



**The extent of relative deprivation in upwardly mobile South Africans and
its impact on financial attitudes**

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Abstract

The purpose of the research was to explore the relationship between relative deprivation and the attitudes driving consumption of upwardly mobile South Africans. Various propositions presented in the literature were tested within the context of upwardly mobile South Africans. Two areas of focus of this study is (1) the extent and impact of relative deprivation on attitudes towards consumption and personal finances, and (2) an assessment of the differences in attitudes towards consumption and personal finances of this group.

The study found that this group has a high level of self-esteem and cannot be defined as relatively deprived. Furthermore, this study demonstrates that social comparison within this group does not encourage consumption for the purpose of the achievement of social status.

Of particular relevance to South Africa is that the study has demonstrated that there are very few differences in attitudes between the different race groups. This confirms that upwardly mobile South Africans are fairly homogenous in terms of their experience of relative deprivation given that both upwardly mobile blacks and whites have high self-esteem. It also demonstrates that the experience of relative deprivation by the different race groups may be more consistent with each other than previous studies have shown.

Keywords

Relative deprivation, upwardly mobile, financial attitudes

Declaration

I declare that this research is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Date: _____

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1. Chapter 1: Problem Definition

1.1. Introduction

The purpose of the research was to explore the relationship between relative deprivation and the attitudes behind consumption of upwardly mobile South Africans. The aim of the research was to explain whether there is a relationship between relative deprivation in both black and white South Africans. The research will explore attitudes in the management of their financial affairs. The research also aims to distinguish if there is a difference between the experience of relative deprivation and its impact on attitudes and behaviours in financial matters between black and white South Africans.

1.2. Research Problem and Purpose

The advent of democracy has brought about many changes in South Africa, including the increased access to financial services of the broader population (Hurwitz & Luiz, 2007). There has been a redistribution to some extent, of wealth from whites to the black middle class which has grown substantially since the advent of democracy in 1994 (Hurwitz & Luiz, 2007). The result is that many black South Africans engage in conspicuous consumption (Chipp, Kleyn, & Manzi, 2011). Inequalities within South Africa have however grown worse (Hurwitz & Luiz, 2007). The redistribution of wealth has taken place in the upper classes of society, but has not “trickled down” to the poor, who remain unemployed and live in poverty (Hurwitz & Luiz, 2007, p. 107).

These inequalities result in the experience of relative deprivation for black people in particular, given that they were previously denied the opportunity to fully participate in the economy (Manzi, 2007). It is a state of being resulting from the fact that a person does not enjoy what they believe they deserve to enjoy (Manzi, 2007). In many respects blacks are playing “catch up and keep up” (Chipp et al., 2011, p. 117) with whites as well as their black counterparts. It has to some extent become an issue of keeping up with the Joneses’.

It is possible to argue that whites may suffer from the same syndrome of discontent, thereby feeling the need to keep up with the Joneses’, which in this case could be with the Ramaphosa’s and Radebe’s of South Africa. Surely some whites also suffer from “affective” relative deprivation which may manifest as discontent with their current situation? (Chipp et al., 2011, p. 120). In a capitalistic society such as South Africa, which values achievement; a society in which vertical mobility is achievable, it can be expected that whites too, are engaging in conspicuous consumption in order to maintain their social status.

This research aims to determine the extent to which both upwardly mobile white and black South Africans suffer from relative deprivation, and how this influences their financial attitudes and behaviour.

1.3. Research Motivation

The research was proposed in order to obtain a deeper understanding of how the experience of relative deprivation impacts attitudes and behaviours of both black and white South Africans who consider themselves to be upwardly

mobile. The research aims to explore whether relative deprivation influences consumption, attitudes and behaviour of black and white South Africans.

In South Africa, there is a high level of indebtedness in urban, medium-income and high-income households (Collins, 2008). The benchmark for a high level of indebtedness was considered to be 20% of monthly income in a previous study (Collins, 2008).

Overall, South Africa currently experiences alarmingly high levels of indebtedness together with a low level of savings. Household debt as a percentage of disposable income was 78.2% during the third quarter of 2010 (South African Reserve Bank, 2010a). Household savings on the other hand is only 1.5% of GDP compared to 17.4% by business (South African Reserve Bank, 2010a). The national savings rate is only 16.7% (South African Reserve Bank, 2010a). South Africans clearly display a propensity to consume with the implication that the savings rate is very low.

Real household consumption increased 4.3% during the first three quarters of 2010 compared to 2009, when it contracted 2% (South African Reserve Bank, 2010b). This is as a result of the easing of monetary and fiscal policies. In addition, asset prices rose during the first half of 2010, improving household wealth (South African Reserve Bank, 2010b).

It is evident that the easing of monetary policy in 2010 is associated with increased consumer expenditure, possibly indicating that South Africans were returning to their old spending habits, and that neither the National Credit Act (NCA) nor the global financial crisis had made any impact on consumer propensity to spend (South African Reserve Bank, 2010b).

However, household debt as a percentage of disposable income has decreased from its peak of 82% in the first quarter of 2008 to 78.2% during the third quarter of 2010 (South African Reserve Bank, 2010a). It may be possible to attribute this to the onset of the global financial crisis, but it also coincides with implementation of the NCA which became effective on 1 June 2007. Consumption by households subsequently decreased, and it appeared that consumers had tempered their spending patterns as a result of the implementation of the NCA and as a consequence of the impact of the global financial crisis.

Various social and economic impacts result due to the high levels of indebtedness, including a reduction in productivity levels, staff absenteeism, stress, administrative costs and industrial relations activities (Hurwitz & Luiz, 2007). It would be of value to employers, marketers especially in the area of financial services, and policy makers to understand the risk attitudes and behaviour underpinning household financial management, especially in relation to consumption and the acquisition of debt.

It is anticipated that this research will offer insights into the best approach for engaging with staff, consumers and citizens on the issue of household financial practices. The research should provide insights to government and policy makers to help influence future borrowing and savings behaviour, in order to help shape policy and reduce the levels of indebtedness, and in so doing, avoid the institutional collapses which were witnessed in the United States and Europe during 2007/8.

Chipp et al. (2011) have focused on the link between relative deprivation and lifestyle choices in the black community. This research aims to go further by providing empirical evidence of the relationship between relative deprivation and behaviour in upwardly mobile black and white South Africans.

1.4. Research Problem

The research is designed to investigate whether there may be relationship between the extent of relative deprivation and the attitudes and behaviour with regard to the management of personal finances amongst upwardly mobile South Africans. The research also aims to distinguish if there is a difference between the experience of relative deprivation and its impact on attitudes and behaviours to financial matters between upwardly mobile, black and white, South Africans.

The research will provide an indication of the similarities and/or differences in the attitudes and behaviours of upwardly mobile South Africans, thereby providing insight into the drivers of their financial behaviour. The research would be useful to marketers and policy makers in terms of how best to approach financial education in order to reduce the level of indebtedness.

2. Chapter 2: Literature Review

2.1. Introduction

The literature in this section provides an overview and explanation of relative deprivation, income inequality, factors driving consumption, consumer attitudes to financial planning, and upward mobility. Relative deprivation has been found to impact consumption and lifestyle choices in affluent black South Africans (Chipp et al.,2011).

2.2. Relative Deprivation

Chipp, Kleyn and Manzi (2011) have described relative deprivation as the dissatisfaction which arises when someone who does not have something, thinks that they deserve it. Based on the work of López Turley (2002), they have put forward that relative deprivation theory asserts that “a person will feel relatively deprived if he or she (1) lacks an object, (2) desires it, (3) sees some other person(s) with that object, and (4) think that it was feasible to obtain that object” (Chipp et al., 2011, p. 119). Appelgryn and Bornman (1996) support the view that relative deprivation is the discontent that arises when there is a difference between aspiration and reality. It arises when people compare their situation to that of others (Appelgryn & Bornman, 1996).

Chipp et al. (2011) have linked relative deprivation to the lifestyle choices made by affluent black consumers. They have concluded that relative deprivation exists amongst formerly deprived black South African consumers and that, subsequent to the advent of democracy in South Africa, it has resulted in increased consumption related to the need to “catch up and keep up” with a

reference group, which in this instance, is white (or advantaged) consumers (Chipp et al., 2011, p. 117). People constantly compare themselves to others, which impacts on their level of satisfaction and on what they consume (Peng, 2007). Peng (2007) makes an interesting argument: “when concern for social comparison is strong enough, instantaneous utility of agents can actually decrease despite increases in aggregate incomes” (p. 224). This implies that the more people compare themselves with others, the lower the level of satisfaction will be, in spite of the high level of income. Of particular interest to this research is that “fear of failure and loss of self-respect” compels both low and high income black consumers to incur debt to finance a lifestyle that will command the respect of their community and peers (Chipp et al., 2011, p. 130). This may be exacerbated by the level of social comparisons and the importance placed on acquiring branded items which symbolise upward mobility. Consumers who buy branded items may place a premium on the acquisition of these items as it displays their “ability to pay extra for quality” (Shipman, 2004, p. 283). In addition, consumers may pay a premium for certain branded items as it allows them to associate themselves with privilege and sophistication (Shipman, 2004). Given that the current generation of black consumers in South Africa is the first generation to experience affluence, and given that financial education within this group is low, consumption has resulted in a huge debt burden for this group (Chipp et al., 2011). It is therefore apparent that relative deprivation has created fear and anxiety for black consumers with regard to their lifestyle choices, which drives consumption and increases the burden of debt among black households. In so doing, the financial risk of black consumers may have been raised.

Relative deprivation is not unique to the black population in South Africa, and has become more prevalent within the white community, given the socio-political changes that have taken place in the country (Appelgryn & Bornman, 1996). Whereas a previous study of relative deprivation by Appelgryn & Nieuwoudt (1988) revealed that whites did not experience relative deprivation, subsequent studies have revealed that the changing socio-political landscape has been accompanied by an increase in the prevalence of the perception of relative deprivation amongst white South Africans (Appelgryn & Bornman, 1996). This was a result of the political policies of the time, which resulted in political, economic and social deprivation for black South Africans (Appelgryn & Nieuwoudt, 1988). This may be attributed to the perceived loss of political control and employment opportunities in comparison with their previous situation (Appelgryn & Bornman, 1996). It is apparent that central to this concept of relative deprivation is the notion of social comparison by a disadvantaged group to an advantaged group (Appelgryn & Bornman, 1996).

One of the concerns raised by Appelgryn & Bornman (1996) is that the changes in the socio-political landscape of South Africa, which would lead to the improvement in conditions of black people, may create greater comparison with the advantaged group, and create the expectation of rapid social and economic change. These changes may take place much slower in practice, which could lead to a gap between the expectations or aspirations of the group, and reality (Appelgryn & Bornman, 1996).

2.3. Income Inequality

Relative deprivation is to some extent a consequence of income inequality, hence it is necessary to highlight the impact that income inequality may have on everyday finances.

Duclos (2000), as cited in Manzi (2007) has found a positive correlation between the gini coefficient and relative deprivation. This means that income inequality can be linked to relative deprivation (Manzi, 2007). A country such as South Africa, which has a high gini coefficient, can therefore be understood to have high incidence of relative deprivation.

Christen and Morgan (2005) found a positive relationship between income inequality and consumer debt. Furthermore, they have argued that the rise in consumer debt is due to the rise of conspicuous consumption (Christen & Morgan, 2005). It seems that households with smaller incomes have acquired more debt in order to ensure that their consumption matches that of households with larger incomes (Christen & Morgan, 2005). This assertion is supported by Wisman (2009) who has contended that a higher degree of income inequality may reinforce consumption behaviour (Wisman, 2009). Given that the rich are so much more affluent than the average person, the gap between the rich and those below them is greater (Wisman, 2009). When the rich engage in conspicuous consumption, those below them have to spend significantly more in order to keep up the appearance of having achieved the status of those who are above them in status (Wisman, 2009).

There does however appear to be some ambiguity in the literature concerning the relationship between income inequality and aggregate savings (Schmidt-

Hebbel & Servén, 2000). Based on the literature reviewed by Schmidt-Hebbel and Servén (2000), it appears that studies at the individual level have found a positive relationship between personal income inequality and total savings, while studies at the macro level have yielded conflicting results (Schmidt-Hebbel & Servén, 2000). Based on empirical research with a greater scope and nature than previous studies, Schmidt-Hebbel and Servén (2000) have found no conclusive evidence of a relationship between income inequality and aggregate savings.

2.4. Factors Driving Consumption

In order to understand risk behaviour it is necessary to consider the factors that influence consumption.

In addition to the theory of relative deprivation, which has been highlighted above, the literature reviewed reveals a variety of influences on consumption, which appears to be encouraged in South Africa by the ease of access to credit through a sophisticated banking system (du Plessis, 2008). Of particular relevance to South Africa are issues related to stage of life, the ease of access to credit, in particular, longer repayment terms with lower monthly instalments, income inequality, socio-cultural beliefs including aspiration, the belief in upward mobility, and instant gratification (Hurwitz & Luiz, 2007).

One reason offered by the literature reviewed for consumption on credit is to smooth consumption over the lifetime of the consumer, as defined by the life cycle theory (Schooley & Worden, 2010). This theory puts forward that consumers take a long term view of expenditure and consumption based on

their life stage and future earnings potential (Schooley & Worden, 2010). This theory offers a useful framework through which to view borrowing, however, it has been criticised because it assumes that consumers behave rationally with regards to consumption and that consumers engage in a high degree of planning (Hurwitz & Luiz, 2007).

Mention has been made by economists in a study by Du Plessis' (2008) that conspicuous consumption is encouraged in South Africa by the sophisticated banking system, which has increased access to credit in South Africa. Based on research commissioned by the National Credit Regulator, access to credit has definitely increased since the early 2000's, while loan terms and values have increased (Feasibility, 2009). This is supported by Hurwitz and Luiz (2007) who contend that, in an effort to expand market share, financial institutions and retailers are struggling to find growth in the market. As a result, they allow customers to repay loans over longer periods in order to increase the uptake of loans, and therefore access to credit (Hurwitz & Luiz, 2007). This behaviour by banks illustrates the finding by Inderst (2008) that in their quest to extract more and more consumer surplus, banks engage in lending practices that are too aggressive when they enjoy sufficient market power, even when consumers are behaving in a perfectly rational manner. Aggressive lending practices can in fact be exacerbated by brokerage firms or mortgage originators, who act as intermediaries between the bank and the consumer (Inderst, 2008). These intermediaries' interests may not necessarily be aligned to the interest of the banks, who are the ultimate holders of the loan (Inderst, 2008). The intermediaries also increase the information gap between the

consumer and the bank, and possibly result in consumers taking on a loan, even though this may be to the detriment of the consumer (Inderst, 2008).

This trend in aggressive lending practices has been stemmed, to some extent, by the implementation of the National Credit Act, which came into effect in June 2007 (Feasibility, 2009).

Rudolph Gouws, a well-known South African economist, has put forward in an interview with Du Plessis (2008), that rising asset prices creates an illusion of wealth which increases household's propensity to spend (Du Plessis, 2008). Due to the fact that property values have increased since the early 2000's, consumers "feel" richer, and therefore their propensity to spend has increased.

Another socio-cultural influence on consumption in South Africa relates to the size of households. Hurwitz and Luiz (2007) put forward that household consumption is necessary due to the size of the extended family. In effect, certain sections of the population have very little alternative (Hurwitz & Luiz, 2007). They spend in order to support their extended family, and their spending and level of debt is dictated by the instalment size of loan agreements rather than by the overall cost associated with a purchase (Hurwitz & Luiz, 2007).

Shipman (2004) asserts that "achieving status through consumption need be no less important for those struggling out of subsistence than those steeped in affluence" (Shipman, 2004, p. 284). He has described the movement of conspicuous consumption from "waste" to "taste" (p. 280). He suggests that there may be a changing emphasis from the conspicuous consumption of material goods to the consumption of experiences by the elite; from the collection of goods which demonstrate wealth to the collection of experiences

and enjoyment. Instead of spending money on material possessions, the elite are spending money on experiences which symbolise good taste and build up their “cultural capital” (Shipman, 2004, p.282). This allows the elite to distance themselves from the *nouveau riche*, who may have acquired wealth but are not necessarily connoisseurs of good taste gained on the sports field, the classroom or the playground (Shipman, 2004).

2.5. Consumer Attitudes to Financial Planning

Consumer attitudes have significant implications for consumption behaviour, and hence borrowings and savings behaviour (Schooley & Worden, 2010). People who have indicated that they believe that it is acceptable to borrow money in order to cover living expenses and luxury items have been found to be more likely to make use of credit facilities and have a higher debt obligation than those who do not (Schooley & Worden, 2010). In addition, households who do not have a savings plan are more likely to purchase goods on credit and have a higher debt obligation (Schooley & Worden, 2010). This indicates that financial planning within households plays an important role in consumer behaviour.

It must however be noted that individuals’ behaviour with regard to their finances, may not always be aligned to their intentions (Fünfgeld & Wang, 2009). Having a financial plan does not necessarily always determine consumer behaviour, given that what people intend to do, and their actions may differ. The UCT Unilever Institute has found that this mismatch between intentions and actions definitely exists within the black middle class in South

Africa (Cronje, 2009). The need to exercise self-control is important to help close the gap between intentions and actions; however it requires the same psychological processes as controlling expenditure and dieting (Rabinovich & Webley, 2007). Successful techniques that assist with saving, for instance, includes having an automatic saving process (like and automatic debit order), transferring money to a separate account, which complicates the process for getting it out, and having a longer future planning horizon (Rabinovich & Webley, 2007).

This mismatch between intention and action could influence personal financial satisfaction. Financial satisfaction is related to personal well-being which is considered to be free from financial worry (Joo & Grable, 2004). Financial satisfaction is related to various factors, but “the single most influential determinant of financial satisfaction was an individual’s financial behavior” (Joo & Grable, 2004, p.43). Other factors contributing to financial satisfaction include income, solvency levels, financial knowledge and education, amongst others (Joo & Grable, 2004). Satisfaction in general, is derived from meeting individuals’ wants and needs (Fernández-Huerga, 2008). Given the general principle of scarcity, this means having to make decisions about which needs and wants to satisfy. This in turn involves an interlinked process of “motivation, cognition and reasoning” (Fernández-Huerga, 2008, p. 722).

Jacobs and Smit (2010) have confirmed materialistic tendencies of low-income South Africans, but have found that materialism and monthly income are not significant in determining the level of indebtedness. Purchasing decisions made by these low income consumers were found to be motivated by whether the possession of the item would bring them “happiness” (Jacobs & Smit, 2010, p.

26). Individuals effectively engage in a mental accounting exercise for each transaction, which weighs up the benefit derived from making a purchase against the cost of having to make a payment (Ramphal, 2006). This is a form of mental accounting, during which pools of money are categorised for different purposes, by which consumers effectively engaging in budgeting and expenditure tracking (Ramphal, 2006). In effect, consumers tend to rationalise each purchase and tend to engage in purchases from which they envision themselves to derive more benefit, and thereby increase their level of happiness (Ramphal, 2006). However, Ramphal (2006) has provided evidence that South African consumers in general, do not engage in mental accounting but rather, that they engage in prospective accounting and that the sunk cost effect is prevalent.

By engaging in prospective accounting, consumers effectively prefer to pay now and derive the benefits later (Ramphal, 2006). A good example provided by Ramphal (2006) is that people prefer to save for holidays, literally taking the pain first by prepaying for it before the actual holiday date, so that when they do go on holiday, they do not have to pay for anything and it feels as though the holiday were free. The sunk cost effect is the tendency for consumers to continue with an activity if it has already been paid for (Ramphal, 2006).

Self-esteem has been found to have implications on whether or not someone would undertake financial planning (Neymotin, 2010). Neymotin (2010) has linked self-esteem to the willingness of consumers to deal with distress and therefore difficult information. People with higher levels of self-esteem are more likely to undertake financial planning due to their willingness to deal with difficult information (Neymotin, 2010).

Credit card features may create an “illusion of income” for consumers which may contribute to the high level of consumer debt (Wang, Wei, & Malhotra, 2011, p. 179). The use of revolving credit has been correlated with personality traits such as “self-control, self-esteem, self-efficacy, deferring gratification, internal locus of control and impulsiveness” (Wang, Wei, & Malhotra, 2011, p. 179). Generally, women are considered to be more sensible when it comes to their finances; and are more likely to budget (Wang, Wei, & Malhotra, 2011). Of particular interest, is that higher income people are more likely to use revolving credit because they overestimate their ability to repay their debt (Wang, Wei, & Malhotra, 2011).

There is no doubt of the complexity of the influence of consumer attitude on behaviour. The literature has offered many varied underlying factors contributing to financial behaviour.

2.6. Upward Mobility

Upward or vertical mobility has become possible with the rise of capitalism across the world (Wisman, 2009). An individual’s status is no longer confined to the class to which they are born, that is, it is not “ascriptive” (Wisman, 2009, p. 94). Status can now be achieved through education, “cleverness”, and hard work, i.e. status is increasingly “performative” (Wisman, 2009, p. 94). This has implications for consumption behaviour, as people engage in consumption in order to demonstrate their respectability (Wisman, 2009). Consumption is therefore not purely related to materialism, which supports the findings of

Jacobs and Smit (2010), who were unable to link materialism to the level of consumer indebtedness.

Veblen has postulated that people engage in conspicuous consumption in order to maintain their respectability (Wisman, 2009). Conspicuous consumption has been related to the view that people hold of themselves for being upwardly mobile (Wisman, 2009). In other words, if people hold the belief that they can improve their status through hard work and study, they are more likely to engage in consumption that will demonstrate their social status (Wisman, 2009). A premium is placed on the possession of material goods to demonstrate this ability to be upward mobile, because it implies a consequence of virtue achieved through hard work (Wisman, 2009). People therefore engage in conspicuous consumption in order to demonstrate their status and thus improve their reputation and hence their ability to be upwardly mobile (Wisman, 2009). This theory may apply in South Africa as a consequence of people's belief that because of the deprivation that blacks have suffered under apartheid, and because they have worked hard, that they deserve to enjoy a higher status. They may therefore engage in consumption to demonstrate this status.

An interesting proposition made by Shipman (2004) is that conspicuous consumption shifts "from quantity to quality" (p. 279); that is, as the socio-economic landscape changes, with more people having access to capital, the traditionally wealthy seek to "redefine privilege in terms of cultural capital". In other words, in order to differentiate themselves, the traditionally wealthy seek to redefine what it means to be wealthy, by consuming experiences and culture, rather than consumer products or brands.

2.7. Conclusion

Much of the South African literature has focused on the financial behaviour of black South Africans without much reference to the behaviour of white South Africans (Chipp et al., 2011; Cronje, 2009; Hurwitz & Luiz, 2007; Jacobs & Smit, 2010). This may be due to the size and potential impact of the black population on the South African economy. Whilst the financial behaviour of white South Africans is well-documented by the South African Advertising Research Foundation, their behaviour does not appear to be well understood. It would be useful to understand this group's behaviour in relation to the changes that have taken place in South Africa. The causes of over-indebtedness, and hence consumption in South Africa, have been attributed to socio-economic factors (Hurwitz & Luiz, March 2007), and there is evidence that these factors have created feelings of relative deprivation in some sections of society, and have impacted on consumer behaviour (Chipp, Kleyn, & Manzi, 2011). This research will explore this issue across the upwardly mobile section of the population, which will include both black and white sections of the population.

3. Chapter 3: Propositions

The purpose of this empirical research is to explore the extent of upward mobility and relative deprivation in South African consumers. In addition, the research will establish whether there is any relationship between self-esteem and the level of relative deprivation experienced by consumers. The research goes further than previous research, given that it will consider the extent of the perceptions around both upward mobility and relative deprivation, and the link to self-esteem on the attitudes and behaviour of both black and white consumers.

In order to explore these issues, the following propositions, which have been taken from the literature, will be examined:

1. Proposition 1: When the belief in vertical mobility is strong, people consume more in order to keep up the appearance of having a higher social status (Wisman, 2009).

- 1.1. A person's social status is not determined by their birth (Wisman, 2009).
- 1.2. Anyone can improve their social status through hard work (Wisman, 2009).
- 1.3. People engage in conspicuous consumption in order to improve their reputation and social standing (Wisman, 2009).
- 1.4. "...current spending on status could be seen as partially investment, insofar as greater present status might enhance future income and thus future status" (Wisman, 2009, p. 93).
- 1.5. Consumption is symbolic of my position in society (Shipman, 2004).

2. **Proposition 2:** People perceive themselves to be relatively deprived when they compare their lifestyle to that of others (Chipp, et al., 2011).
3. **Proposition 3:** Loss of self-respect compels black South Africans to incur debt to finance a lifestyle that will earn the respect of their peers (Chipp et al., 2011).
4. **Proposition 4:** Fear of failure compels black South Africans to incur debt to finance a lifestyle that will earn the respect of their peers (Chipp et al., 2011).
5. **Proposition 5:** People with higher self-esteem are more likely to plan (Neymotin, 2010).
6. **Proposition 6:** People who believe that it is acceptable to borrow money in order to cover living expenses and luxury items are more likely to make use of credit facilities and are more likely to have a higher debt obligation than those who do not (Schooley & Worden, 2010).
7. **Proposition 7:** Households who do not have a savings plan are more likely to purchase goods on credit and have a higher debt obligation (Schooley & Worden, 2010).
8. **Proposition 8:** Purchasing decisions are motivated by whether possessing an item will bring happiness (Jacobs & Smit, 2010)

The propositions above have been chosen on the basis that they allow for a deeper exploration of the relationship/s between upward mobility, relative deprivation, self-esteem and financial attitudes of upwardly mobile consumers. It will allow for comparisons of these attitudes between black and white consumers.

4. Chapter 4: Research Methodology

4.1. Rationale for the Proposed Methods

This study aims to determine the relationship, if any, between relative deprivation experienced by upwardly mobile South Africans, and their attitudes and behaviour in relation to consumption.

Descriptive research was undertaken in order to measure the characteristics of the sample. The research is purely descriptive and will not determine causality. The study will compare data between black and white respondents in the sample through an analysis of variance. Likert scales will be used to gather responses. This will yield categorical data. (Albright, Winston, & Zappe, 2009)

4.2. Proposed Population and Sampling

The universe for the sample is upwardly mobile South Africans. The sampling method used is saturation sampling. The sample was drawn from current MBA students at the University of Pretoria's Gordon Institute of Business Science (GIBS), and was chosen on the basis of convenience and judgement. Given that the sample drawn from GIBS is likely to consist of professionals who are postgraduate students, the researcher supplemented the sample with a convenience sample technique, drawn from an existing network of professionals.

A sample size of at least 150 was required in order to ensure that factor analysis can be reasonably conducted. According to Pallant (2010) some

authors have recommended that it is acceptable to have only five cases for each factor being analysed in the factor analysis in order for the analysis.

4.3. Data Collection

The survey was conducted electronically on www.surveymonkey.com. The link was sent to first year MBA students at GIBS as well as the researcher's professional network, in order to increase the number of responses.

4.4. Pilot Survey Feedback

A pilot survey was conducted in order to ensure face validity of the questions, to test the questionnaire for possible problems and flaws, and to avoid response errors and non-response errors. A test questionnaire was circulated to ten people and feedback was requested. Respondents to the pilot were asked if the questions made sense and whether the questions were clear or confusing.

Respondents to the pilot survey indicated that the questions were clear and unambiguous. Feedback from the pilot survey revealed that respondents may be willing to provide more personal information, so additional questions were added to the questionnaire. These included questions about household income, the percentage of household income paid towards debt repayment was also included. In addition, a direct question was posed to ascertain how respondents viewed themselves relative to their peers. Respondents were requested to indicate whether they saw themselves as better-off, equal to, or less well-off than their peers in order to assist with establishing whether they

perceived themselves to be relatively deprived. This item was used as a categorical variable in the test for analysis of variance (ANOVA).

4.5. Data Analysis

4.5.1. Characteristics of the Data

A copy of the questionnaire used is included in Appendix 1. The propositions were chosen on the basis of the literature. The questions relating to each proposition were drawn up in order to test respondents' perceptions of vertical mobility, relative deprivation, financial planning and consumption. The order of the survey questions were randomised in order to avoid any bias relating to the order of the questions. Responses were in the form of a Likert scale. An unbalanced scale has been used in order to counteract a possible bias towards positive responses. Responses were assigned a numeric value from one to five as follows:

- 1 = Disagree
- 2 = Neutral.
- 3 = Somewhat agree.
- 4 = Agree.
- 5 = Strongly agree.

This allowed a positive relationship to be established, so that a higher score will correspond with an affirmative response in agreement with the statement being made. The questionnaire yielded interval (nonmetric) data (Malhotra, 2010).

Once the data was collected, negatively worded items were recoded in order to reverse any negative correlations.

Respondent attitudes were analysed using descriptive statistics (mean, mode, distribution) together with multivariate techniques. The latter included factor analysis and analysis of variance (ANOVA).

4.5.2. Validity and Reliability

In cases where more than one question was used to test a proposition, Chronbach's alpha was used to determine internal consistency and to measure the reliability or whether the statements measured the same underlying attribute (Malhotra, 2010). Ideally Cronbach's alpha coefficient should be greater than 0.7 in order to indicate that the items are measuring the same construct (Pallant, 2010). The questionnaire was however not designed to test and retest propositions. In addition, the study is multidimensional as it aims to measure the influence of a number of attitudes. In certain cases, the scale contains very few items (only one or two), which clearly impacted the Chronbach's alpha value for the relevant scales (Tavakol *et al*, 2011).

The validity of the results was established through the face value of the questionnaire. Content-validity was established through the implementation of the pilot survey, by testing whether the questions were understandable and unambiguous.

4.5.3. Factor analysis

Principle Component Analysis was conducted in order to determine if the data could be summarised into a smaller set of factors which are responsible for the observed responses (DeCoster, 1998). Given that the sample size was less than 300, it was decided not to perform the factor analysis on all 24 questions testing attitudes in the questionnaire (Pallant, 2010). Instead, the factor analysis was only conducted on 18 questions relating to the first four propositions. These mainly concern attitudes pertaining to relative deprivation. With a sample size of 150, there were eight cases for each variable. The questions being analysed in the factor analysis relate to perceptions of upward mobility, keeping up the appearance of having a higher social status, perceptions of relative deprivation, self-respect and fear of failure, which are the key attitudes being explored in this research.

In order to assess whether the data would be suitable for factor analysis, Bartlett's test of sphericity and Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was checked (Pallant, 2010). Bartlett's test of sphericity was required to be significant ($p < 0.05$) and the KMO range was required to be greater than 0.6 in order for factor analysis to be appropriate (*ibid*).

4.5.4. Analysis of Variance (ANOVA)

One-way analysis of variance was conducted on two categorical variables in order to explore whether there is a difference in responses and attitudes between the different groups. The categorical variables use for this purpose are:

- Race, and
- Whether respondents consider themselves to be better-off, equally well-off, or less well-off relative to their peers.

4.5.5. Correlations

Pearson product-moment correlation was used to determine the association between items, given that it is designed to test interval level data. Spearman's rank order correlation ("Spearman's rho") was considered as it is deemed to be better suited to testing the correlation for non-parametric data, however it is designed for the use of ordinal or ranked data, and is therefore regarded as not applicable for this study (Pallant, 2010).

4.6. Research Limitations

Given the sensitive nature of the information, a possible limitation of the research is that the data may include blank data, non-responses or deliberate falsification of information by respondents. It was attempted to avoid non-response error by using a function on the [surveymonkey.com](https://www.surveymonkey.com) which forces respondents to answer each question before moving on to the next question.

It must also be noted that the research was limited to reported behaviour rather than actual behaviour, given that it relies on questionnaire responses.

The survey responses are dominated by urban professionals, specifically from Gauteng. The sample consists of part-time postgraduate students from the University of Pretoria as well as professionals from within the researcher's own

network. The sample is therefore not representative of the entire South African population, but is limited to the middle and upper classes. It will therefore not be possible to generalise the results of the survey.

5. Chapter 5: Results

5.1. Introduction

This chapter presents the results of the study, and includes an overview of the pilot survey feedback, in addition to the demographics and characteristics of the sample. This is followed by an analysis of the empirical results of the study.

5.2. Validity and Reliability of the Results

The study is multidimensional as it aims to measure a number of factors. The questionnaire was not designed to test and retest propositions; hence test-retest reliability cannot be established. Validity of the results was established through the face value of the questionnaire. Content-validity was established through the implementation of the pilot survey, by testing whether the questions were understandable and unambiguous.

Where more than one question/ proposition was used to determine whether a proposition holds, Chronbach's alpha was measured in order to determine internal consistency.

5.3. Sample Characteristics

5.3.1. Overview of Sample

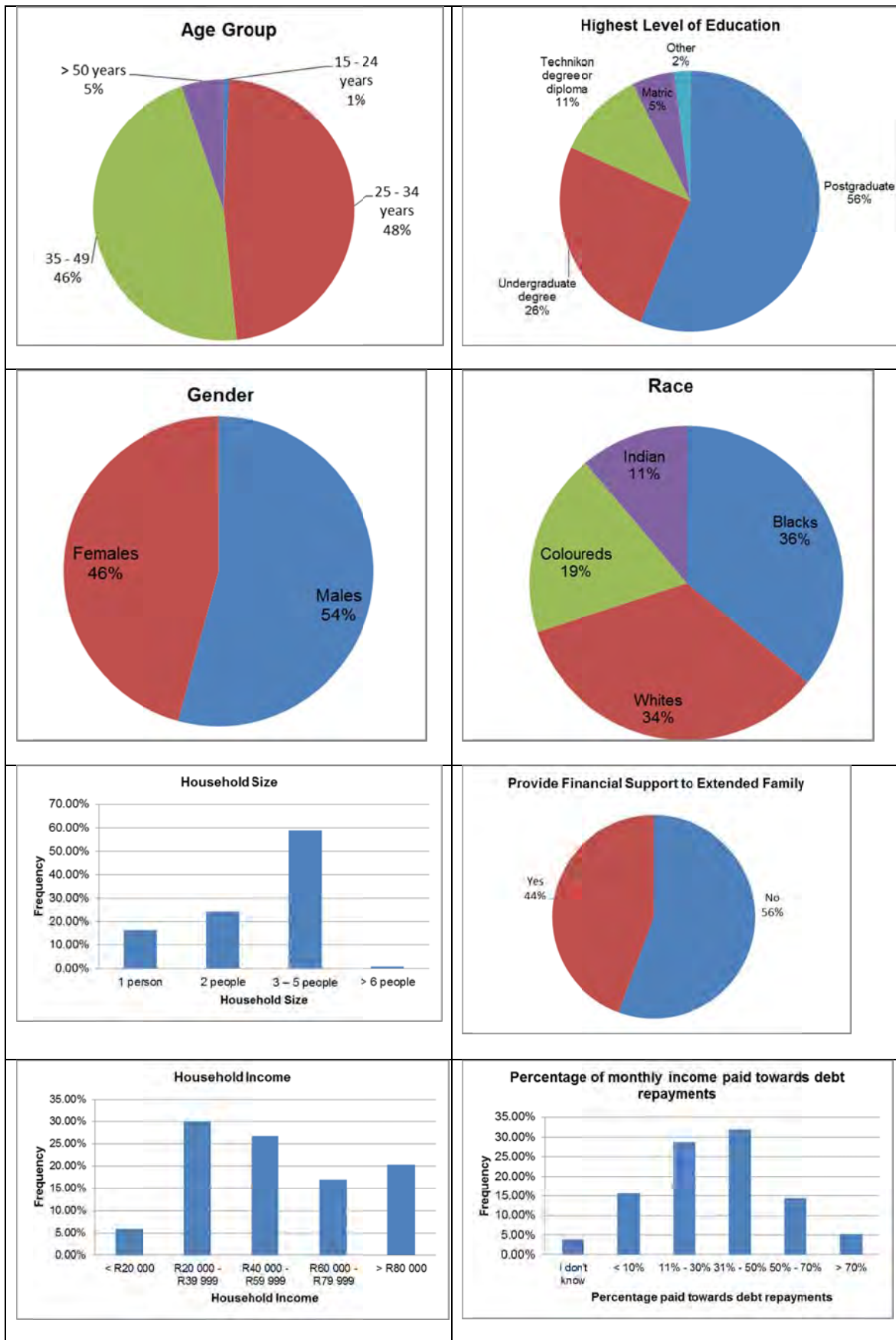
A sample size of 153 was achieved via the electronic survey. The survey was circulated electronically via email to at least 330 people, and a response rate of

approximately 49% was achieved. A total of 162 people started the survey, but only 153 people completed all the questions in the survey.

The demographics of the respondents include age group, highest level of education, gender, race, household size and monthly household income is presented below.

The sample is fairly homogenous in terms of level of education and income. Of particular interest to this study is that the sample is fairly well-educated, with the majority of the sample having either an undergraduate or postgraduate degree. The sample is fairly represented by all race groups, although fewer Coloured and Indians have responded to the survey. For this reason these two groups have been combined for the purpose of the analysis. The level of indebtedness for the sample is quite high with more than half of respondents reporting that debt repayments account for more than 30% of their monthly income. Even though this is the case, the group does appear to be very responsible in terms of their attitudes and behaviours; 81% of the sample is reported to have a savings plan and more than two-thirds (69%) of respondents have reported that they prefer to pay cash for everything. The group's level of financial literacy is questioned due to the fact that almost 76% responded positively to the statement that the amount of debt they were willing to take on is dependent on the monthly repayments, indicating that they are not concerned with the overall cost including interest payments. A summary overview of the sample is provided in table 1 below.

Table 1. Summary of Sample Characteristics



In response to questions testing their preferences towards their willingness to incur debt, respondents answered as outlined in table 2 below. Even though the majority of the sample prefers to pay cash for everything and/or has a savings plan, the amount of debt respondents are willing to take on is dependent on the monthly repayments towards debt.

Table 2. Willingness to Incur Debt

Statement	Yes	No
I prefer to pay cash for everything	69.3%	30.7%
The amount of debt I am willing to take on is dependent on the monthly repayments	75.8%	24.2%
I have a savings plan	81%	19%

Respondents were requested to indicate which items they would be willing to acquire by incurring debt. The responses are outlined in table 3 below. Items for which the majority of respondents are willing to incur debt includes their personal education, their children's education, buying a new house, and to a lesser extent, buying a new car.

Table 3. Items for which Respondents would be willing to incur Debt

Statement	Yes	No
Travel/ go on holiday	11.8%	88.2%
For my education	73.2%	26.8%
For my children's education	73.2%	26.8%
Pay for labola	1.3%	98.7%
Buy a new house	88.2%	11.8%
Buy a new car	57.5%	42.5%
Buy the latest gadget (e.g. laptop, smartphone, ipad)	7.2%	92.8%
Buy jewellery	3.3%	96.7%
Buy art	2.6%	97.4%
Buy food	17.6%	82.4%
Buy clothes	18.3%	81.7%

5.3.2. Respondents View of Themselves Relative to their Peers

In order to assess how the sample perceives themselves relative to their peers, respondents were requested to indicate whether they saw themselves as being better-off, equally well-off or less well-off than my peers. The majority of respondents (75.8%) considered themselves to be either better-off than or equal to their peers. This indicates that the sample does not suffer from relative deprivation.

The ANOVA conducted with “I see myself as...” as a categorical variable yielded a statistically significant difference at the $p < 0.05$ level for the following propositions:

- **Proposition 1.2: Anyone can improve their social status through hard work.** There is a statistically significant difference at the $p < 0.05$ level between people who perceive themselves to be less well-off than their peers and those who perceive themselves to be better-off than their peers. The actual mean difference between the groups was small. The effect size, based on Eta squared was 0.04. Post hoc comparisons using the Tukey HSD test indicated that the mean score for those who considered themselves to be less well-off than their peers ($M = 3.86$, $SD = 1.159$) was significantly different from those who considered themselves to be better-off ($M = 4.47$, $SD = 0.761$). The group who considers themselves less well-off are less strongly convinced that they can improve their social status through hard work than those who consider themselves to be better-off.

- **Proposition 2.2: I constantly compare what I have to what my peers have.** There is a statistically significant difference at the $p < 0.05$ level, between people who perceive themselves to be less well-off than their peers and those who perceive themselves to be equally well-off or better-off than their peers (for the proposition that people constantly compare themselves). The actual mean difference between the groups was small. The effect size, based on eta squared was 0.07, which is medium (based on Cohen in Pallant, 2010). Post hoc comparisons using the Tukey HSD test indicated that the mean score for those who considered themselves to be less well-off than their peers ($M = 2.06$, $SD = 1.145$) was significantly different from those who considered themselves to be better-off ($M = 1.34$, $SD = 0.653$) and those who considered themselves to be equally well-off ($M = 1.51$, $SD = 0.885$). In other words, those who consider themselves to be less well-off than their peers tend to compare themselves slightly more than those who consider themselves better-off or equal to their peers.
- **Proposition 2.3: I am happy with what I have.** There is a statistically significant difference at the $p < 0.05$ level between people who perceive themselves to be less well-off than their peers and those who perceive themselves to be equally well-off or better-off than their peers. The actual mean difference between the groups was small. The effect size, based on eta squared was 0.19, which is a large effect (based on Cohen in Pallant, 2010). Post hoc comparisons using the Tukey HSD test indicated that the mean score for those who considered themselves to be less well-off than their peers ($M = 3.14$, $SD = 1.084$) was significantly

different from those who considered themselves to be better-off ($M = 4.31$, $SD = 0.693$) and those who considered themselves to be equally well-off ($M = 4.08$, $SD = 0.881$). The group that considers themselves to be less well-off are slightly less happy with what they have when compared to the other two groups.

- **Proposition 3: I deserve a better lifestyle.** There is a statistically significant difference at the $p < 0.05$ level between people who perceive themselves to be less well-off than their peers and those who perceive themselves to be better-off than their peers. The actual mean difference between the groups was small. The effect size, based on eta squared was 0.04, which is small (based on Cohen in Pallant, 2010). Post hoc comparisons using the Tukey HSD test indicated that the mean score for those who considered themselves to be less well-off than their peers ($M = 3.65$, $SD = 1.23$) was significantly different from those who considered themselves to be better-off ($M = 2.84$, $SD = 1.37$). The group that considers themselves to be less well-off are slightly less happy with what they have and feel slightly stronger about the fact that they deserve a better lifestyle.
- **Proposition 5.1: I like myself:** There is a statistically significant difference at the $p < 0.05$ level between people who perceive themselves to be less well-off than their peers and those who perceive themselves to be equally well-off or better-off than their peers. The actual mean difference between the groups was small. The effect size, based on eta squared was 0.09, which is medium (based on Cohen in Pallant, 2010). Post hoc comparisons using the Tukey HSD test indicated that the mean

score for those who considered themselves to be less well-off than their peers ($M = 4.11$, $SD = 0.843$) was significantly different from those who considered themselves to be better-off ($M = 4.66$, $SD = 0.545$) and those who considered themselves to be equally well-off ($M = 4.58$, $SD = 0.644$). Although the sample has a high level of self-esteem, those who consider themselves to be less well-off indicated that they like themselves a little less on average.

- **Proposition 5.3: I have a financial plan for retirement.** There is a statistically significant difference at the $p < 0.05$ level between people who perceive themselves to be less well-off than their peers and those who perceive themselves to be equally well-off or better-off than their peers. The actual mean difference between the groups was quite small. The effect size, based on eta squared was 0.1, which is medium to large (based on Cohen in Pallant, 2010). Post hoc comparisons using the Tukey HSD test indicated that the mean score for those who considered themselves to be less well-off than their peers ($M = 3.51$, $SD = 1.346$) was significantly different from those who considered themselves to be better-off ($M = 4.41$, $SD = 0.837$) and those who considered themselves to be equally well-off ($M = 4.2$, $SD = 0.818$). This indicates that how the sample perceives themselves influences their behaviour in terms of financial planning. Those who consider themselves to be less well-off are less likely to have a financial plan, while those who consider themselves to be better off are more likely to have a financial plan.
- **Proposition 6.2. It is acceptable to borrow money to finance luxury items like holidays, jewellery and technology gadgets:** There is a

statistically significant difference at the $p < 0.05$ level between people who perceive themselves to be less well-off than their peers and those who perceive themselves to be better-off than their peers. The actual mean difference between the groups was small. The effect size, based on eta squared was 0.04, which is small. Post hoc comparisons using the Tukey HSD test indicated that the mean score for those who considered themselves to be less well-off than their peers ($M = 1.36$, $SD = 0.867$) was significantly different from those who considered themselves to be better-off ($M = 1$, $SD = 0.0$).

- **Proposition 7.1: I have a savings plan.** There is a statistically significance difference at the $p < 0.05$ level between people who perceive themselves to be less well-off than their peers and those who perceive themselves to be better-off than or equal to their peers. The actual mean difference between the groups was small. The effect size, based on eta squared was 0.07, which is medium. Post hoc comparisons using the Tukey HSD test indicated that the mean score for those who considered themselves to be less well-off than their peers ($M = 1.38$, $SD = 0.492$) was significantly different from those who considered themselves to be better-off ($M = 1.09$, $SD = 0.296$) and those who considered themselves to be as equally well-off as their peers ($M = 1.14$, $SD = 0.352$). There appears to be drop in the commitment to saving from those who consider themselves to be better-off than their peers, to those who consider themselves to be equal to their peers. Respondents who consider themselves less well-off than their peers indicate a lower

commitment to savings. (Note: for this question the range for the scale was 1 = yes, 2 = no.)

5.4. Factor Analysis

Principal component analysis (PCA) was performed on the 18 items making up the scale for Propositions 1, 2, 3 and 4. The data was found to be suitable for factor analysis given that Bartlett's Test of Sphericity was significant ($p < 0.05$) and the Kaiser-Meyer-Olkin (KMO) measure was 0.734, which is greater than the recommended value of 0.6.

PCA revealed six components with eigenvalues greater than one, explaining 23%, 12%, 8%, 7% 6% and 6% of the variance respectively. Inspection of the screeplot supported a two factor solution. The Oblimin rotation showed a low correlation between the two factors ($r = -0.68$). Inspection of the pattern and structure matrices (table 4) showed a clear two factor solution. The items that loaded well on Component 1 are factors relating to aspiration and social standing, while the items that loaded well on Component 2 are factors related to self-perception/ relative deprivation.

Table 4. Pattern and Structure Matrix for PCA with Oblimin Rotation of Two Factor Solution

	Pattern Coefficients		Structure Coefficients		Communalities
	Component 1	Component 2	Component 1	Component 2	
lifestyle items represent where I aspire to be	.610		.594		.403
need to keep up with peers	.606	-.316	.627	-.357	.493
improve my reputation	.592		.597		.362
respect of my peers	.592		.596		.360
driving a less expensive car	.576		.577		.333
investment in myself	.565	.486	.532	.448	.518
willing to incur debt	.564		.562		.317
take on more debt to match peers	.547				.388
improve my self-respect	.516		.513		.265
investment in my future	.513	.395	.487	.361	.392
failure	.482	-.315	.503	-.348	.352
look the part	.461		.449		.236
I am happy with what I have		-.692		-.697	.490
I see Myself As		.626		.628	.396
constantly compare	.431	-.448	.462	-.477	.413
improve social status through hard work		.370		-.365	.139
social status not determined by birth		.347		-.347	.120
I deserve a better lifestyle.	.333	-.335	.355	-.358	.238

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 10 iterations.

5.5. Analysis of Propositions

5.5.1. Proposition 1

When the belief in vertical mobility is strong, people consume more in order to keep up the appearance of having a higher social status.

This proposition is not supported by the data.

Even though respondents display a strong belief in vertical mobility, the data shows that, on average, they are not motivated to consume by the need to improve their reputation or social standing, by earning the respect of their peers, to look the part, or by aspiration. Refer to table 5 below.

Table 5. Results for Proposition 1

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
1. When the belief in vertical mobility is strong, people consume more in order to keep up the appearance of having a higher social status.				Chronbach's Alpha = 0.635 (Chronbach's Alpha was calculated for all 9 items in Proposition 1.1 – 1.5.)	Not supported
1.1. A person's social status is determined by their birth.	3. A person's social status is determined by their birth.	2.09	1.202	1: disagree = 38.6% 2: neutral = 34.6% 3: somewhat agree = 12.4% 4: agree = 7.2% 5: strongly agree = 7.2%	Not supported. Indicates belief that social status is not determined by birth.
1.2. Social status can be improved through hard work	16. Anyone can improve their social status through hard work.	4.13	0.978	1: disagree = 2.6% 2: neutral = 3,9% 3: somewhat agree = 14.4% 4: agree = 35.9% 5: strongly agree = 43.1%	Supported. Indicates belief that anyone can improve their social status through hard work.
1.3 People engage in conspicuous consumption in order to improve their reputation and social standing					Not supported
1.3.1	8. I spend money on a good lifestyle (car, clothes, technology) in order to improve my reputation.	1.61	0.988	1: disagree = 66 % 2: neutral = 15.7% 3: somewhat agree = 11.1% 4: agree = 5.9% 5: strongly agree = 1.3%	Not supported. Spending money on a good lifestyle is not motivated by the desire to improve their reputation.
1.3.2	18. I spend money on a good lifestyle in order to gain the respect of my peers.	1.26	0.657	1: disagree = 83.7% 2: neutral = 7.8% 3: somewhat agree = 7.8% 4: agree = 0% 5: strongly agree = 0.7%	Not supported. Spending money on a good lifestyle is not motivated by the desire to gain the respect of their peers.
1.4 "...current spending on status could be seen as partially investment, insofar as greater present status might enhance future income and thus future status." (p. 93)					Not supported

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
1.4.1	22. I buy lifestyle items (clothes, car, technology) as an investment in myself	2.13	1.241	1: disagree = 46.4% 2: neutral = 15.7% 3: somewhat agree = 18.3% 4: agree = 16.3% 5: strongly agree = 2.6%	Not supported
1.4.2	14. The money I spend on lifestyle items (clothes, car, technology) is an investment in my future.	1.74	1.089	1: disagree = 61.4% 2: neutral = 12.4% 3: somewhat agree = 17.6% 4: agree = 5.2% 5: strongly agree = 2.6%	Not supported
1.4.3	20. It is important to look the part in order to get ahead.	2.52	1.170	1: disagree = 26.8% 2: neutral = 19.6% 3: somewhat agree = 32.7% 4: agree = 17% 5: strongly agree = 3.9%	Not supported. The sample is ambivalent about whether it is important to look the part in order to get ahead.
1.4.4	11. I am willing to incur debt to finance my lifestyle.	1.43	0.879	1: disagree = 75.8% 2: neutral = 11.8% 3: somewhat agree = 6.5% 4: agree = 5.2% 5: strongly agree = 0.7%	Not supported. The sample is not willing to incur debt to finance their lifestyle.

Pearson product moment correlation revealed significant correlations between the relevant items for propositions 1.1, 1.2, 1.3 and 1.4, but these only describe a small percentage of the variance in each case.

Proposition 1.1. A person's social status is determined by their birth.

This proposition is not supported by the data.

Proposition 1.2. Social status can be improved through hard work

This proposition is supported by the data.

A significant but small negative correlation exists between the propositions 1.1 and 1.2 ($r = -0.288$, $p < 0.01$) as indicated in the table below. The propositions share only eight per cent of the variance. Refer to table 6.

Table 6. Pearson Correlation for Proposition 1.1 and Proposition 1.2

		Correlations	
		Social status is determined by birth	improve social status through hard work
Social status is determined by birth	Pearson Correlation	1	-.229
	Sig. (2-tailed)		.004
	N	153	153
improve social status through hard work	Pearson Correlation	-.229**	1
	Sig. (2-tailed)	.004	
	N	153	153

** . Correlation is significant at the 0.01 level (2-tailed).

Coefficient of determination = 0.08

Proposition 1.3. People engage in conspicuous consumption in order to improve their reputation and social standing.

The data does not support this proposition. Furthermore, neither proposition 1.3.1 nor proposition 1.3.2 are supported.

There is a significant but small correlation ($r = 0.311$, $p < 0.01$) between propositions 1.3.1 (spending money on a good lifestyle in order to gain the respect of their peers), and 1.3.2 (spending money on a good lifestyle in order to improve their reputation), which explains only 9% of the variance. Refer to table 7 below. Proposition 1.3 is therefore not supported by the data.

Table 7. Spearman’s rank order correlations for Proposition 1.3.1 and Proposition 1.3.2

		Correlations	
		improve my reputation	respect of my peers
improve my reputation	Pearson Correlation	1	.311
	Sig. (2-tailed)		.000
	N	153	153
respect of my peers	Pearson Correlation	.311**	1
	Sig. (2-tailed)	.000	
	N	153	153

** . Correlation is significant at the 0.01 level (2-tailed).

Coefficient of determination = 0.096

Proposition 1.4. “...current spending on status could be seen as partially investment, insofar as greater present status might enhance future income and thus future status.”

The data does not support this proposition.

There are significant correlations between propositions 1.4.1, 1.4.2, 1.4.3 and 1.4.4. Except for the correlation between buying lifestyle items as an investment in their future and regarding the money spent on lifestyle items as an investment in themselves (coefficient of determination = 0.37), the other correlations between the other three statements explain only a small per cent of the variation. Refer to table 8 below.

Table 8. Pearson Correlation for Proposition 1.4.1, 1.4.2, 1.4.3 and 1.4.4.

		Correlations			
		investment in my future	investment in myself	look the part	willing to incur debt
investment in my future	Pearson Correlation	1	.610**	.176	.335**
	Sig. (2-tailed)		.000	.030	.000
	N	152	151	152	152
investment in myself	Pearson Correlation	.610**	1	.274**	.247**
	Sig. (2-tailed)	.000		.001	.002
	N	151	152	152	152
look the part	Pearson Correlation	.176	.274**	1	.287**
	Sig. (2-tailed)	.030	.001		.000
	N	152	152	153	153
willing to incur debt	Pearson Correlation	.335**	.247**	.287**	1
	Sig. (2-tailed)	.000	.002	.000	
	N	152	152	153	153

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

5.5.2. Proposition 2

People perceive themselves to be relatively deprived when they compare their situation to that of others.

This proposition is not supported by the data.

The majority of the sample does not consider themselves to be relatively deprived in relation to their peers. They do not constantly compare their situation to that of their peers. The majority are happy with what they have, and do not feel the need to keep up with their peers in terms of their lifestyle; however they do believe that they deserve a better lifestyle.

Table 9. Results for Proposition 2

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
2. People perceive themselves to be relatively deprived when they compare their situation to that of others.				Chronbach's alpha = 0.584 (Cronbach's alpha was calculated on Proposition 2.1. – 2.5)	Not supported
2.1.	9. I see myself as more well-off/ equally well-off/ less well-off than my peers	2.03 (Min = 1; Max = 3)	0.673	1: better off than my peers = 20.9% 2: Equally well-off as my peers = 54.9% 3: Less well-off than my peers = 24.2%	Majority does not consider themselves to be relatively deprived
2.2	21. I constantly compare what I have to what my peers have.	1.61	0.943	1: disagree = 65.4% 2: neutral = 13.1% 3: somewhat agree = 16.3% 4: agree = 3.9% 5: strongly agree = 0.7%	Not supported
2.3	5. I am unhappy with what I have.	2.1	0.998	1: disagree = 30.1% 2: neutral = 41.2% 3: somewhat agree = 21.6% 4: agree = 3.3% 5: strongly agree = 3.9%	Not supported
2.4	7. I need to keep up with my peers in terms of my lifestyle (clothes, car, technology)	1.54	0.896	1: disagree = 68.6% 2: neutral = 12.4% 3: somewhat agree = 15.7% 4: agree = 2.6% 5: strongly agree = 0.7%	Not supported
2.5	10. I deserve a better lifestyle.	3.26	1.327	1: disagree = 11.8% 2: neutral = 20.9% 3: somewhat agree = 18.3% 4: agree = 27.5% 5: strongly agree = 21.6%	Supported

A key finding relevant to proving Proposition 2, which was dealt with in section 5.4.1, finds that the more well-off people consider themselves to be relative to their peers, the less they compare what they have to their peers, and less well-off they consider themselves to be, the more they compare what they have to their peers.

The Pearson Correlation has revealed that a small portion of the variance is explained by the relationship between the propositions given that there are

significant, but small/medium correlations between the propositions. This is not sufficient to support Proposition 2. Refer to table 10 below.

Table 10. Spearman’s rank order Correlations between Proposition 2

		Correlations			
		constantly compare	I am unhappy with what I have	need to keep up with peers	I deserve a better lifestyle.
constantly compare	Pearson Correlation	1	.327**	.323**	.263**
	Sig. (2-tailed)		.000	.000	.001
	N	152	152	152	152
I am unhappy with what I have	Pearson Correlation	.327**	1	.176	.288**
	Sig. (2-tailed)	.000		.030	.000
	N	152	153	153	153
need to keep up with peers	Pearson Correlation	.323**	.176	1	.245**
	Sig. (2-tailed)	.000	.030		.002
	N	152	153	153	153
I deserve a better lifestyle.	Pearson Correlation	.263**	.288**	.245**	1
	Sig. (2-tailed)	.001	.000	.002	
	N	152	153	153	153

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The ANOVA reported in section 5.4.1 which deals with the perceptions of relative deprivation by the sample, indicates that the more well-off people consider themselves to be relative to their peers, the less they compare what they have to their peers, and the less well-off they consider themselves to be, the more they compare what they have to their peers.

5.5.3. Proposition 3

Loss of self-respect compels black South Africans to incur debt to finance a lifestyle that will earn the respect of their peers.

This proposition is not supported by the study.

Loss of self-respect does not appear to compel either white or black South Africans to incur debt to finance their lifestyles.

Table 11. Result of Proposition 3

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
3. Loss of self-respect compels black South Africans to incur debt to finance a lifestyle that will earn the respect of their peers				Cronbach's Alpha not calculated because items are measuring different constructs.	Not supported
3.1	19. I would rather take on more debt to buy a nice car than lose the respect of my peers by driving a less expensive car.	1.10	0.358	1: disagree = 92.2% 2: neutral = 5.9% 3: somewhat agree = 2% 4: agree = 0% 5: strongly agree = 0%	Not supported
3.2	24. The money I on a good lifestyle does not improve my self-respect.	4.42	0.960	1: disagree = 1.3% 2: neutral = 3.3% 3: somewhat agree = 15% 4: agree = 11.1% 5: strongly agree = 66.7%	Supported

The Pearson correlation demonstrates that there is a small, positive correlation between the response to whether people would rather take on more debt to buy a premium brand car rather than lose the respect of their peers by driving a less expensive car and spending money on a good lifestyle in order to

improve their self-respect. This is not sufficient to support the proposition.

Refer to table 12.

Table 12. Pearson Correlation for Propositions 3.1 to 3.2.

		Correlations	
		driving a less expensive car	improve my self-respect
driving a less expensive car	Pearson Correlation	1	.239**
	Sig. (2-tailed)		.003
	N	153	149
improve my self-respect	Pearson Correlation	.239**	1
	Sig. (2-tailed)	.003	
	N	149	149

** . Correlation is significant at the 0.01 level (2-tailed).

5.5.4. Proposition 4

Fear of failure compels black South Africans to incur debt to finance a lifestyle that will earn the respect of their peers.

This proposition is not supported by the data.

Fear of failure is not a motivation for either white or black respondents to match the lifestyle of their peers. In addition, the majority of respondents would not take on more debt in order to match the lifestyle of their peers.

Table 13. Result for Proposition 4

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
4. Fear of failure compels black South Africans to incur debt to finance a lifestyle that will earn the respect of their peers				Chronbach's alpha = 0.521	Not supported
4.1	12. I would feel like a failure if I couldn't match the lifestyle of my peers.	1.43	0.901	1: disagree = 77.1% 2: neutral = 9.2% 3: somewhat agree = 8.5% 4: agree = 3.9% 5: strongly agree = 1.3%	Not supported. Fear of failure is not a motivation for the majority of the sample to match the lifestyle of their peers.
4.2	13. I would take on more debt in order to finance a lifestyle that matches the lifestyle of my peers.	1.12	0.434	1: disagree = 91.5% 2: neutral = 4.6% 3: somewhat agree = 3.9% 4: agree = 0% 5: strongly agree = 0%	Not supported

The Pearson correlation indicates that there is medium, positive relationship between feeling like failure if respondents could not match the lifestyle of their peers, and taking on more debt in order to finance a lifestyle matches the lifestyle of their peers (coefficient of determination = 0.2). The variance shared by the two items is 20%, which is an indication that respondents' who would feel like a failure if they could not match the lifestyle of their peers, are likely to incur more debt in order to finance a lifestyle that matches that of their peers.

Table 14. Pearson Correlation for Propositions 4.1. and 4.2

		Correlations	
		failure	take on more debt to match peers
failure	Pearson Correlation	1	.451**
	Sig. (2-tailed)		.000
	N	153	153
take on more debt to match peers	Pearson Correlation	.451**	1
	Sig. (2-tailed)	.000	
	N	153	153

** . Correlation is significant at the 0.01 level (2-tailed).

5.5.5. Proposition 5

People with higher self-esteem are more likely to plan.

This proposition is not supported by the data.

The majority of the sample has a high level of self-esteem. In addition a high proportion of the sample has a budget and a financial plan. The correlation between these propositions is small (refer to table 16), which is not sufficient to support the proposition.

Table 15. Result for Proposition 5

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
5. People with higher self-esteem are more likely to plan				Chronbach's Alpha = 0.469 (measured on 5.2 and 5.3)	Not supported
5.1	4. I like myself.	4.48	0.708	1: disagree = 0% 2: neutral = 3% 3: somewhat agree = 6.5% 4: agree = 32.7% 5: strongly agree = 58.8%	Supported
5.2	6. I have a budget so that I can see where my money goes.	3.86	1.159	1: disagree = 5.9% 2: neutral = 6.5% 3: somewhat agree = 19.6% 4: agree = 31.4% 5: strongly agree = 36.6%	Supported
5.3	1. I have a financial plan for my retirement.	4.08	1.023	1: disagree = 3.3% 2: neutral = 3.9% 3: somewhat agree = 17% 4: agree = 33.3% 5: strongly agree = 42.5%	Supported

Table 16. Pearson Correlation between Propositions 5.1, 5.2 and 5.3.

		Correlations		
		I like myself.	Have budget	financial plan for retirement.
I like myself.	Pearson Correlation	1	.162	.202
	Sig. (2-tailed)		.046	.012
	N	153	153	153
Have budget	Pearson Correlation	.162	1	.309
	Sig. (2-tailed)	.046		.000
	N	153	153	153
financial plan for retirement.	Pearson Correlation	.202	.309	1
	Sig. (2-tailed)	.012	.000	
	N	153	153	153

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

5.5.6. Proposition 6

People who believe that it is acceptable to borrow money to cover living expenses are more likely to make use of credit facilities and are more likely to have a higher debt obligation.

This proposition is not supported by the data.

A high percentage of the sample does not regard it as acceptable to borrow money to cover living expenses or to purchase luxury items.

There is also no significant correlation between the percentage of salary paid towards debt repayment and whether respondents think it is acceptable to borrow money to cover living expenses. Refer to table 18.

Table 17. Result for Proposition 6

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
6. People who believe that it is acceptable to borrow money in order to cover living expenses and luxury items are more likely to make use of credit facilities and are more likely have a higher debt obligation than those who do not.				Chronbach's alpha = 0.287 (measured on 6.1 and 6.2 which measure 2 separate constructs).	Not supported
6.1	15. It is acceptable to borrow money to cover living expenses	1.49	0.947	1: disagree = 74.5% 2: neutral = 9.2% 3: somewhat agree = 10.5% 4: agree = 4.6% 5: strongly agree = 1.3%	Not supported
6.2	23. It is acceptable to borrow money to finance luxury items like holidays, jewellery and technology gadgets.	1.19	0.584	1: disagree = 87.9% 2: neutral = 6.5% 3: somewhat agree = 3.3% 4: agree = 2% 5: strongly agree = 0%	Not supported
	8. Percentage of salary paid towards debt repayment.			1: Don't know = 3.9% 2: < 10% = 15.7% 3: 11% – 30% = 28.8% 4: 31% – 50% = 32% 5: 50% - 70% = 14.4% 6: > 70% = 5.2%	The sample has a high level of debt.

Table 18. Pearson Correlation for Proposition 6

		Correlations		
		Percentage paid towards debt repayments	borrow for living expenses	finance luxury items
Percentage paid towards debt repayments	Pearson Correlation	1	.142	.066
	Sig. (2-tailed)		.079	.417
	N	153	153	152
borrow for living expenses	Pearson Correlation	.142	1	.188
	Sig. (2-tailed)	.079		.021
	N	153	153	152
finance luxury items	Pearson Correlation	.066	.188	1
	Sig. (2-tailed)	.417	.021	
	N	152	152	152

*. Correlation is significant at the 0.05 level (2-tailed).

5.5.7. Proposition 7

Households who do not have a savings plan are more likely to purchase goods on credit and have a higher debt obligation.

This proposition is not supported by the data.

There is a small, positive correlation between having a savings plan and the percentage of debt repayment made by respondents, however the variability shared by the two variables is low (coefficient of determination = 0.036)

Instead, the results indicate that there appears to be drop in the commitment to saving from those who consider themselves to be better-off than their peers, to those who consider themselves to be equal to their peers. This is based on the ANOVA presented in section 5.4.1. Respondents who consider themselves to be less well-off than their peers indicate a lower commitment to savings.

Table 19. Result for Proposition 7

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
7. Households who do not have a savings plan are more likely to purchase goods on credit and have a higher debt obligation.				Chronbach's alpha = 0.206 (Only 2 items; measuring different constructs)	Not supported
7.1	10. I have a savings plan.	1.19	0.393	1: Yes = 81% 2: No = 19%	Supported
	8. Percentage of salary paid towards debt repayment.			1: Don't know = 3.9% 2: < 10% = 15.7% 3: 11% – 30% = 28.8% 4: 31% – 50% = 32% 5: 50% - 70% = 14.4% 6: > 70% = 5.2%	

Table 20. Pearson Correlation for Proposition 7

		Correlations	
		Percentage paid towards debt repayments	I have a savings plan
Percentage paid towards debt repayments	Pearson Correlation	1	.192*
	Sig. (2-tailed)		.017
	N	153	153
I have a savings plan	Pearson Correlation	.192*	1
	Sig. (2-tailed)	.017	
	N	153	153

*. Correlation is significant at the 0.05 level (2-tailed).

5.5.8. Proposition 8

Purchasing decisions are motivated by whether possessing an item will bring happiness.

This proposition is supported by the data. Purchasing decisions are motivated by whether possession of an item will bring joy/ happiness in two-thirds of the sample.

Proposition from literature	Question in Questionnaire	Mean	Standard Deviation	Statistic & Result	Finding
8. Purchasing decisions are motivated by whether possessing an item will bring happiness.				Cronbach's Alpha = 0.137 (Only 2 items; measuring different constructs)	Supported
8.1	9. I am more likely to buy an item if I think that possessing the item will bring me joy/ happiness.	2.94	1.309	1: disagree = 22.2% 2: neutral = 11.8% 3: somewhat agree = 25.5% 4: agree = 30.7% 5: strongly agree = 9.8%	Supported
8.2	17. I often suffer from buyer's remorse.	1.82	1.020	1: disagree = 50.3% 2: neutral = 27.5% 3: somewhat agree = 13.1% 4: agree = 7.8% 5: strongly agree = 1.3%	Not supported

5.5.9. Difference in Attitude between the Races

Based on current data there is very little difference in attitudes between the different race groups.

The ANOVA conducted with race as the categorical variable revealed that there were significant differences at the $p < 0.05$ between different race groups for only following propositions:

- **Proposition 3: I deserve a better lifestyle.** There is a statistically significant difference at the $p < 0.05$ level between whites and blacks. The actual mean difference between the groups was small. The effect size, based on eta squared was 0.09, which is medium (based on Cohen in Pallant, 2010). Post hoc comparisons using the Tukey HSD test indicated that the mean score for whites ($M = 2.71$, $SD = 1.377$) was significantly different from that of blacks ($M = 3.69$, $SD = 1.2$). This indicates that for this sample, on average blacks are more agreeable with the statement that they deserve a better a lifestyle than whites are.
- **Proposition 5.1: I like myself.** There is a statistically significant difference at the $p < 0.05$ level between blacks and whites. The actual mean difference between the groups was quite small. The effect size, based on eta squared was 0.06. Post hoc comparisons using the Tukey HSD test indicated that the mean score for blacks ($M = 4.71$, $SD = 0.567$) was significantly different from that of whites ($M = 4.31$, $SD = 0.701$). This indicates that for this sample, on average, blacks have a slightly

higher self-esteem than whites, and also have slightly less variation in attitude towards themselves.

6. Chapter 6: Discussion

6.1. Introduction

The results presented in Chapter 5 are discussed in this chapter in relation to the literature reviewed. The purpose is to test the relevance of the propositions presented in the literature within the South African context, and specifically, within the upwardly mobile section of the population. Two key areas of focus of this study is the (1) extent and impact of relative deprivation on attitudes towards consumption and personal finances, and (2) an assessment of the differences in attitudes towards consumption and personal finances between black and white South Africans who are considered to be upwardly mobile.

6.2. Preliminary Analysis

The sample is fairly homogenous in terms of education given that the majority of the sample has some form of tertiary education, and by virtue of the fact that 94% of respondents earn an income above R20 000 per month. The group as a whole is therefore considered to be fairly privileged in relation to the vast majority of South Africans.

The research supports Collins (2008) findings that medium and high-income earners are highly indebted. In this instance, the majority of households have a high level of indebtedness, with approximately 51% of respondents paying more than 30% of their monthly household income towards debt repayments. Even though the sample is indebted, the responses have indicated a fairly

responsible attitude towards managing their finances. For instance, the vast majority have a savings plan (81%) and a financial plan for retirement (93%).

6.3. Impact of Perceptions of Sample Relative to their Peers

The data suggests that the manner in which respondents view themselves relative to their peers, influences their attitudes to finances and the acquisition of debt. It must be stressed that the sample as a whole, including all three groups that were compared (those who consider themselves to be less well-off than their peers, those who consider themselves to be equally well-off compared to their peers, and those who consider themselves to be better-off than their peers) indicated strong agreement with the statement that they like themselves.

The group who considers themselves to be less well-off:

- Tend to compare themselves slightly more than those who consider themselves to be better-off or equal to their peers. The group that considers themselves better-off compares themselves least.
- Indicated that they like themselves a little less on average.
- Were slightly less happy on average with what they have when compared to the other two groups.
- Were less strongly convinced that they can improve their social status through hard work than those who consider themselves to be better-off.
- Feel much stronger about the fact that they deserve a better lifestyle.
- Those who consider themselves to be less well-off are little less agreeable with the statement that they have a financial plan, indicating

that perhaps they are a little more unsure of themselves in this regard (or perhaps the plan is not as firm as they would like it to be). This group would therefore represent a greater financial risk. Those who consider themselves to be better off are more likely to have a financial plan.

- There appears to be drop in the commitment to saving from those who consider themselves to be better-off than their peers, to those who consider themselves to be equal to their peers. Respondents who consider themselves less well-off than their peers indicate a lower commitment to savings.

This is strong confirmation of Peng's (2006) assertion that social comparison impacts on the level of satisfaction. It is also a clear indication that social comparison, and how the sample perceives themselves relative to their peers, influences their behaviour in terms of financial planning. Even though the group has a high level of self-esteem, the data shows that those who think of themselves as less well-off, and therefore, who like themselves a little less than the others, (1) tended to indicate a little less certainty about having a financial plan for retirement, and (2) were less agreeable on average about having a savings plan.

This confirms the Neymotin's (2010) contention that self-esteem has an influence over whether or not someone will engage with financial planning.

The results do not however confirm any differences in debt level between the groups; neither does it provide any indication that this group is more likely to engage in consumption that will demonstrate their social status. This study of a groups of individuals with high self-esteem, clearly demonstrates that social

comparison within this group does not motivate consumption for the purpose achievement of social status

6.4. Proposition 1

When the belief in vertical mobility is strong, people consume more in order to keep up the appearance of having a higher social status.

The strong belief that a person's social status is not determined by their birth, together with the strong belief that anyone can improve their social status through hard work is a clear indication that the sample demonstrates a strong belief in vertical mobility, and that the belief in vertical mobility is strongly linked to work ethic. This is particularly relevant in the South African context. Given the socio-economic context of South Africa prior to 1994, the data demonstrates that upwardly mobile have a strong belief that their hard work can improve their social status. Moreover, this belief is prevalent across all race groups. This supports the position of Wisman (2009) who proposed that status is increasingly "performative" in that status can be achieved through hard work.

In spite of this belief in vertical mobility, the results demonstrate that on average, consumption is not consciously driven by the need to keep up the appearance of having a higher social status. On average, the consumption of lifestyle items does not appear to be motivated by the desire to improve their reputation, and neither is it motivated by the desire to gain the respect of their peers. Furthermore the consumption of lifestyle items is not considered to be an investment, either in themselves or in their future.

On average, the sample is not willing to incur debt in order to finance their lifestyle. The group does have a fairly high level of debt, with more than 51% of respondents paying 31% or more of their monthly income towards debt repayments. In addition, on average, the group indicated that they prefer to pay cash for everything. Furthermore, the items for which the group is willing to incur debt is for the purpose of education (either their own, or their children's education), as well as to buy a new house and to a lesser extent, to buy a new car. These are necessities, and not luxury items. It can therefore be deduced that the acquisition of debt by this group is motivated by necessity, and are on essential items such as cars, homes and education rather than on luxury items.

6.5. Proposition 2

People perceive themselves to be relatively deprived when they compare their situation to that of others.

The data shows that on average, the majority of the sample claimed that they do not constantly compare themselves to others. The fundamental aspect of relative deprivation as described by Appelgryn & Bornman (1996) is social comparison, which leads to the conclusion that on average, the sample cannot be experiencing relative deprivation.

This is confirmed by the finding that the more well-off people consider themselves to be relative to their peers, the less they engage in comparisons with their peers. Furthermore, the less well-off they consider themselves to be, the more they engage in comparisons with their peers.

Although the average respondent considers themselves to be equally well-off relative to their peers, there does appear to be a link between the degree of happiness (or level of satisfaction with what they have) and whether the respondents believe that they deserve a better lifestyle. In particular, those who consider themselves to be less well-off are slightly less happy with what they have, and are more inclined to feel that they need to keep up with the lifestyle of their peers. Furthermore, they are inclined to agree with the statement that they deserve a better lifestyle. This suggests that the data has revealed a level of dissatisfaction within the sample, especially amongst the portion of sample who have indicated that they consider themselves to be less well-off than their peers.

According to Chipp et al. (2011) relative deprivation can be described as the dissatisfaction which arises when someone who does not have something, thinks that they deserve it. By this definition, the respondents who consider themselves to be less well-off must be experiencing some form of relative deprivation.

Since more than two-thirds of the sample agrees with the proposition that they deserve a better lifestyle, it must be concluded that there is a high level of dissatisfaction within this particular sample. This is in spite of the high self-esteem of the sample, as well as the high level of education and income. Given that there are low levels of comparison by the respondents, the data therefore appears to challenge Peng's (2007) standpoint that if there are high levels of social comparison, the level of dissatisfaction can increase despite higher incomes. The result of this study clearly shows that low levels of comparison are accompanied with a certain level of dissatisfaction and the belief that they

deserve a better lifestyle. The possibility does however exist that this belief that they deserve a better lifestyle could be the result of a high level of aspiration rather than a high level of dissatisfaction.

A further point for discussion is the finding that blacks are more agreeable with the statement that they deserve a better lifestyle, indicating a stronger level of dissatisfaction within this race group. This suggests the possibility that relative deprivation persists in a stronger form for blacks. It could also point to the possibility that the gap between the expectations or aspirations of blacks, and reality, which is described by Appelgryn & Bornman (1996), does indeed continue to persist.

6.6. Proposition 3

Loss of self-respect compels black South Africans to incur debt to finance a lifestyle that will earn the respect of their peers.

Loss of self-respect is not a driver of consumption which would compel either black or white respondents to finance their lifestyles by incurring debt.

The sample is fairly homogenous by virtue of the fact that 94% of respondents earn an income above R20 000 per month. Income inequalities within this group do not represent huge differences in lifestyle measures, and are not as big as those between the income level that the sample represents and poorer sections of the South African population. Given the high level of self-esteem and incomes within this sample, as well as the fact that on average, the sample does not feel the need to keep up with their peers, it makes sense that the

sample is not motivated to earn the respect of their peers. This would therefore not be a motivating factor for the sample to incur debt to finance their lifestyles.

This finding is in direct contrast to the finding of Chipp et al. (2010), who relate the loss of self-respect and the fear of failure as drivers for the acquisition of debt by black consumers; motivating them to finance a lifestyle that will earn them the respect of their community. A factor that could be contributing to this finding is that, on average, the sample considers themselves to be fairly equal to their peers. Other contributing factors could be the high self-esteem of the sample, together with the high level of education and income. It is possible that these factors may be contributing to a high level of confidence within the sample, and therefore respondents are not consciously compelled by the need to earn the respect of their peers. It is also possible that the sample has already achieved a lifestyle that they are comfortable with, and are therefore not driven by a fear of failure or a loss of self-respect in their purchasing decisions. This is a finding which could be explored in more detail in future research.

6.7. Proposition 4

Fear of failure compels black South Africans to incur debt to finance a lifestyle that will earn the respect of their peers.

This proposition is certainly not true for the entire sample. There is a medium, positive correlation between feeling like a failure if respondents could not match the lifestyle of their peers and taking on more debt in order to finance a lifestyle that matches that of their peers. This implies that respondents' who do agree to

feeling like a failure if they cannot match the lifestyle of their peers, are likely to take on more debt.

It must be noted however, that fear of failure does not compel either black or white people in this sample to incur debt to finance a lifestyle that would match that of their peers. This could be due to a high level of confidence, stemming from the group's high level of income, education and self-esteem, as discussed in Proposition 3, above.

6.8. Proposition 5

People with higher self-esteem are more likely to plan.

This proposition is not supported by the study due to the small correlations between the items making up proposition 5. This is despite the fact that the majority of the sample is characterised by having a high self-esteem, and confirmed having a budget and a financial plan. This challenges the findings of Neymotin (2010) who linked self-esteem with the willingness to deal with difficult information and therefore engage in financial planning.

6.9. Proposition 6

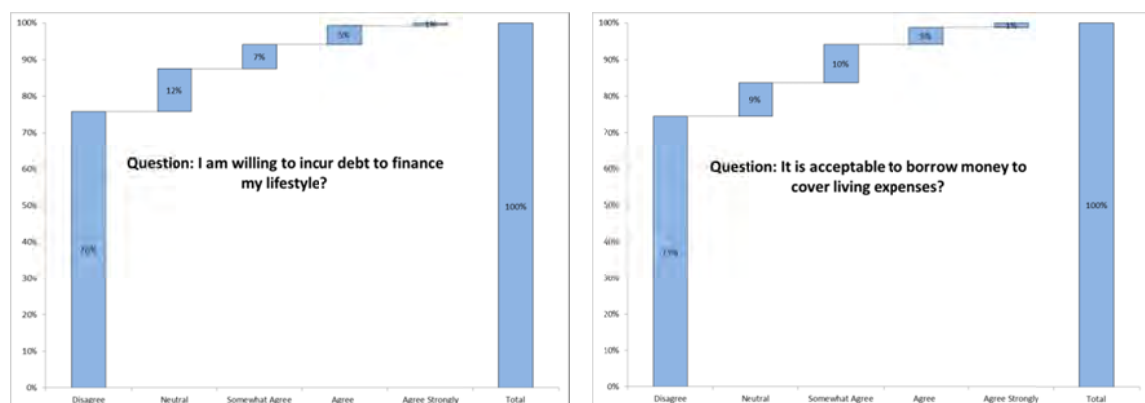
People who believe that it is acceptable to borrow money to cover living expenses are more likely to make use of credit facilities and are more likely to have a higher debt obligation.

The results indicate that a large proportion of the sample does not consider it acceptable to borrow money to cover living expenses or to purchase luxury

items. In addition, there is no significant correlation between the percentage of salary paid towards debt repayment and whether respondents think it is acceptable to borrow money to cover living expenses. This indicates that proposition 6, made by Schooley & Worden (2010), is not supported by this study.

The results challenge Schooley & Worden’s (2010) proposition. There may be a few contributing factors to this finding. Firstly, the sample is considered to be fairly privileged. Secondly, the sample has demonstrated an aversion to debt in its responses to certain propositions related to acquiring debt (refer to figure below). Thirdly, the actual debt level of the sample has not been tested. Instead respondents were requested to indicate the percentage of their monthly income that is used to make debt repayments. This could be the result of individuals being optimistic about their level of debt, and their intentions not matching their behaviour as discussed by Fünfgeld & Wang (2009).

Figure 1. Responses demonstrating the sample’s aversion to debt



6.10. Proposition 7

Households who do not have a savings plan are more likely to purchase goods on credit and have a higher debt obligation.

This proposition is not supported by the study. A related finding is that the commitment to saving is linked to self-perception relative to their peers. Respondents who consider themselves to be less well-off than their peers indicate a lower commitment to savings. The results indicate that there appears to be drop in the commitment to saving from those who consider themselves to be better-off than their peers, to those who consider themselves to be equal to their peers. This result can be related back to the level of comparison and to self-esteem.

6.11. Proposition 8:

Purchasing decisions are motivated by whether possessing an item will bring happiness.

Purchasing decisions appear to be motivated by whether possession of an item will bring joy/ happiness. This confirms the findings of Jacobs & Smit (2010) who found that purchasing decisions were driven by whether the possession of an item would bring low-income consumers happiness. The results for this study confirm that this is valid for a higher income group. The fact that the majority of consumers claim to suffer from buyers' remorse suggests that they are engaging in instant gratification.

6.12. Differences between the race groups

The data has revealed that very few differences in attitudes have been detected between the different race groups and how they see themselves relative to their peers.

The first difference relates to the result that, on average blacks are more agreeable with the statement that they deserve a better a lifestyle than whites are. This could be a hangover from apartheid, and could be pointing to the fact that blacks are still trying to “catch-up and keep up” as put forward by Chipp et al. (2011) although the high level of self-esteem within the group would challenge this thinking. The possibility could exist that whites are happier with what they have, but the research findings dispute this.

The second difference is related to the result that found blacks, on average, to have a slightly higher self-esteem than whites, and also have slightly less variation in attitude towards themselves.

The implication of this finding is that there may be more similarities than differences in attitudes towards consumption and finances between the race groups. Furthermore, the group is fairly homogenous in terms of its experience of relative deprivation in that both upwardly mobile blacks and whites have high self-esteem. Their experience of relative deprivation appears to be more consistent with each, whereas Appelgryn & Bornman (1996) have shown in previous studies that differences do exist in the experience of relative deprivation between race groups.

The reasons contributing to this finding could be an area for future research.

7. Chapter 7: Conclusions

This chapter concludes the study with a review of the findings, together with implications of the study for policy makers and marketers. Suggestions for future research are also made, based on the shortcomings of this study and the findings of the study.

7.1. Summary of Main Findings

The general finding is that this group cannot be defined as relatively deprived, given the low level of social comparison that is reported by respondents, and the fact that the group, on average, considers themselves to be equal to their peers. Furthermore, this study clearly demonstrates that social comparison within this group, which is characterised as having a high level of self-esteem, does not motivate consumption for the purpose of the achievement of social status. The group reports a fairly responsible attitude towards the management of their financial affairs, given that they budget, have a retirement plan and a savings plan.

The study confirms that social comparison influences the level of satisfaction. It also confirms that the manner in which respondents view themselves relative to their peers, influences their attitudes to finances and the acquisition of debt. In this respect, the group that considers themselves to be less well-off than their peers, demonstrate a greater level of dissatisfaction with what they have, and represent a greater financial risk.

The research found that even though the belief in vertical mobility may be strong, the upwardly mobile do not necessarily consume more in order to keep up the appearance of having a higher social status. On average, consumption by this group of upwardly mobile professionals is not motivated by the need to improve their social status. The acquisition of debt by this group is motivated by necessity, and is on essentials such as cars, homes and education rather than on luxury items.

The proposition that people perceive themselves as relative deprived when they compare their situation to that of others could not be confirmed. However, the results of the study clearly demonstrate that low levels of social comparison are accompanied with a certain level of dissatisfaction and the belief that they deserve a better lifestyle. What is not clear, is whether this level of dissatisfaction can be connected with aspiration.

The research also found that the loss of self-respect is not a driver of consumption which would compel either black or white respondents to finance their lifestyles by acquiring debt.

Another finding of the research is that fear of failure is not a motivation for either white or black respondents to match the lifestyle of their peers. In addition, the majority of respondents would not take on more debt in order to match the lifestyle of their peers.

Given the low level of social comparison reported by the group, as well as the high level of self-esteem, the group may already be experiencing a healthy level of self-respect which does not need to be validated by consumption. Furthermore, the group may have already achieved the lifestyle to which they

aspire, and consumption is therefore not motivated by the loss of self-respect, the achievement of social status, or a fear of failure.

The study has not been able to confirm a strong correlation between high self-esteem and the likelihood of engaging in financial planning, although the group as a whole does have high self-esteem and does engage in financial planning.

There is no indication that people who believe that it is acceptable to borrow money to cover living expenses are more likely to make use of credit facilities and are more likely to have a higher debt obligation. In contrast, the study finds that it is not considered acceptable to borrow money to cover living expenses or to purchase luxury items. The group appears to be fairly responsible in this regard. There is also no indication that attitudes to whether it is acceptable to borrow money to cover living expenses are more likely to have higher levels of debt.

The study shows that households who do not have a savings plan are not necessarily more likely to purchase goods on credit and have a higher debt obligation. There does however appear to be a drop in the commitment to saving depending on how respondents perceive themselves relative to their peers.

The study reveals that purchasing decisions are motivated by whether possessing an item will bring happiness in this high income group.

Of particular relevance to South Africa is that the study has demonstrated that there are very few difference in attitudes between the different race groups. On average, blacks indicate more strongly that they deserve a better lifestyle, which

could confirm the theory that blacks are still trying to “catch-up and keep up”. This could however be an indication that blacks have a higher level of aspiration. The second difference is related to the result that found blacks, on average, to have a slightly higher self-esteem than whites.

The fact that there are very few significant differences between the race groups confirms that upwardly mobile South Africans are fairly homogenous in terms of their experience of relative deprivation in that both upwardly mobile blacks and whites have high self-esteem. It also confirms that their financial attitudes may be more consistent with each other.

7.2. Recommendations and Management Implications

Given that self-perception influences attitudes towards finances and the acquisition of debts and savings, any policy or programme which will aim to reduce the level of personal indebtedness and increase personal savings in South Africa would need to include some level of financial literacy/ education programme. Such a programme would need to include an approach which deals with attitudes not only towards money and the management of personal finances, but which also deals with people’s attitudes and perceptions about themselves. In fact, it may have to actively address issues relating to personal confidence.

An exploratory study, or focus groups may be able to provide insights into the findings, which could assist with the development of financial literacy programmes. Such a study may also be provide marketing professionals with insights into how best to position a marketing strategy around such an

educational programme, or any programme aimed at improving savings and reducing the level of indebtedness.

Financial institutions could use these insights to develop products better suited to this segment of this market, in order to reduce the number and value of loans that have to be written off in future.

7.3. Recommendations for Future Research

A few suggestions include:

1. A survey of a broader sample may yield different results, and allow for the study to be generalised across South Africa. It is therefore recommended that the study could be broadened to include a wider section of the population, across different regions, and across different income levels in order to establish the extent of relative deprivation across a broader section of the population.
2. The level of financial literacy and extent (and detail) of financial planning and within the high income group could be explored. This may assist with understanding anomalies such as the fact that the group reports high level of budgeting, savings and financial planning, a fairly responsible attitude towards debt, but has a high level of debt, and a level of debt which is influenced by monthly repayments.
3. A quantitative study of this nature has enabled the testing of certain propositions, but it has not allowed for a deeper understanding of the key drivers of consumption. A qualitative study would enable the researcher to explore subtleties of consumption behaviour with participants.

4. A study comparing financial attitudes to actual behaviour may be of value in order to distinguish the extent of discrepancies in reported versus actual behaviour.

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9. Appendix 1: Draft Questionnaire

Consent statement

I am researching the relationship between perceived relative deprivation and the impact thereof on financial attitudes and behaviours of upwardly mobile South Africans. The research is being undertaken in fulfilment of the requirements for the completion of an MBA at the University of Pretoria's Gordon Institute of Business Science (GIBS). Your responses will help the researcher better understand whether there is a relationship between relative deprivation and consumer attitudes and behaviours.

This survey should take no more than 10 minutes of your time. Your participation in the survey is voluntary, and all information provided by yourself will be kept confidential. No personally identifiable information will be collected. Please be as honest and accurate as possible. By completing the questionnaire, you indicate that you are voluntarily participating in the survey and grant permission for the information to be used in the research exercise. If you have any questions or concerns, please contact me at the contact details provided below:

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Questionnaire

Personal data:

1. Age Group:

- 15 – 24
- 25 – 34
- 35 – 49
- 50+

2. Highest Level of Education:

- Matric
- Technikon degree/diploma
- Undergraduate degree
- Postgraduate
- Other

3. Sex:

- Male
- Female

4. Race:

- black
- Coloured
- Indian
- white

5. Household size:

- 1
- 2
- 3 - 5
- 6 or more

6. Do you have an extended family whom you support financially?

- Yes
- No

7. Monthly household income:

- < R20 000
- R20 000 – R39 999
- R40 000 – R59 999
- R60 000 – R79 000
- >R80 000

8. Percentage of monthly salary paid towards debt repayments:

- I don't know
- less than 10%
- 11% - 30%
- 31% - 50%
- 50% - 70%
- more than 70%

1. Please choose one:

I see myself as:

- Better-off than my peers
- Equally well-off as a my peers
- Less well-off than my peers

2. Please tick Yes or No for whichever applies to you:

- I prefer to pay cash for everything Yes No
- The amount of debt I am willing to take on is dependent on the monthly repayments Yes No
- I have a savings plan Yes No

3. Please answer Yes or No to the following:

I am willing to take on more debt in order to:

- Travel/ go on holiday Yes No
- For my education Yes No
- For my children's education Yes No
- Pay for lobola Yes No
- Buy a new house Yes No
- Buy a new car Yes No
- Buy the latest gadget (laptop, smartphone, ipad) Yes No
- Buy jewellery Yes No
- Buy art Yes No
- Buy food Yes No
- Buy clothes Yes No

4. Please tick whichever best applies to you

		1	2	3	4	5
No.	Question	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree
1.	I have a financial plan for my retirement.					
2.	I buy lifestyle items (clothes, car, technology) that represent where I aspire to be.					
3.	A person's social status is not determined by their birth.					
4.	I like myself.					
5.	I am happy with what I have.					
6.	I have a budget so that I can see where my money goes.					
7.	I need to keep up with my peers in terms of my lifestyle (clothes, car, technology)					
8.	I spend money on a good lifestyle (car, clothes, technology) in order to improve my reputation					
9.	I am more likely to buy an item if I think that possessing the item will bring me joy/ happiness.					
10.	I deserve a better lifestyle.					
11.	I am willing to incur debt to finance my lifestyle.					
12.	I would feel like a failure if I couldn't match the lifestyle of my peers.					
13.	I would take on more debt in order to finance a lifestyle that matches the lifestyle of my peers.					
14.	The money I spend on lifestyle items (clothes, car, technology) is an investment in my future.					
15.	It is acceptable to borrow money to cover living expenses					
16.	Anyone can improve their social status through hard work.					
17.	I often suffer from buyer's remorse.					
18.	I spend money on a good lifestyle in order to gain the respect of my peers					
19.	I would rather take on more debt to buy a premium brand car than lose the respect of my peers by driving a less expensive car.					
20.	It is important to look the part in order to get ahead.					
21.	I constantly compare what I have to what my peers have.					
22.	I buy lifestyle items (clothes, car, technology) as an investment in myself.					

		1	2	3	4	5
No.	Question	Disagree	Neutral	Somewhat agree	Agree	Strongly Agree
23.	It is acceptable to borrow money to finance luxury items like holidays, jewellery and technology items.					
24	I spend money on a good lifestyle in order to improve my self-respect.					

Thank you!