflects on "I have taken an insurance policy for all major assets I own (my car, house, etc.)" (mean = 3.52; SD = 1.44). Thus, indicating that on average, respondents disagreed with the statement.

It is essential to mention that the data analyses also indicated that FP8 and FP9 were both negatively phrased statements and, as such, were reverse scored. FP8 reflected on “Financial planning is only important for wealthy people” – 49.59% of respondents disagreed with this statement, indicating that the respondents believe that financial planning is vital for everyone no matter how wealthy or poor. FP9 reflected on “I tend to live for today and let tomorrow take care of itself” – 51.24% of the respondents agreed with this statement indicating that most respondents do not worry about their future finances.

The average mean for section 3.2 – Financial planning behaviour of millennials is recorded in Table 4.3 as 3.04. This reflects that the respondents, on average, did not have an opinion of their financial planning behaviour. Thus, the researcher cannot say that the respondents showed good financial planning behaviour.

4.2.5 Section 3.3: Choosing the right financial products

In section 3.3 of the questionnaire – understanding the characteristics of respondents regarding choosing the right financial product – the respondents were asked seven questions to determine if they chose certain financial products and if they followed a particular process before choosing their financial products.

Table 4.5: Choosing the right financial products

No	Statement	% Strongly agree	% Agree	% Do not agree or disagree	% Disagree	% Strongly disagree	Mean	Standard Deviation
FinProd1	I have a bank account	51.24	38.84	0.83	4.96	4.13	1.72	1.01
FinProd2	Credit cards are regarded as the cheapest form of credit	15.70	23.14	20.66	28.10	12.40	2.98	1.28
FinProd3	I have a loan with an informal lender (Mashonisa/loan shark)	4.13	18.18	6.61	29.75	41.32	3.86	1.25
FinProd4	I know the sort of financial products I need	14.05	44.63	14.05	15.70	11.57	2.66	1.24
FinProd5	I will always research my choices before making any financial decisions	26.45	34.71	11.57	18.18	9.09	2.49	1.30
FinProd6	I always consult my family/spouse before making any important financial decisions	23.14	33.88	12.40	19.83	10.74	2.61	1.33
FinProd7	I always make sure that I understand the terms and conditions of any loan I take	30.58	38.02	10.74	13.22	7.44	2.29	1.24

Table 4.5 provides the questions asked and responses given by the respondents. The response options were arranged using a 5-point Likert scale that ranged from strongly agree to or strongly disagree. In Table 4.5, the researcher combined the frequencies and descriptive statistics to assist with interpreting the means.

Considering choosing the financial products questions (FinProd) as presented in Table 4.5, the lowest mean was recorded for FinProd1 that reflects on “I have a bank account” (mean = 1.72; SD = 1.01), indicating that the respondents on average agreed with the statement. Thus, for FinProd1, 90.08% of respondents agreed to the statement indicating that they have a bank account. On the other hand, only 9.09% disagreed, suggesting that these respondents do not have a bank account.

The highest mean was recorded for FinProd3 that reflects on “I have a loan with an informal lender (Mashonisa/loan shark)” (mean = 3.86; SD = 1.25), indicating that on average, respondents disagreed with the statement. However, it is essential to mention that the data analyses also revealed that FinProd2 and FinProd3 were both negatively phrased statements and, as such, were reversed scored. For example, FinProd2, which states, “Credit cards are regarded as the cheapest form of credit”, scored a mean of 2.98, indicating that respondents did not know that the correct answer is that it is not the cheapest form of credit.

The average means recorded in Table 4.3 for Section 3.3 – choosing the right financial products – was 2.42. This tells the researcher that the respondents do know the right financial products they need on average.

4.2.6 Section 3.4: Savings and investment decisions of millennials

In section 3.4 of the questionnaire, to determine savings behaviour of respondents, the respondents were asked ten questions that would allow the researcher to assess their savings behaviour.

Table 4.6: Savings and investment behaviour of millennials

No	Statement	% Strongly agree	% Agree	% Do not agree or disagree	% Disagree	% Strongly disagree	Mean	Standard Deviation
SI1	I feel confident in making investment decisions	17.50	37.50	20.00	12.50	12.50	2.65	1.26
SI2	I feel I have adequate knowledge to manage my finances	9.17	47.50	19.17	15.00	9.17	2.68	1.12
SI3	I am saving in a stokvel or any other informal savings club	5.83	29.17	7.50	33.33	24.17	3.41	1.29
SI4	Saving money gives me a sense of security	24.17	54.17	8.33	10.00	3.33	2.14	1.01
SI5	It is very important to me to save money for the future	36.67	50.83	8.33	4.17	0.00	1.80	0.76
SI6	I prefer to save money because I am never sure when things will collapse, and I will need the cash	32.50	45.83	7.50	9.17	5.00	2.08	1.10
SI7	It is very important to me to save enough to provide well for my family in the future	41.67	50.00	5.83	1.67	0.83	1.70	0.73
SI8	I worry about losing all my savings	32.50	38.33	14.17	11.67	3.33	2.15	1.10
SI9	The amount of money I save is never quite enough	39.17	36.67	11.67	7.50	5.00	2.03	1.13
SI10	I am proud that I save money	30.83	33.33	18.33	11.67	5.83	2.28	1.19

In Table 4.6, the questions and responses of respondents regarding savings and investment decisions are provided. Again, the response options were arranged using a five-point Likert scale that ranged from strongly agree to or strongly disagree. Finally, in Table 4.6, the researcher combined the frequencies and descriptive statistics to assist with interpreting the means.

On the one hand, among the savings and investment decisions questions (SI), the lowest mean reported for SI was recorded for SI7 that reflected on the statement, “It is very important to me to save enough to provide well for my family in the future” (mean = 1.70; SD = 0.73), thus, indicating that on average, respondents agree with the statement. On the other hand, the highest mean was reported for SI3, which reflects on “I am saving in a stokvel or any other informal savings club” (mean = 3.41; SD = 1.29), indicating that respondents disagree with the statement. This reflects that respondent agree that it is essential to save money for their future. Respondents also prefer to save for a rainy day when they might need cash, with 78.33% of respondents agreeing with this statement and 14.17% of respondents do not agree with it.

The average mean recorded in Table 4.3 for Section 3.4 – savings and investment decisions of millennials – is 2.29, which indicates to the researcher that the respondents have good savings behaviour.

4.2.7 Section 3.5: Money attitudes of millennials

In this section, the questionnaire focussed on the money attitudes of millennials. In Table 4.7, eleven questions were asked to the respondents to determine their money attitudes.

Table 4.7: Money attitudes of millennials

No	Statement	% Strongly agree	% Agree	% Do not agree or disagree	% Disagree	% Strongly disagree	Mean	Standard Deviation
MA1	I must admit that I purchase things because I know they will impress others.	18.5	23.5	12.6	28.6	16.8	3.02	1.40
MA2	I sometimes buy things that I do not need or want to impress people.	17.6	29.4	10.9	25.2	16.8	2.94	1.39
MA3	I own nice things to impress others.	10.9	18.5	15.1	35.3	20.2	3.35	1.29
MA4	I sometimes “buy” friendship by being very generous with those I want to like me.	5.9	14.3	11.8	36.1	31.9	3.74	1.22
MA5	Money is a symbol of success.	20.2	31.9	17.6	11.8	18.5	2.76	1.39
MA6	I value money very highly as a sign of success.	20.2	30.3	19.3	10.1	20.2	2.80	1.41
MA7	A high income is an indicator of “making it in life”.	20.2	32.8	16.0	14.3	16.8	2.75	1.38
MA8	Money represents one’s achievement.	21.0	31.9	18.5	13.4	15.1	2.70	1.35
MA9	I believe that the amount of money that a person earns is closely related to their ability.	17.6	32.8	16.0	20.2	13.4	2.79	1.32
MA10	I believe in being careful in how I spend my money.	35.3	47.1	5.9	8.4	3.4	1.97	1.03
MA11	I pay more for some things because I know I have to get the best.	24.4	41.2	14.3	11.8	8.4	2.39	1.22

In Table 4.7, the questions asked, and responses given by the respondents with regards to their money attitudes are provided. The response options were arranged using a five-point Likert scale that ranged from strongly agree to or strongly disagree. Finally, in Table 4.6, the researcher combined the frequencies and descriptive statistics to assist with interpreting the means.

Considering the money attitudes questions (MA) in Table 4.6 above, the lowest mean which was reported is indicated as MA10, which states “I believe in being careful in how I spend my money” (mean = 1.97; SD = 1.03), which indicates to the researcher that respondents on average agree with the statement. The majority (82.40%) of the respondents agree with the statement, 11.80% do not agree, and only 5.90% do not agree or disagree with the statement. MA10 was also a negatively phrased statement that was reverse scored.

MA4 reported the highest mean, which states, “I sometimes “buy” friendship by being very generous with those I want to like me” (mean = 3.74; SD = 1.22), indicating to the researcher that on average, respondents disagreed with this statement. Thus, 68.10% of the respondents did not agree with the statement, 20.20% did agree with the statement, and 5.90% of the respondents did not agree or disagree with the statement.

The average mean recorded in Table 4.3 for section 3.5 – money attitudes of millennials – was 3.02, which indicates to the researcher that the respondents believe that having money is a symbol of success, achievement, and the abilities that the person has. They also think that their lives would be better if they had more money, and it also gives them a pleasure to purchase when they buy things. Respondents also believe that money is a status symbol. Although on average, the respondents indicated that they do not “buy” friendship and are careful in spending the money. Based on these findings, it can be concluded that the respondents do not have conservative money attitudes.

4.2.8 Section 4: Materialism of millennials

In section 4 of the questionnaire, the focus was on the materialism level of millennials. In Table 4.8, nine questions were asked to the respondents to determine their level of materialism.

Table 4.8: Materialism of millennials

No	Statement	% Strongly agree	% Agree	% Do not agree or disagree	% Disagree	% Strongly disagree	Mean	Standard Deviation
MatMil1	I admire people who own expensive stuff (homes, cars, clothes, etc.)	17.6	31.1	10.9	26.9	13.4	2.87	1.35
MatMil2	I like spending money on many different things	20.2	41.2	13.4	16.0	9.2	2.53	1.24
MatMil3	My life would be better if I owned many of the things I don't have	25.2	32.8	15.1	14.3	12.6	2.56	1.34
MatMil4	Buying things gives me a lot of pleasure	26.1	31.9	18.5	16.0	7.6	2.47	1.25
MatMil5	I'd be happier if I could afford to buy more things	36.1	33.6	12.6	10.9	6.7	2.18	1.23
MatMil6	I like to own things that impress people	16.0	13.4	16.0	29.4	25.2	3.34	1.40
MatMil7	I like a lot of luxury in my life	21.8	21.8	16.0	24.4	16.0	2.91	1.41
MatMil8	It bothers me that I can't afford to buy all the things I like	31.9	33.6	10.1	15.1	9.2	2.36	1.32
MatMil9	Some of the most important achievements in life include getting material possessions	24.4	23.5	15.1	16.0	21.0	2.86	1.49

In Table 4.8, the questions asked, and responses given by the respondents with regards to their materialism behaviour are provided. The response options were arranged using a five-point Likert scale that ranged from strongly agree to or strongly disagree. In addition, in Table 4.8, the researcher combined the frequencies and descriptive statistics to assist with interpreting the means.

Looking at the materialism of millennials questions (MatMil) in Table 4.8 above, the lowest mean reported is indicated for MatMil5, which states, "I'd be happier if I could afford to buy more things" (mean = 2.18; SD = 1.23) which indicates to the researcher that respondents on average agree with the statement. Thus, 69.70% of the respondents agree, 17.60% do not agree, and 12.60% neither agree nor disagree with the statement.

MatMil6 reflected the highest mean in Table 4.8, which reflects on "I like to own things that impress people" (mean = 3.34; SD = 1.40), indicating to the researcher that respondents disagreed with this statement on average; 54.60% did not agree with the statement, 29.40% agreed with the statement, and neither 16% agreed nor disagreed with the statement.

The average mean for section 4 – materialism of millennials – are recorded in Table 4.3 as 2.68. This reflects that the respondents, on average, agreed with the statements made in this section.

Most respondents admire other individuals who own expensive products (expensive houses, cars, etc.) and like spending money on different items which give them pleasure. They also believe that their lives would be better, and they would be happier if they owned more items. They get joy from owning luxury items. It also bothers the respondents that they cannot purchase all the products and services they like because they cannot afford them. Taking this into consideration, it indicates to the researcher that respondents are materialistic.

4.3 RELIABILITY

Cronbach's alpha was used to test the reliability of the data collection instrument used for this study. The Cronbach alpha values reported are above the guideline value of at least 0.5 (in the early stages of research), as indicated in Table 4.9. In addition, most of the Cronbach alpha values were higher than the guideline value of 0.8, as Field (2009) recommended. This indicates that the resulting factors are reliable.

Table 4.9: Reliability measure of data collection instrument

Factor	Questions	Cronbach's Alpha	Mean	SD
Money management	MM1–MM16	0.83	2.99	0.68
Financial planning	FP1–FP9	0.82	3.04	0.88
Financial products	FinProd1– FinProd7	0.78	2.42	0.82
Savings and investment	SI1–SI10	0.78	2.29	0.63
Money attitudes	MA1–MA11	0.91	3.02	0.94
Materialism of millennials	MatMil1–MatMil9	0.94	2.68	1.09

4.4 CORRELATIONS

The correlation coefficient shows the practical significance of relationship or effect sizes. Hayes (2021a) mentions that correlation displays how strong the relationship between two variables is. The correlation coefficient numerically expresses it. The guideline values for the correlation coefficient are shown in Table 4.10.

Table 4.10: Correlation guideline values

Value	Correlation
~0.1	Small, no practical significant relationship
~0.3	Medium, practical visible relationship
~0.5	Large, practical significant relationship

Table 4.11: Correlations between sections

		MM_Avg	FP_Avg	FinProd_Avg	SI_Avg	MA_Avg	MatMil_Avg
MM_Avg	Correlation Coefficient	1.000	0.731	0.702	0.588	-0.479	-0.504
	Sig. (2-tailed)		<0,0001	<0,0001	<0,0001	<0,0001	<0,0001
FP_Avg	Correlation Coefficient	0.731	1.000	0.664	0.571	-0.605	-0.619
	Sig. (2-tailed)	<0,0001		<0,0001	<0,0001	<0,0001	<0,0001
FinProd_Avg	Correlation Coefficient	0.702	0.664	1.000	0.613	-0.533	-0.580
	Sig. (2-tailed)	<0,0001	<0,0001		<0,0001	<0,0001	<0,0001
SI_Avg	Correlation Coefficient	0.588	0.571	0.613	1.000	-0.303	-0.407
	Sig. (2-tailed)	<0,0001	<0,0001	<0,0001		0.001	<0,0001
MA_Avg	Correlation Coefficient	-0.479	-0.605	-0.533	-0.303	1.000	0.870
	Sig. (2-tailed)	<0,0001	<0,0001	<0,0001	0.001		<0,0001
MatMil_Avg	Correlation Coefficient	-0.504	-0.619	-0.580	-0.407	0.870	1.000
	Sig. (2-tailed)	<0,0001	<0,0001	<0,0001	<0,0001	<0,0001	

In Table 4.11, the correlations between factors are displayed. P-values are reported for completeness sake but will not be interpreted since a convenience sample instead of a random sampling was used. The researcher decided to report only on the large, practically significant correlations. The directions of each identified correlation will now be discussed.

4.4.1 Correlations between money management factor and the other factors

In Table 4.11, the correlations between money management and financial planning ($r = 0,731$), choosing the right financial products ($r = 0,702$) as well as saving and investment decisions ($r = 0,588$) are practically significant. The correlations are positive, reflecting that as respondents tend to strongly agree with the statements within the money management factor, they will also tend to strongly agree with the other factors.

The correlations between money management and money attitudes ($r = -0,479$) as well as materialism ($r = -,504$) are practically significant. The correlations are negative, reflecting that as

respondents tend to strongly agree with the statements within the money management factor, they will tend to strongly disagree with the statements within the other two factors.

4.4.2 Correlations between financial planning factor and the other factors

The correlations between the financial planning factor and money management factor ($r = 0,731$), choosing the right financial products factor ($r = 0.664$), as well as savings and investment decisions ($r = 0.571$), are practically significant. Moreover, the correlations are positive, reflecting that as respondents tend to strongly agree with the statements within the financial planning factor, they will also tend to strongly agree with the other factors.

The correlations between the financial planning factor and money attitudes ($r = -0,605$) and materialism ($r = -,619$) are practically significant. The correlations are negative, reflecting that as respondents tend to strongly agree with the statements within the financial planning factor, they will tend to strongly disagree with the statements within the other two factors.

4.4.3 Correlations between choosing the right financial products factor and the other factors

The correlations between the choosing the right financial products factor and money management factor ($r = 0.702$), financial products factor ($r = 0.664$) and savings and investment decisions factor ($r = 0.613$) are practically significant. Moreover, the correlations are positive. Therefore, as respondents tend to strongly agree with the choosing the right financial products factor statements, they will also tend to strongly agree with the other factors.

The correlations between the choosing the right financial products factor and money attitudes ($r = -0,533$) and materialism ($r = -0,580$) are practically significant. The correlations are negative, reflecting that as respondents tend to strongly agree with the statements within the choosing the right financial products factor, they will tend to strongly disagree with the statements within the other two factors.

4.4.4 Correlations between savings and investment decisions factor and the other factors

The correlations between the savings and investment factor and money management factor ($r = 0.588$), financial products factor ($r = 0.571$) and savings and investment decisions factor ($r = 0.613$) are practically significant. Moreover, the correlations are positive. Therefore, as respondents tend to strongly agree with the savings and investment factor statements, they will also tend to strongly agree with the other factors.

The correlations between the savings and investment factor and materialism of millennials factor ($r = -0,407$) are practically significant. The correlations are negative, reflecting that as respondents tend to strongly agree with the statements within the savings and investment factor, they will tend to strongly disagree with the statements within the materialism of millennials factor.

4.4.5 Correlations between money attitude factor and the other factors

The correlations between the money attitude factor and materialism of millennials factor ($r = 0.870$) are practically significant. Moreover, the correlations are positive. Therefore, as respondents tend to strongly agree with the money attitude factor statements, they will also tend to strongly agree with the materialism of millennials factor.

The correlations between the money attitude factor and money management factor ($r = -0,479$), financial planning factor ($r = -0,605$), and choosing the right financial products ($r = -0,533$), factor are practically significant. The correlations are negative, reflecting that as respondents tend to strongly agree with the statements within the money attitude factor, they will tend to strongly disagree with the statements within the other factors.

4.4.6 Correlations between materialism of millennials factor and the other factors

The correlations between the materialism of millennials factor and money attitude factor ($r = 0.870$) are practically significant. Moreover, the correlations are positive. Therefore, as respondents tend to strongly agree with the materialism of millennials factor statements, they will also tend to strongly agree with the money attitude factor.

The correlations between the materialism of millennials factor and money management factor ($r = -0,504$), financial planning factor ($r = -0,619$), and choosing the right financial products factor ($r = -0,580$), as well as savings and investment factor ($r = -0,407$), are practically significant. The correlations are negative, reflecting that as respondents tend to strongly agree with the statements within the materialism of millennials factor, they will tend to strongly disagree with the statements within the other factors.

Although not an objective of this study, the researcher includes the correlations to show the relationship between the questionnaire sections. As proven with the correlations above, large, practical significant correlations exist between the factors.

4.5 SUMMARY OF CHAPTER

This chapter presented the analysis and its outputs, as well as interpretations of quantitative data that was collected from participants using a self-administered online questionnaire. One hundred and twenty-five participants consented and completed sections of the questionnaire. Of the 125 participants, 119 duly completed the questionnaire. Descriptive statistics were used to conduct the analysis of the data collected. Thereafter the reliability of the data collection instrument was tested with the use of Cronbach's alpha. The Cronbach alpha values indicated that the data were all above the guideline value of at least 0.5 and most were above the guideline value of 0.8. The study also made use of correlation coefficients which indicated that practical significant relationships exist between the different sections of the data collection tool. The researcher made use of figures, charts, and tables to present the data. The findings and recommendations of the study, and conclusion of the analysed data will be discussed in the next chapter.

CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 INTRODUCTION

In this chapter, using the data analysis done in Chapter Four, a summary is provided of these findings. The researcher offers limitations of this study as well as recommendations for future studies. Recommendations and how to implement these recommendations to improve the financial literacy, materialism and savings behaviour of the millennials in the PLM are provided. Lastly, conclusions are drawn. The deductive approach followed in this study allowed the researcher to investigate the financial literacy level, materialistic and savings behaviour of millennials in the PLM.

5.2 THE FINDINGS

This section focuses on the data analysis findings concluded in Chapter Four of the study. The findings are presented starting with the research objectives and research questions of the study. This section then evaluates if the findings answered the research questions and the objectives set for the study.

5.2.1 Primary research objective

With this study, the researcher sought to investigate the financial literacy level, materialism score, and savings behaviour of millennials residing in the PLM area. The primary objective of this study was explored through the secondary objectives, which follows.

1. Ascertain the level of financial literacy of millennials in PLM.
2. Determine the savings behaviour of millennials in PLM.
3. Determine the materialism level of millennials in PLM.

5.2.2 Secondary objective 1

Recent studies (African Bank, 2019; Horvai & Bokarev, 2018; Nanziri & Leibbrandt, 2018; OECD, 2011; Santos & Tavares 2020; Zsótér, 2018) provide many definitions for financial literacy. Even though many definitions exist, common ground does exist between the definitions provided. These common grounds are knowledge of the individual, proper money management and effective decision-making. For this study, the researcher used the definition provided by the OECD (2011), which states that financial literacy is divided into three dimensions, namely:

- financial knowledge;
- financial behaviour; and
- financial attitude.

Thus, for an individual to be financially literate, they should have financial knowledge, which will make them confident in their financial decision-making skills. In addition, the individual should also display acceptable financial behaviour through proper money management and financial planning behaviour. Lastly, they should have a good financial attitude through having a conservative money attitude. Thus, the following factors collectively assisted the researcher in determining millennials' level of financial literacy in PLM.

- money management (Section 3.1);
- financial planning (Section 3.2);
- choosing the right financial products (Section 3.3); and
- money attitudes (Section 3.5).

The researcher asked various questions to determine the financial knowledge of millennials in PLM. In Section 3.3 (choosing the right financial products), the respondents were provided with statements. These statements focused on whether they have a bank account, whether they know which financial products they need, if they consult family, do research, and understand the terms and conditions of a credit agreement, such as a loan, before accepting it. The researcher also wanted to establish if respondents used informal lenders to supplement their credit requirements. It was found that millennials who took part in the study knew what the right financial products were for themselves on average.

The millennials who participated in the study were also given various statements focused on ascertaining if they displayed good financial planning behaviour (Section 3.2). These statements included whether the respondents had life insurance, funeral cover policies, short-term insurance products, could afford their own medical expenses, and believed financial planning is essential for everyone. Lastly, the statements also included whether they had a plan for the future and whether they lived for today only and let tomorrow take care of itself.

From the results analysed, the researcher could not confidently express that respondents did or did not show good financial planning behaviour. Thus, it cannot confidently be said that the millennials in PLM have good financial planning behaviour.

To comprehend the financial behaviour and attitudes of millennials in PLM, the researcher presented respondents with statements that focused on the budgeting behaviour of the respondents. Also, statements on whether their bills are paid on or before the due date as

requested, allow respondents to track the amount of money they spend and check their account balances. All these statements were focused in Section 3.1 (money management) of the questionnaire.

The data analysis of Section 3.1 found that the money management skills of millennials in PLM are low. Respondents, on average, did not have an opinion regarding their money management. Interestingly, most millennials (80% of respondents) felt guilty about their debt, thus indicating that the millennials who participated in the study had what they believed to be high levels of debt.

In Section 3.5 of the questionnaire, various questions were asked to understand the money attitudes of the millennials. The questions focused on determining if the respondents saw having money as a symbol of success and having a high income as “making it in life” and a person's abilities. The questions also focused on using money to impress other individuals and paying more for items because they believe it will be the best. From the data analysis done, it was found that millennials in PLM did not have a conservative money attitude.

As mentioned at the beginning of this section, for the millennials in PLM to be considered financially literate, they should have financial knowledge, good financial behaviour, and attitude. However, considering the results from Section 3.1 – money management – the average mean of 2.99 indicates that millennials did not have money management skills as they did not have an opinion on average. Section 3.2 – financial planning – with an average mean of 3.04, indicated that it cannot with confidence be said that respondents reflected good financial planning behaviour. On average, respondents did not have an opinion about their financial planning behaviour. Section 3.3 – choosing the right financial products – with an average mean of 2.42, indicated that respondents did not know the right financial products they needed. Lastly, section 3.5 – money attitudes of millennials – with an average mean of 3.02, concluded that respondents did not have conservative money attitudes. Therefore, it can be said that millennials in PLM are not financially literate. Thus, the level of financial literacy for millennials in PLM is described as low.

5.2.3 Secondary objective 2

In Section 3.4 - savings and investment decisions of the questionnaire – the focus was on questions that would allow the researcher to determine the savings behaviour of millennials in PLM. The questions focused on the respondent's confidence in making investment decisions, the importance of saving for respondents, and whether they believe they have adequate knowledge to manage their finances.

From the data analyses completed in Chapter 4, an average mean of 2.29 was given for Section 3.4 – savings and investment decisions – thus, indicating that millennials in the PLM have good savings behaviour. In support of this finding, Section 1 of the questionnaire focused on the demographics of the respondents. As a result, 42.40% of the respondents indicated that they save between 1%–15 % of their monthly income. In addition, 16.80% said that they save between 16%–30% of their monthly income and 2.40% answered that they save 31% and more of their monthly salary each month. By considering this, the savings behaviour of millennials in the PLM is deemed to be good.

5.2.4 Secondary objective 3

Section 4 – materialism of millennials – of the questionnaire focuses on questions that would allow the researcher to determine if millennials in PLM are materialistic or not. Questions focused on issues such as spending money on different items, if material possessions would make life better and provide pleasure when purchasing luxury items. If having material possessions to impress others is essential and the importance of attaining material possessions in life. The findings show that millennials who took part in the study were materialistic.

The average mean recorded for this section, as indicated in Chapter 4, was 2.68. Thus, indicating that on average, respondents agreed with the statements that were presented in Section 4. Also, in Chapter 4, it was found that a positive relationship exists between the money attitudes of respondents as well the materialism of respondents. This means that respondents were likely to strongly agree with statements made in Section 4 (materialism of millennials) if they strongly agreed to the questionnaire's statements in Section 3.5 (money attitudes).

Therefore, it was already found that respondents did not display a conservative money attitude, indicating that they do not preserve their money. Thus, it supports the finding that millennials in PLM have a high level of materialistic behaviour.

5.3 RECOMMENDATIONS

Mbukanma (2019:157) mentions that if we consider the credit economy that South Africa is known for, it is vital to understand the low levels of financial literacy seen in the millennials in the PLM. In Chapter Two of this study, evidence is provided on financial literacy's benefits on individuals making informed financial decisions to better themselves. Thus, because the researcher cannot confidently say that millennials' financial literacy level is high or relatively acceptable as the data analysis did not indicate this, recommendations are provided to improve the financial literacy of millennials in the PLM.

This study also found that the savings behaviour of millennials in PLM is good. The research thus supports previous findings by Botha (2018, 2019), Chien and Morris (2018) and Joseph (2018), who mention that millennials save more and have made saving a priority, thus having good savings behaviour.

Lastly, the study found that the millennials in PLM are considered materialistic based on the completed data analyses. This indicates that millennials in PLM value their relationship with material possessions highly. Furthermore, Mbukanma (2019) and Pangestu and Karnadi (2020) mention that materialism also affects the consumption behaviour of millennials, and that South Africa has been classified as a consumption economy (which includes millennials as well). Recommendations are also be provided, which could decrease millennials' materialistic behaviour in PLM.

5.3.1 Recommendations for improving financial literacy of millennials

- a) The management of the local municipality must consider developing programmes that will assist millennials in improving their financial literacy.
- b) The Department of Basic Education should introduce financial literacy programmes in schools in the PLM area. Although most millennials have already completed school (or not), many of them have children who go to these schools. Therefore, this will not only assist the next generation to become financial literate. In addition, these children will involve their millennial generation parents in their schooling, who will also learn about financial literacy.
- c) Millennials in PLM should also consider programmes provided on financial literacy by financial sector institutions like Momentum Metropolitan. These programmes are widely available on the internet for free and can even be completed through WhatsApp social media applications.
- d) Banks in PLM should also consider developing programmes that would assist millennials who have bank accounts with them. The study indicated that 90.08% of millennials who participated in the survey have bank accounts. As banks are already required by law to contribute a percentage of their after-tax income to financial education, it would not be an extra financial burden to direct their millennial customers to the portals where they provide financial literacy programmes. It would also contribute to millennials not defaulting on the credit that they may have at these institutions.

5.3.2 Recommendations for improving the savings behaviour of millennials

The low NSR of South Africa indicates that more needs to be done to improve the saving culture of South African citizens, which would include millennials as well. However, the study's findings reflect that the savings behaviour of most millennials in PLM can be considered good. Nevertheless, the researcher believes that more needs to be done to improve the savings behaviour, considering that the millennials were also regarded as materialistic and did not have conservative money attitudes, which directly affects the savings behaviour of millennials as founded by Duh (2011). Thus, the following recommendations are provided to millennials in PLM:

- a) As mentioned before, 90.08% of millennials who participated in this study have bank accounts. Therefore, banks in the PLM should focus on millennials who have accounts with them and contact them directly to offer savings advice.
- b) The schooling system plays an essential role in improving the savings culture of individuals. Therefore, programmes should be considered to improve the savings culture of children from a young age. Although this cannot be enforced by the schooling system alone and parents will also need to participate in this, it will assist with seeing an increase in future generations' savings behaviour. The same would apply to children of millennials being taught financial literacy skills in school. These children would inform their millennial parents of the savings knowledge that they were taught in school, thus indirectly improving millennials' savings behaviour.
- c) The local government should consult with institutions like SASI to assist millennials in the PLM area with savings literacy.

5.3.3 Recommendations for decreasing the materialistic behaviour of millennials

Although materialism has positive and negative consequences, the negative consequences are more prominent (Duh, 2015). As mentioned in the findings, the millennials who took part in the study in the PLM are considered materialistic. They put a high value on acquiring material possessions and did not have a conservative money attitude. These two factors also have a positive relationship as seen in Duh (2011) and this study. Thus, recommendations are provided for the millennials and organisations in the PLM area to consider decreasing the materialistic behaviour of millennials, which would reduce the negative consequences that materialism has on millennials in PLM.

- a) An increase in the financial literacy of millennials in PLM will decrease the materialistic behaviour of millennials. A significant focus should thus be on programmes that focus on improving financial literacy.

- b) Millennials in the PLM need to consider discussing the negative aspects of materialism with other millennials in their family and friends' circles. In addition, discussions should be had between individuals to motivate and support and to discourage materialistic behaviour.
- c) Community centres and churches in PLM should consider providing programmes that also focuses on using real live cases of materialism. Leaders of the communities and churches could present these programmes.

5.4 LIMITATIONS OF THE STUDY

The study investigated the level of financial literacy, materialism, and savings behaviour of millennials in the PLM. The study was done using a small convenience sample taken from the millennials that live in the Phokwane Local Municipality district. Thus, any conclusion reached, and recommendation given has taken into account the inherent limitation and as such, caution is advised in generalising. It is also essential to consider that financial literacy, savings behaviour, and materialism are all broad scopes of study.

The financial literacy dimensions focused on in this study were financial knowledge, financial behaviour and financial attitude. The previous studies reviewed in this study included both studies from South Africa and the rest of the world. Quantitative data was collected from millennials and used to determine the outcomes. Unfortunately, due to time and economic costs constraints, it was difficult for the researcher to retrieve a more significant sample of respondents. Therefore, statements used by Duh (2011), Jacobs and Smit (2010) and Ntuli (2016) were used in this study. Other dimensions to measure financial literacy (numeracy, compound interest, inflation and risk diversification) provided by Lusardi and Oggero (2017) were not used in this study. Therefore, there is a possibility that the dimensions used to measure the financial literacy of millennials in PLM were not enough and that critical questions have been omitted.

Lastly, Bidoli and Morobane (2017) and Davids (2021) confirm that South Africa has been recorded to have the highest Gini coefficient globally, which makes it the world's most unequal society. Transunion (2020) further mentions that the Covid-19 pandemic has harmed millennials' finances. Therefore, both the impact of being the world's most unequal society and Covid-19 should be considered in the findings of this study. An example of why this should be considered is that millennials have indicated good savings behaviour, which could be attributed to the effects of the Covid-19 pandemic mentioned by Mathe (2021), where it is stated that South Africans have started to save more. This would have been better identified if probability sampling had been used in the study.

5.5 CONCLUSION

This study focused on investigating the level of financial literacy, materialism, and savings behaviour of millennials in the PLM. The data collected and analysed provided the analysis with its findings and the ability to answer the primary and secondary research questions of the study through the objectives set out for the study.

This study found that the financial literacy level of millennials in PLM is low. Furthermore, the millennials in the PLM were also found to display high materialism behaviour. Lastly, the study found that the savings behaviour of these millennials were good.

As mentioned in this study, three out of four workers will be millennials. Therefore, it is imperative that for the South African economy to improve, the financial behaviour of millennials will need to improve. This cannot be done by the government and organisations alone. However, they need to contribute considerably to improving millennials' financial literacy, household savings behaviour and materialism. In addition, society will need to consider the culture of consumption that has put the South African economy in a position where the national savings rate is below 20%, and the country needs foreign direct investments for growth.

This study does admit that other factors also play a large part in this consumption culture. Still, for the South African economy to grow, we need to improve our financial behaviour and savings culture and start in our own homes.

With this study, the researcher has succeeded in investigating the financial literacy level, materialism and savings behaviour of millennials residing in PLM. In addition, the study also identified relationships between sections of the questionnaire, which another study can further explore.

5.6 SUMMARY OF THE STUDY

Chapter One of this study provided the background and an introduction to the study. The research problem, research questions and research objectives were also introduced. Lastly, the researcher provided the significance of this study.

Chapter Two provided the literature review. First, the millennial generation's background and different characteristics (Section 2.2.1–2.2.2) were provided. Next, a focus on the millennial generation of South Africa (Section 2.2.3) followed. Thereafter, in Section 2.3, the financial literacy of millennials was discussed, starting with an overview of conceptual definitions of financial literacy, the importance of financial literacy and the financial literacy of millennials in South Africa was provided. Finally, in Section 2.4, a brief background and overview of materialism were

provided. First, materialism was defined (Section 2.4.1), and then, the study moved on to the materialism of millennials worldwide (Section 2.4.2) and millennials in SA (Section 2.4.3).

The last focus area of the Chapter (Section 2.5) provided a brief background and overview of the household savings behaviour of millennials. First, definitions of household savings were provided, and a brief discussion of the life-cycle hypothesis (Section 2.5.2) and savings programmes in SA (Section 2.5.3) was provided. Lastly, the savings behaviour of millennials globally and in SA was discussed (Sections 2.5.4–2.5.5).

Chapter Three provided the research design, research method, target population and sampling method and size, description of the data collections tool used, and analysis of the data.

Chapter Four provided the descriptive analysis of the data collected and an interpretation of the data that was collected. First, the data was analysed and interpreted using the respondents' demographical information (Section 1). It was followed by Section 2, which focused on the highest education level of the respondents. Next, Section 3 was analysed and interpreted, consisting of five sections that would allow the researcher to complete the objectives focused on financial literacy and savings behaviour. Section 4 of the data collection tool was then analysed and interpreted, which would provide for the researcher to complete the last objective that was not complete, materialism. Chapter Four concluded with correlation analysis done to find relationships between the different sections of the questionnaire. It was concluded that relationships which were practically significant do exist between the sections of the questionnaire.

Chapter Five discussed the main findings of the study. The limitations of the study, recommendations, and implementation of these recommendations were also discussed. Finally, the chapter is finalised with a conclusion which indicates that the study succeeded in investigating the level of financial literacy, materialism and savings behaviour of millennials residing in PLM.

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APPENDIX A: LANGUAGE EDITING CERTIFICATE



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30 November 2021

EDITING CERTIFICATE: 21-328

To whom it may concern

This letter serves to confirm that the mini-dissertation with the title: **Investigating the level of financial literacy, materialism and savings behaviour of Millennials in Phokwane local municipality** has been language edited by the *Centre for Translation and Professional Language Services (CTrans)*. CTrans is a registered corporate member of the South African Translators' Institute (SATI) that makes use of qualified and experienced language practitioners to provide professional translation and language editing services.

CTrans hereby acknowledges that the document has undergone a proper and professional language edit (including the checking of spelling, grammar, register and punctuation). The onus rests on the client to work through the proposed changes after the edit and accept or reject these changes.

Yours sincerely

A handwritten signature in black ink, which appears to read 'W Barrow', is placed above the printed name.

Wendy Barrow

CTrans Coordinator

APPENDIX B: QUESTIONNAIRE



BUSINESS SCHOOL
BESIGHEIDSKOOL
SEKOLO SA KGWEBO

Registered Qualification	Master of Business Administration
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	18 Hennie Bingle street, Vyfhoek, Potchefstroom, 2531	
(W)		
0182992701		
Research title	Investigating the level of financial literacy, materialism and savings behaviour of Millennials in Phokwane local municipality	
Questionnaire	Structured Questionnaire	

	Dr Ifeanyi Mbukanma
	Dr Kaizer Ndlovu

Dear Sir/Madam,

My name is Heinrich Fielies, and I am currently a student at North West University, doing my master's in business administration (MBA). To complete my qualification, I will need to conduct research. Therefore, I want to ask for your assistance to complete my research project by completing the following questionnaire. The chosen topic for my research is:

Investigating the level of financial literacy, materialism and savings behaviour of Millennials in Phokwane local municipality

The study's primary objective is to investigate the financial literacy level, materialism score, and savings behaviour of millennials residing in the Phokwane local municipality area. The Millennial generation are those born between 1980 and 1999. Thus, to qualify to complete this questionnaire you should have been born in 1980 to 1999.

Instructions to complete the questionnaire

- The questionnaire will take approximately 15 minutes to complete and consists of 4 sections. Each section will direct you on how to answer its questions.
- The information provided by you will only be used for research purposes and will be handled as strictly confidential. Therefore, please answer all the questions as truthfully as possible.
- No personal particulars are needed for this questionnaire.
- Completing the questionnaire will come with no cost, disadvantage, or penalty to you. There will also be no direct benefit in completing or not completing the questionnaire.

If you have any questions, please do not hesitate to contact me or my supervisor Dr Ifeanyi Mbukanma or Co-supervisor Dr Kaizer Ndlovu. My contact details, as well as my supervisors' contact details, are:

Hein Fielies (Researcher)	Dr Ifeanyi Mbukanma (Supervisor)	Dr Kaizer Ndlovu (Co-supervisor)
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Thank you for your assistance.

Questionnaire

Section 1 – Demographic Information

Please choose one option from each question asked below.

1	Age	27-31	32-36		37-41	
2	Gender	Female	Male		Other	
3	Town	Hartswater	Jan Kempdorp			Pampierstad
4	Marital status	Married	Single	In a committed relationship / Cohabiting	Widowed	Divorced
5	Employed/Self-employed or Unemployed	Employed	Self Employed			Unemployed
6	On average, what percentage of your monthly salary do you save?	0%	1 – 15%		16%– 30%	31% or more
7	Take home salary per month (Net salary)	0 - 5000	5001 - 10000		10001-20000	20001 +

Section 2 – Education level of Millennials

Please choose one option from the question asked below.

8	What is your highest level of education?	(1) I never went to school	(2) Grade 1-3	(3) Grade 4-6	(4) Completed primary school (grade 7)	(5) Grade 8-11
		(6) Completed matric (Grade 12)	(7) Vocational training	(8) Diploma	(9) Degree	(10) Postgraduate degree/diploma

Section 3 - adapted from Ntuli (2016) & Duh (2011)

Section 3.1: Money Management

Please choose only one option from each question asked below.

Questions		Strongly agree	Agree	Do not agree or disagree	Disagree	Strongly disagree
1	I always draw up a monthly budget					
2	I always involve my family when I draw up a budget					
3	I stick to my budget					
4	I pay all my bills before or on the due date					
5	I always feel guilty about my debts					
6	I know how much money I spend each month					

7	My income is enough for me to meet my monthly living expenses					
8	I always check my account balances					
9	I have too much debt					
10	I keep a record of my expenses each month					
11	I borrow money from friends and family members during the month					
12	I take out a loan from an authorised provider or money lender (Absa, Capitec, FNB, Standard Bank, African bank etc.)					
13	I always prioritise my spending based on what I need and not what I want					
14	I find it more satisfying to spend money than save it for the long term.					
15	I have clothing accounts with at least one clothing store (Examples: Mr price, Foschini, Markham, Jet, Ackermans etc.)					
16	I use a credit card to buy food or pay other bills or cash advances/withdrawal					

Section 3.2: Financial planning

Please choose only one option from each question asked below.

Questions		Strongly agree	Agree	Do not agree or disagree	Disagree	Strongly disagree
1	I have a life cover policy with an insurance company					
2	I have a funeral policy for my family and myself					
3	I have taken an insurance policy for all major assets I own (My car, house etc.)					
4	I maintain an emergency savings account					
5	I can afford to pay my health care costs.					
6	I have a plan in place, and I'm pretty confident that I will have enough for my retirement					
7	Doing financial planning for the future provides me with a sense of security					
8	Financial planning is only important for wealthy people					
9	I tend to live for today and let tomorrow take care of itself					

Section 3.3: Choosing the right financial products

Please choose only one option from each question asked below.

Questions		Strongly agree	Agree	Do not agree or disagree	Disagree	Strongly disagree
1	I have a bank account					
2	Credit cards are regarded as the cheapest form of credit					
3	I have a loan with an informal lender (Mashonisa/loan shark)					
4	I know the sort of financial products I need					
5	I will always research my choices before making any financial decisions					
6	I always consult my family/spouse before making any important financial decisions					
7	I always make sure that I understand the terms and conditions of any loan I take.					

Section 3.4: Savings and Investment decisions

Please choose only one option from each question asked below.

Questions		Strongly agree	Agree	Do not agree or disagree	Disagree	Strongly disagree
1	I feel confident in making investment decisions.					
2	I feel I have adequate knowledge to manage my finances					
3	I am saving in a stokvel or any other informal savings club					
4	Saving money gives me a sense of security.					
5	It is very important to me to save money for the future.					
6	I prefer to save money because I am never sure when things will collapse, and I will need the cash.					
7	It is very important to me to save enough to provide well for my family in the future.					
8	I worry about losing all my savings.					
9	The amount of money I save is never quite enough.					
10	I am proud that I save money.					

Section 3.5: Money attitudes

Please choose only one option from each question asked below.

	Statement	Strongly agree	Tend to agree	Neutral	Tend to disagree	Strongly disagree
1	I must admit that I purchase things because I know they will impress others.					
2	I sometimes buy things that I do not need or want to impress people.					
3	I own nice things to impress others.					
4	I sometimes “buy” friendship by being very generous with those I want to like me.					
5	Money is a symbol of success.					
6	I value money very highly as a sign of success.					
7	A high income is an indicator of “making it in life”.					
8	Money represents one’s achievement.					
9	I believe that the amount of money that a person earns is closely related to their ability.					
10	I believe in being careful in how I spend my money.					
11	I pay more for some things because I know I have to get the best.					

Section 4 – Materialism of Millennials (Jacobs & Smit, 2010)

Please choose one option from each question asked below.

Questions		Strongly agree	Agree	Do not agree or disagree	Disagree	Strongly disagree
1	I admire people who own expensive stuff (homes, cars, clothes etc.)					
2	I like spending money on many different things.					
3	My life would be better if I owned many of the things I don't have.					
4	Buying things gives me a lot of pleasure.					
5	I'd be happier if I could afford to buy more things.					
6	I like to own things that impress people.					
7	I like a lot of luxury in my life.					
8	It bothers me that I can't afford to buy all the things I like					
9	Some of the most important achievements in life include getting material possessions					