

**THE EFFECTIVENESS OF THE PERSONAL FINANCIAL MANAGEMENT
PROGRAMME ON THE FINANCIAL WELL-BEING OF EMPLOYEES IN THE
DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM IN THE
PIETERMARITZBURG REGION**

by

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Dedicated to all the employees in the Department of Rural Development and Land Reform in Kwa-Zulu Natal Province, Pietermaritzburg region.

This research study meant to evaluate the effectiveness of the Personal Financial Management Programme regarding the financial well-being of employees.

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ABSTRACT

THE EFFECTIVENESS OF THE PERSONAL FINANCIAL MANAGEMENT PROGRAMME ON THE FINANCIAL WELL-BEING OF EMPLOYEES IN THE DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM IN THE PIETERMARITZBURG REGION

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Financial management as a programme generally refers to a set of behaviours in the areas of cash management, credit management, financial planning, investments, insurance and retirement and estate planning (Dowling, Corney & Hoiles, 2009: 5). BancVue (2010) adds by describing a personal financial management programme as “a tool that helps consumers to track and manage their finances, create budgets, categorise and anticipate spending, and analyse the distribution and performance of their investments. It involves the efficient use of personal finance to meet the individual’s motives and goals”.

Survival in this century depends on having resources to sustain one self. The greatest resource nowadays is having income to meet the basic needs and other personal needs as indicated by Maslow’s hierarchy of needs (Moaisi, 2013: 21). The income earned by an individual, just like any other resource, needs good management to ensure that the best value can be extracted and utilised efficiently and effectively (Muske & Winter, 2004). It is for these reasons that all consumers should have basic knowledge and skills in terms of personal financial management that would enable sufficient control of finances, resulting in meeting their basic needs and other necessities (Moaisi, 2013: 21-22).

The researcher is of the opinion that in order to educate consumers government and the private sector should start by strengthening financial literacy programmes for all, especially

the younger generation. If people are more financially literate, they will understand credit and debt management better.

It is a well-known fact that there is a high prevalence of indebtedness among public servants in the public sector (Public Commission Report, 2007). A report released by the University of Pretoria, Law Clinic (Haupt et al., 2008:14) revealed that about R235 million (23%) which contributed to the garnishee debt of public servants was based in the national departments. This indicated that there was a substantial number of employees in national departments who were serving garnishees orders. This was confirmed by a report released by PERSAL in the Department of Rural Development and Land Reform in the Pietermaritzburg region which revealed that between March 2009 and January 2011, 15% of employees were garnisheed as a result of defaulting contracts with different credit providers.

The goal of this study was to evaluate the effectiveness of the Personal Financial Management Programme for the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region within the KwaZulu-Natal province.

A quantitative study has been conducted and the data was collected through a questionnaire from a sample of 15 employees in the Department of Rural Development and Land Reform in Kwa-Zulu Natal province in Pietermaritzburg region. Valuable conclusions and recommendations originated from the findings of this research study. In terms of the quantitative results it was clear that the Personal Financial Management Programme did not make a statistical significant impact on the respondents' knowledge level and attitudes towards financial management. However, the qualitative comments made by respondents described the Personal Financial Management Programme as a good intervention and that it should be repeated and offered to a greater number of employees. The implications of the study could be that employees would gain financial skills to help them manage their finances better and therefore improve their work performance and reduce absenteeism as a result.

Key words

Personal Financial Management Programme

Financial wellbeing

Personal financial management

Recession

Indebtedness

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CHAPTER 1

GENERAL BACKGROUND INFORMATION ON THE RESEARCH STUDY

1.1 INTRODUCTION

The study under investigation evaluated the effectiveness of the Personal Financial Management Programme for the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region within the KwaZulu-Natal Province.

The Employee Health and Wellness Programme (EHWP) unit in the Department of Rural Development and Land Reform in Pietermaritzburg has been overwhelmed by employees' problems relating to both over-indebtedness and stress-related problems which are symptoms of financial distress. According to Mr Zwane [sa], the Human Resource manager of the Department of Rural Development and Land Reform in Pietermaritzburg, some employees could not meet deadlines, delivered poor quality of work and were absconding especially during and after payday. It is estimated during the year 2012 about 97 employees were serving emoluments attachment orders (referred as garnishee orders in this study) as a result of defaulting on their contracts with different credit providers. An emolument attachment order refers to "a court judgement that grants a creditor the right to receive weekly or monthly instalments from a debtor, through a process of deductions being made from the debtor's wage or salary" (Kallinowsky, 2008: 2).

According to Prawitz and Garman (2008:25) it has never been more important for employers to recognise that employees with financial problems negatively affect profits. With petrol prices rising, health costs soaring and consumer confidence seriously challenged, many employees are struggling with financial problems that threaten job productivity. Financially unwell employees do not make the best decisions for themselves or their employers.

Responding to the dire financial needs of employees, the Department of Rural Development and Land Reform in collaboration with the Summit Financial Partners (a financial agency) developed the Personal Financial Management Programme for employees. According to Summit Financial Partners ([sa]):1, the purpose of the Personal Financial Management Programme is to offer employees financial management expertise to apply in their personal capacity. Summit Financial Partners' core function is to equip consumers with financial skills necessary to manage their finances. The financial services that they render include the

following: a garnishee solutions team that focuses on investigating the authenticity of garnishees; a team of trainers who train consumers on personal financial management; a debt counseling team that specializes on debt consolidation; a tax development team who assists employees to submit their tax returns on time to avoid penalties and therefore help them save money; as well as an on-site team that helps consumers on retirement, savings, drafting of wills, budgeting and spending management.

Furthermore, Summit Financial Partners offers workshops in personal financial management to different groups at a fee of R2000 per person. The Personal Financial Management Programme is also presented to different government departments at no costs as it was the case in the context of this study. The Personal Financial Management Programme was introduced to the Department of Rural Development and Land Reform at the beginning of 2012 and ever since its inception it has never been evaluated to measure its effectiveness. It was therefore the focus of the study to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region within the KwaZulu-Natal Province.

Definitions of Key Concepts

Personal Financial Management Programme (PFMP): refers to the financial wellbeing training programme offered by Summit Financial Partners to employees whose aim is to prevent individuals from ending up in unnecessary financial difficulty (Summit Financial Partners, [sa]: 1).

Financial well-being: is defined as “a state of being financially healthy, happy and free from worry” and is based on subjective appraisals of one’s financial situation (Joo, 2008: 22).

Employee: refers to “any person excluding an independent contractor, who receives or is entitled to receive any remuneration” (*Basic Conditions of Employment Act of 1997*). In the context of this study an employee thus refers to any person excluding an independent contractor, who works for the Department of Rural Development and Land Reform, who receives or is entitled to receive any remuneration.

Department of Rural Development and Land Reform: The Department of Rural Development and Land Reform is responsible for the development of comprehensive rural development programmes which create social cohesion in rural communities and thereby

contribute to sustainable development interventions (Department of Rural Development and Land Reform Strategic Plan, 2010-2013: 6).

1.2 LITERATURE REVIEW

1.2.1 The impact of recession on the global economy

According to Shukla (2009:1) in 2008 and 2009 the world experienced a financial recession in the form of a tremendous economic decline which started in the United States of America. The purchase power of people was negatively affected due to low salaries or a lack of sufficient income. This resulted in a slump in the market with goods and services not being utilised by people. Production slowed down and in turn prices went up. In fact, during the recession many firms downsized and were forced to sell their products at very low prices, suffering losses as a result.

The recession also had a tremendous financial impact on developing countries, with economic downturns of households and the negative effects of recession from First World countries which impose social costs which were not easy to reverse. For example, in the case of the Asian financial crisis, there was an increase in the incidence of poverty, ranging between 3.1 per cent in Thailand and 7.6 per cent in Indonesia as well as a decline in real wages ranging between -8.9 per cent in Korea and about -40 per cent in Indonesia (Verick & Islam, 2010:9). South Africa's unemployment rate eased to 24.1% in the fourth quarter of 2013 from a revised 24.5% in the third quarter, Statistics South Africa (Stats SA) reported (Stats SA, 2007:17).

Furthermore, Verick and Islam (2010:10) refer to the fact that in three major developing and emerging countries, namely Indonesia, South Africa and Turkey, real wages in the 2000s hardly showed any sustained improvement. The 2007-2008 food and energy price shocks appear to have pushed more than 100 million people in the developing world into transient episodes of poverty. The food and oil crisis was (and is therefore a much greater concern for low and middle income countries) a global financial crisis that affected rich, highly globalised economies severely.

1.2.1.1 Consequences of recession on employment

In the case of South Africa, one of the hardest-hit African countries, employment fell by almost 900 000 from 2008 to 2009. In fact, the main effect of the crisis-induced recession in South Africa had been rising discouragement rather than a surge in official unemployment,

which had increased more for vulnerable segments of the population, namely uneducated, black South Africans (Verick & Islam, 2010:33).

Trevor Manuel, the former Minister of Finance and now Minister in the Presidency in charge of the National Planning Commission, reacted to the crash in the global market in late 2008 with the view that South Africa would not be badly affected. Even when signs in the real economy were pointing to serious problems in early 2009, Trevor Manuel insisted that South Africa was not in recession (Padayachee, 2010:3).

However, it was clear that the global recession had very prominent consequences in the South African context especially in the form of job losses and unemployment. According to Marais (2009:4) the Department of Labour received more than 226 000 applications for unemployment insurance between September 2008 and the end of February 2009. This was confirmed by the *Business Day* (30 September 2009) stating that 484 000 workers lost their jobs in the third quarter of 2009 with the largest number in manufacturing (about 150 000). The total job losses were more than the combined total of the first two quarters of that year, taking the official unemployment rate to 24.5% and total job losses up to the end of the third quarter over the million mark. The current problems in the mining industry further increased the problem of unemployment. According to the *Business Day* (November 2012), the number of people to be retrenched in the mining sector was expected to be at least 10 000 in the first quarter of 2013. Statistics South Africa in 2013 reported that South Africa's unemployment rate increased from 24.9 % in the last quarter of 2012 to 25.2 % in the first quarter of 2013. This translated into an increase of 100 000 in the number of unemployed people, bringing the total number of unemployed individuals in the working age population to 4.6 million. However, in South Africa with its ever increasing casual labour market, it was difficult to know exactly how many jobs had really been lost during the recession. These figures were shocking and it implied that those who were still employed had to ensure that they take care of their finances, especially in terms of saving for the future.

The above information thus clearly indicated that the country was under the strain of recession and the economy was shrinking. On a personal level it had the implication that those who were still employed had to stretch their financial income and had the responsibility to offer a helping hand to support their retrenched extended family members or relatives. This resulted in them sinking even deeper into debt.

1.2.1.2 Indebtedness

The level of indebtedness among South Africans was thus another consequence of the recession. This was confirmed at the Organisation for Economic Co-operation Development (OECD) Financial Service Board (FSB) conference held by Mr Nhlanhla Nene (2011:9), the Deputy Minister of Finance then, who noted that an area of difficulty for consumers which deserved special attention was that of debt and the use of credit. He postulated that out of a population of close to 50 million, South Africa had just over 18 million credit-active consumers, and of those close to 47% had impaired records. By giving this information the Deputy Minister painted a clear picture of the level of indebtedness in the country which was also confirmed by a report released by the Public Service Commission (PSC) during 2007. The report covered all the national and provincial departments within the public service and focussed on information for the 2006/2007 financial year, (Personnel and Salary Administration System, 2008:13).

The data provided by the Personnel and Salary Administration System (PERSAL), revealed that the total cost of payments as a result of garnishee orders that were issued to public servants amounted to R1.01 billion during the 2006/2007 financial year. Of the R1.01 billion, about R235 million (23%) was attributed to the garnishee debt of public servants based in national departments (Haupt, Coetzee, de Villiers & Fouche, 2008:14). This was an indication that the country's economy was on shaky ground and therefore South Africans needed to change their financial spending in order to adapt to the situation.

Statistics indicated that there could have been as many as five million garnishee orders issued in South Africa during 2013 (*Business Report*, 26 August 2013). Some media reports on the figure of garnishee orders vary between 3 and 5 million. Other reports indicated that between 10 and 15 % of South Africa's work force had active garnishee orders effective against their salaries (Moneyweb, 1 October 2012).

1.2.2 Government response to consequences of recession

Responding to these dire financial needs, the South African government had to come up with strategies and legislation to deal with this financial predicament. In this regard the *National Credit Act 34 of 2005* (NCA) was developed. However, it was important to note that prior to the enactment of the *National Credit Act 34 of 2005*, up to 67% of South African citizens relied on money-lenders for credit, without protection from the legislation. Money-lenders service consumers with loans at such high interest rates that they were often unable to service

their loans and to provide in their basic household needs (Government Gazette, 2006:8). This in turn led to more borrowing of money, which created a downward spiral from which the borrower was unable to escape.

1.2.2.1 National Credit Act 34 of 2005

According to Ledwaba (2006: 1) the purpose of the *National Credit Act 34 of 2005* is to promote a credit market that is fair, transparent, accessible and responsible with the overriding objective of protecting consumers. It specifically prohibits practices such as reckless lending and automatic increases in credit limits, and regulates interest and fees. Furthermore it covers all forms of consumer credit, including bank loans, credit cards, store cards, pawn transactions, furniture finance and motor vehicle finance.

Although the *National Credit Act 34 of 2005* also empowers the National Credit Regulator (NCR) to deal with any contraventions of existing loan and credit agreements, van Rensburg (2011:7), the head of the Law Society of the Northern Provinces, states that the NCR has failed to curb rampant indebtedness in the South African workforce by allowing micro-lenders to exploit the financially illiterate. He claimed that the situation had pushed workers into debt spirals where “you borrow the next month to repay the previous month and you can never get out of it if you are in a low income group”. Van Rensburg (2011: 8) added that the NCR, in turn, is culpable for its failure to curb the abuse by allowing micro-lenders to charge exorbitant interest rates and for implementing a dysfunctional debt-counseling system. He further mentioned for the person to qualify as a debt counselor he must have a matriculation certificate, a clean credit record and a two week course with the Department of Trade and Industry. The researcher is of the opinion that a debt counselor needs more experience and a higher level of education to qualify as debt counselor and therefore the NCR needs to intensify its financial literacy programmes.

1.2.2.2 Financial Services Board

In order to promote financial education, the government established the Financial Service Board (FSB) as a regulator in terms of the *Financial Service Board Act 97 of 1990*. It is mandated to promote the education of consumers (Van Rensburg, 2011: 8). The fact that there is a NCR and a FSB is an indication that there are entities established by the government to promote financial education and to investigate cases of non-compliance by

credit providers. The question is, however, do they have effective strategies to deliver their mandate and do their strategies cover all South African consumers at all levels?

A research team at the University of Pretoria Law Clinic made a recommendation in a study on garnishee orders to utilise employee wellness programmes to assist over-indebted consumers, both reactively and proactively (Haupt et al., 2008: 125). Based on this recommendation the Department of Rural Development and Land Reform decided in 2012 to deal with over-indebtedness of their employees by the introduction of the Personal Financial Management Programme (PFMP). This programme refers to a financial wellbeing training programme offered to employees by Summit Financial Partners with the aim to prevent individuals from ending up in unnecessary financial difficulty (Summit Financial Partners, [sa]: 1). The effectiveness of the programme had not been evaluated since 2012. Therefore, the goal of this study was to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region within the KwaZulu-Natal Province.

1.2.3 The link between EAP and the Personal Financial Management Programme

An Employee Assistance Programme is an employee benefit program that provides confidential counseling services to employees and family members (Attridge, Herlihy & Maiden, 2005: 26). Employee Assistance Programs are designed to help employees understand or overcome their personal problems. The range of typical problem areas managed by an EAP provider include: personal issues, job stress, relationship issues, harassment in the workplace, substance abuse, separation and loss, balancing work and family, legal issues, family violence as well as personal financial difficulties.

In order to assist employees with the above mentioned problems, the Department of Rural Development and Land Reform utilizes a combined EAP model. A combined EAP model is a model that makes use of both the internal EAP staff in the organization as well as the services of an external service provider, depending on the nature of the employee's problem. In the case of employees with financial difficulties the Department of Rural Development and Land Reform makes use of an external service provider namely Summit Financial Partners who developed the Personal Financial Management Programme for employees. As mentioned in the introduction section, the purpose of the Personal Financial Management Programme is to offer employees financial management expertise to apply in their personal capacity (Summit

Financial Partners ([sa]:1). When implementing the Personal Financial Management Programme the internal program manager screens the services provided by Summit Financial Partners while the EAP coordinators manage the day to day operations of the service provider. There is thus a close link and cooperation between EAP and the implementation of the Personal Financial Management Programme.

1.3 THEORETICAL FRAMEWORK

The study was rooted in the ecological systems theory. Germain and Gitterman (1987:348), as the original developers of the ecological systems theory, assert that the ecological perspective makes clear the need to view people and environment as a unitary system within a particular cultural and historic context. Both person and environment can be fully understood only in terms of their relationship in which each continually influences the other within a particular context. The study focused on the influence and the interaction of the person (employee) in an environment (workplace) and how the two interact. This means that when environmental changes occur for instance through recession, people have to adopt some financial skills to help them to adapt to a new lifestyle.

It is argued that socio-ecological systems grow, adapt, transform and collapse, at different scales. The stages of adaptation and collapse are not viewed as alternative routes but rather as part of the cycle that is driven by fast and slow, small and big events that can cascade up the scales (Lambin, 2005:177). Emphasis is on the importance of internal change, and more specifically on the unpredictability of change, also allowing change to happen and adapt to it, rather than to control or avoid it (Cote & Nightingale, 2012:477). Hence the planned study investigated whether employees participating in the study had internalised change or whether they were in denial over their financial situation.

Perhaps it should be stated that the economy of South Africa as a developing country is very much dependent on First World countries. Any phenomenon affecting First World countries will definitely affect the majority of countries world-wide, especially the poor countries. Reference can thus be made to the recession; this change was inevitable and as such people had to change the manner in which they handle their finances. Perhaps South Africa as a developing country should intensify its strategies and legislation to assist its citizens to adapt to such changes in the environment.

The ecological paradigm, as described by De Vos, Strydom, Fouche and Delpont (2011:513), is a perception that human needs and problems are generated by the transactions between people and their environments. Zastrow (2007:25) also presents the ecological systems model as the current foundation for social work, concentrating on the “transaction between people and their physical and social environment”. Furthermore, Zastrow (2007:25) refers to the ecological systems theory as a holistic approach that looks at the person in relation to the environment and considers how the environment affects human development and quality of life. In this study recession was the environmental change factor that affected people and their quality of life. People had to internalise these changes and adapt to these changes through financial behaviour changes; thus the planned study evaluated the effectiveness of such changes.

Zastrow (2007:27) further asserts that adaptation refers to the capacity of a person to adjust to surrounding environmental conditions. It implies change. A person must change or adapt to new conditions and circumstances in order to continue functioning effectively. This therefore relates to the situation the study intended to investigate. Employees in the Department of Rural Development and Land Reform had to learn to adapt to conditions brought on by the recession in order to function effectively. Therefore the study investigated whether the Personal Financial Management Programme has brought on any knowledge and attitude changes in those participating in the study.

Hepworth, Rooney and Larsen (2006: 148) refer to ecological systems theory as the “fit between the person in environment and homeostasis” and state that “the function of a system is to maintain or preserve equilibrium or balance in the structure and operations of the system, maintained by system rules which may be functional or dysfunctional”.

1.4 RATIONALE AND PROBLEM STATEMENT

A report released by the University of Pretoria, Law Clinic (Haupt et al., 2008:14) revealed that about R235 million (23%) which contributed to the garnishee debt of public servants was based in the national departments. This indicated that there was a substantial number of employees in national departments who were serving garnishees orders. This was confirmed by a report released by PERSAL in the Department of Rural Development and Land Reform in the Pietermaritzburg region which revealed that between March 2009 and January 2011, 15% of employees were garnisheed as a result of defaulting contracts with different credit

providers. This resulted in a situation that some employees took home as little as 30% of their salaries or less (Department of Rural Development and Land Reform Annual Report, 2011: 111).

In order to address the above-mentioned problem, the Department of Rural Development and Land Reform developed and implemented the Personal Financial Management Programme in 2012 with the following objectives:

- To enhance the financial literacy and financial attitudes of employees which would in a way address the behaviour change and other symptomatic problems, namely poor quality of work, absconding and meeting work targets.
- To pro-actively reduce the individual referrals of employees for counselling and to offer support to those already in the programme (Department of Rural Development and Land Reform Annual Report, 2012: 145).

The limitation or gap was however that since the inception of the programme in 2012 there was never any evaluation done to measure if it was achieving the objectives which it was initially designed to address. It is crucial that any intervention be evaluated so as to determine whether it is effective or not. It was important to evaluate the effectiveness of the programme in order to avoid that:

- The Employee Health and Wellness Programme unit continues to record additional cases of financial indebtedness;
- The Department of Rural Development and Land Reform's quality of work continues to deteriorate and absenteeism continues to escalate;
- More employees continue to service garnishee payments especially when the country's economy was plummeting drastically.

Therefore the study was guided by the following research question:

How effective is the Personal Financial Management Programme on the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region?

By evaluating the effectiveness of the Personal Financial Management Programme, recommendations could be made to enhance the programme which would benefit a substantial number of people. These include employees who would participate in the study and their families, the unit Employee Health and Wellness Programme (EHWP), the employer and the country's economy. The employees would benefit in a sense that with the learnt skills they would hopefully be in a better position to manage their personal finances, and their families would be in a better position to enjoy a better quality of life.

The unit EHWP would benefit in a sense that cases of over-indebtedness and financial stress would hopefully be reduced while the Department of Rural Development and Land Reform would benefit in a sense that if employees were managing their finances better their quality of work would be enhanced and absenteeism would hopefully decrease. Therefore, if the study was undertaken, it would add value in many different lives as well as in the workplace.

1.5 GOAL AND OBJECTIVES OF THE STUDY

Goal

The goal of the study was to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of the employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region.

Objectives

In order to reach the goal of the study the following objectives were formulated:

- To assess the level of knowledge of financial management among the employees participating in the Personal Financial Management Programme.
- To assess the attitudes of employees participating in the Personal Financial Management Programme towards financial management.
- To make recommendations, based on the results of the study, to the Department of Rural Development and Land Reform to enhance the effectiveness of the Personal Financial Management Programme.

1.6 RESEARCH DESIGN AND METHODOLOGY

The study under investigation was quantitative in nature. This approach was selected because the researcher intended to measure the effectiveness of the Personal Financial Management

Programme by focusing on specific variables (Bless & Higson-Smith, 2000: 38) namely the knowledge level and attitude of employees regarding financial management. The researcher isolated the variables studied, that is the knowledge level and attitudes of employees regarding financial management, using a questionnaire to collect data and statistical procedures to analyse the data (Leedy & Ormrod, 2005 in Fouche & Delpont, 2011:63)

The type of research applicable to the study was applied in nature because the main aim of this study was to address a problem in practice (Fouche & De Vos, 2011:95) relating to employees experiencing financial problems. In the context of applied research the researcher specifically used evaluative research as an appropriate type of research.

The relevant research design for this study was the one-group pre-test/ post-test experimental design. According to Bless and Higson-Smith (2000:68), the researcher used this design to measure the dependent variable/s before (pre-test) and after (post-test) the event that was expected to bring about some change. By comparing the difference between the pre- and post-test a conclusion was drawn about the effectiveness of the programme as the event that occurred between the tests.

The researcher received permission to undertake research from the Chief Director of the Department of Rural Development and Land Reform in the KwaZulu-Natal Province, Mr. N. Mndaweni. The population of the study was the officials employed at the Department of Rural Development and Land Reform in the Pietermaritzburg region within the KwaZulu-Natal province who were experiencing financial difficulties. These were employees who had been referred to the Employee Health and Wellness Programme by their managers during 2013 and 2014 and who had also acknowledged that they have financial difficulties. The researcher used a questionnaire to collect the data. The type of questionnaire used was the group administrative questionnaire (Delpont & Roestenburg, 2011: 189). The same questionnaire was completed before (pre-test) and after (post-test) implementation of the programme. Each respondent/member of the group completed the questionnaire on their own. The researcher was present in order to respond to any possible uncertainties.

The researcher used descriptive statistics to describe numerical data (Fouche & Bartley (2011: 251). A data code sheet, reflecting each variable, its value and the measurement level was created to assist in understanding meaning of values (Fouche & Bartley, 2011:252). The researcher used the SPSS statistical package for data analysis.

Univariate analysis was used (Fouche & Bartley, 2011: 254). Basically all data gathered on each of the two variables (knowledge and attitude) was summarised for easy analysis. The results gathered before and after the intervention (implementation of the Personal Financial Management Programme) were then compared and interpreted.

To ensure validity, upon admission to the programme, employees were asked to sign an acknowledgement form. The researcher primarily focused on content and face validity. To ensure content validity the data collection instrument was based on the contents of the Personal Financial Management Programme. The measuring instrument used to collect data was tested in the pilot study to ensure that it yielded similar results irrespective of who administered it. To guarantee the reliability and validity of the findings the researcher ensured that respondents had never been exposed to the specific data collecting instrument or the Personal Financial Management Programme being evaluated.

To ensure accuracy and appropriateness, the researcher conducted a pilot study (Bless & Higson-Smith, 2000: 52). The researcher selected two respondents from the Port Shepstone region of the Department of Rural Development and Land Reform and asked them to complete the questionnaire. The goal of the pilot study was to test if the questionnaire was clear, appropriate and user friendly.

1.7 LIMITATIONS OF THE STUDY

Limitations of this research study are presented below:

- The sample was only made up of respondents who had been referred to the Employee Health and Wellness Programme because of their financial difficulties, yet there could have been many other employees who had the same problem but who had not yet been referred to the programme.
- Only 15 respondents participated in the study. Due to the small sample size the results could not be generalised to all the employees who are experiencing financial difficulties.
- Although valuable data was collected, the study was only conducted in the Pietermaritzburg region and as such results could not be generalised to the entire province or the whole country.

1.8 CONTENTS OF THE RESEARCH REPORT

1.8.1 Chapter 1: General background information on the research study

The first chapter comprised of the outlined context of this research study through a detailed introduction, a brief literature review, theoretical framework, goal and objectives of the study. It further contained of the summary of the research methodology as well as the limitations of this study.

1.8.2 Chapter 2: Literature Review

Chapter two of the study focuses on a thorough literature review regarding indebtedness as a social phenomenon and consists of the following:

- Definition of relevant concepts
- Prevalence of indebtedness internationally, nationally and in the public sector
- Causes of indebtedness
- Effects of indebtedness
- Strategies to mitigate indebtedness
- Personal Financial Management Programme

1.8.3 Chapter 3: Research methodology and empirical results

Chapter three of the study focuses on the research methodology as conducted by the researcher. The interpretation, presentation and discussion of the empirical findings also form a crucial part of this chapter.

1.8.4 Chapter 4: Conclusions and recommendations

Chapter 4, which is the last chapter of this research study, pays attention mainly to the followings aspects:

- Identification of key findings
- Conclusions based on the literature review
- Recommendations in terms of future research
- Conclusions based on the empirical findings
- Recommendations based on empirical findings
- Achievement of the goal and objectives

1.9 SUMMARY

Chapter 1 gave an overview of how the research study was conducted, as well as the layout of the contents of the dissertation. An in-depth literature review and further discussion of indebtedness as a social phenomenon will be presented in Chapter 2

CHAPTER 2

LITERATURE REVIEW: INDEBTEDNESS AS A SOCIAL PHENOMENON

2.1 INTRODUCTION

South Africa is experiencing a slowdown in the economy characterised by high interest rates and soaring fuel and food prices; therefore many South Africans find themselves in a downward spiral of credit and money lending (Sukla, 2009:06). Furthermore the culture of saving in South Africa is very poor and is not being encouraged as vigorously as borrowing is. The high incidence of consumer spending causes more and more consumers to become indebted. As a result the value and the contribution of savings towards the overall economic health of the country is undermined (Baumann, 2001: 77).

In general South African consumers are of the opinion that saving is impossible due to the continuously increasing fuel and food prices (Kelly-Louw, 2008:10). The researcher is of the opinion that this is also possibly due to lack of financial literacy among a substantial number of consumers, because financial literate consumers understand that no matter how small their salary is, saving is crucial and their behaviour toward money determines their financial position.

The South African government has been attempting to provide easier access for low income groups to financial services, credit and loan facilities by introducing reforms and legislations to enable accessible and inclusive financial services to all South Africans (Nagdee, 2004: 1). However in this regard, the researcher is of the opinion that these attempts are insufficient; rather government and the private sector should start by strengthening financial literacy programmes for all, especially the younger generation. If people are more financially literate, they will understand credit and debt management better.

As indicated in the previous chapter, one such a financial literacy programme is the so-called Personal Financial Management Programme developed by Summit Financial Partners, a financial agency (Summit Financial Partners, [sa]:1). For the purpose of this study the effectiveness of this programme was evaluated in terms of the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region.

In order to understand indebtedness as a social phenomenon in the South African context, this chapter will focus on a discussion of literature regarding relevant concepts in the sphere of indebtedness, the prevalence of indebtedness, causes of indebtedness, effects of indebtedness

and strategies to mitigate indebtedness with specific emphasis on the Personal Financial Management Programme in terms of the programme's goal, objectives, content and methods.

2.2 DEFINITION OF RELEVANT CONCEPTS

As mentioned above, the study under investigation focuses on the evaluation of the effectiveness of the Personal Financial Programme to enhance the well-being of the employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region. For a clear understanding of the discussion to follow, certain key or relevant concepts will first be defined, namely, financial literacy, financial education, debt as well as over-indebtedness.

2.2.1 Financial literacy

Financial literacy refers to “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being of a consumer. This means therefore, that financially literate consumers possess the knowledge and skills to apply in their day-to-day living in order to escape the debt trap” (Hung, Parker & Yoong, 2009:55).

2.2.2 Financial education

Financial education refers to “the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long term financial well-being” (Hung, Parker & Yoong, 2009: 55). This means therefore that consumers need to be financially literate first in order to understand financial products, concepts and services.

2.2.3 Debt

The Opinion Research Corporation (ORC) (Macro, 2001:4) defines the concept *debt* as follows:

Debt is a common instrument used to maintain a stable level of consumption, compatible with its lifetime resources, over different stages of the individual or family's lifecycle. Being indebted, formally or via informal family channels, is normal consumer behaviour, and a certain level of debt is inevitable for the majority of households, particularly at the earlier stages of their lifecycle. However, consumers need to understand how much debt they can incur lest they fall into debt for luxury items.

Graeber (2011:73) defines debt as follows: “Generally, debt is an ascertained (predetermined) sum of money which a debtor agrees to pay to its lender”, while in financial terms “Debt is usually scheduled with a series of regular cash outflows (instalments) to repay its principal amount along with interest by a borrower to its lender”.

2.2.4 Over-indebtedness

People are considered over-indebted if “they are having difficulties in meeting (or are falling behind with) their household commitments, whether these relate to servicing secured or unsecured borrowing or to payment of rent, utility or other household bills” (Kempson, Atkinson & Finney, 2008:33). In simpler terms it means consumers are over-indebted if they cannot pay back or service what is describe above as a debt.

Davydoff, Jentzsch, and Kempson, (2008:123) define over-indebtedness as follows: “a private household is over-indebted if its income over an extended period is not sufficient for servicing debt on time (after deducting costs of living expenses) despite a reduction of the standard of living”.

2.3 PREVALENCE OF INDEBTEDNESS

In the aftermath of the global financial crisis, millions of households in different countries of the world have been left with debts that they are unable to manage. Indebtedness may impair the wellbeing of those affected by it for years to come. On a general level, household debt is not a sign of financial problems. On the contrary, most households take out loans to finance housing purchases and other types of private consumption, in some cases also for private investments and businesses. Loans are granted based on the borrower’s ability to pay back the loans. However, if a household’s financial problems accumulate, for example as a result of unemployment, it may no longer be able to manage its debts and the existing financial problems will become more severe (Turunen & Hiilamo, 2014: 28). Therefore the household will be over-indebted according to the definition given above.

The following discussion will throw more light on the prevalence and trends of indebtedness internationally and nationally as well as that of public servants as reflected by the statistics supplied by different researchers.

2.3.1 International

According to Brown (2014:1-2) recent statistics from the Bank of England have shown that, at the end of May 2014:

- Individuals in the UK owed £1.445 trillion;
- Outstanding secured (mortgage) debt stood at £1.284 trillion;
- Outstanding unsecured (consumer credit) debt stood at £160.6 billion.

Total net lending to individuals (excluding student loans) in the UK in May 2014 was £2.7 billion. Of this, monthly net secured lending (mortgages) grew by £2.0 billion and monthly net unsecured lending (consumer credit) grew by £0.7 billion. Net lending to individuals has been relatively low since mid-2008, but grew through most of 2013 and continued to grow in 2014.

According to Chen (2014: 37) “the average United State household credit card debt stands at \$15,593, counting only those households carrying debt. Based on an analysis of Federal Reserve statistics and other government data, the average household owes **\$7,274** on their cards; looking only at indebted households, the average outstanding balance rises to **\$15,593**”. He further gave the statistics, trends, studies and methodology behind the average U.S. household debt, in November 2014 as follows:

U.S. household consumer debt profile:

- Average credit card debt: **\$15,593**
- Average mortgage debt: **\$153,184**
- Average student loan debt: **\$32,511**

In total, American consumers owe:

- \$11.62 trillion in debt (An increase of 3.4% from 2013)
- \$880.3 billion in credit card debt
- \$8.05 trillion in mortgages
- \$1,122.7 billion in student loans (An increase of 10.5% from 2013)

Credit card debt is the third largest source of household indebtedness in the United States of America (Chen, 2014). Even though both UK and USA could not be compared statistically it shows that in both countries the level of indebtedness grew substantially, especially in the USA.

The payment difficulties of Mexico, Brazil and a number of other countries were quickly described as a "global payments or liquidity crisis". However, the problem of indebtedness is a country-specific one, demanding individual solutions (Kloten, 2014:87). Therefore all the above is an indication that almost all countries have been affected by some kind of indebtedness but it varies from country to country.

2.3.2 National

In South Africa, where household debt to income reached an all-time high of 78.2% in 2008, interest has primarily centred on the government strategies in place to protect those households that are most vulnerable to becoming over-indebted. (South African Reserve Bank, 2008: 44) In the face of high interest and inflation rates, many have begun to wonder whether the regulatory measures recently instituted through the National Credit Act will prove sufficient in securing household sector financial stability (Nyaruwata, 2009).

The level of debt at which a household becomes over-indebted depends on factors such as the size and structure of the debt, the debt servicing arrangements, the assets of the household, other personal and economic characteristics of the household as well as external factors such as the state of the economy (Opinion Research Corporation, 2001:4).

Nyaruwata and Leibbrandt (2009) categorise personal debt into the following eleven types: bond, personal loan from bank, personal loans from micro-lenders, personal loan from 'mashonisa' (loan sharks), study loans from banks, study loans from other institutions, motor vehicle loan, credit cards, store credit cards, hire purchase and loans from family members and friends. The researcher concurs with Nyaruwata and Leibbrandt by noting that most civil servants would take personal loans either for children's or siblings' education, or to finance a vehicle and credit and store cards which with time and unfavourable economic changes they cannot afford to repay.

Another factor is housing which is a critical asset and which directly drives consumption patterns. According to Melzer (2012) in 2008 mortgages accounted for 47% of all credit granted, "because mortgage finance is not easily available and households prioritise other expenditure above investment in housing". The author elaborates by highlighting that "consumer spending, the country's main engine of growth, has declined and now accounts for about 65% of gross domestic product. High unemployment and stunted income growth in

South Africa have checked household expenditure, already crimped by soaring utility costs and rising debt” (Melzer, 2012).

According to Stat SA (2010) a total of 3.5 million more households were living in proper housing compared to the situation in 2001, largely because of the state’s housing delivery programme. The government’s primary subsidy targets households earning less than R3,500 a month, and this subsidy value has increased significantly as the minimum housing specification has improved. Although mortgage contributes to a debt it is a critical and a priority need as long as the consumer can afford it.

Moorad (2013: 89) refer to Stanlib’s Chief Economist, Kevin Lings, who mentions that the South African consumer income growth is slowing, reflecting the lack of job growth as well as some moderation in salary adjustments. However, consumers still have to cope with a range of rising costs that have systematically eroded their retail spending power. Households cannot avoid these increases, as they relate to necessities or essential goods. Kevin Lings elaborates by stating that "While the rapid growth in unsecured credit provided some support to retail activity during 2012, it has slowed significantly in recent months, albeit off a relatively high base” (Moorad, 2013: 89). This therefore indicates that mortgages, different loans and credit cards are the main driving factors which drive consumers into debt worsened by high unemployment.

According to Ensor (2014: 55) Zodwa Ntuli, the Deputy Director-General of the Consumer and Corporate Regulation Division of the Department of Trade and Industry said:

South Africa has seen a worrying increase in levels of over-indebtedness. Factors leading to over-indebtedness include the prevalence of reckless lending caused by marketing of unsolicited loans, provision of pre-approved credit facilities, including credit cards and failure on the part of some credit providers to conduct affordability assessments.

Rising food prices have created a huge problem of food poverty; in addition the decline in foreign direct investment, especially reductions in access to loans from banks has also put much pressure on developing countries. Recession has cut export prices but another key effect has been increased volatility of prices, Riley (2009:2) elucidated. Generally the above

mentioned factors are key factors to how individuals and households in South Africa find themselves falling into debt.

2.3.3 Public sector

In the South African public sector the situation is not favourable. According to data provided by Personnel Salary System (PERSAL), a system used by government to identify its employees, the total cost of payments as a result of garnishee orders that were issued to public servants amounted to R1,01 billion during the 2006/2007 financial year. Of the R1,01 billion, about R235 million (23%) is attributed to the garnishee debt of public servants employed in national government departments. The balance of about R776 million (77%) is attributed to the debt of public servants in provincial departments. Female public servants paid R473 million (46%) of the total amount for garnishee orders through PERSAL during 2006/2007. Males paid R538 million (54%) of the total figure. Public servants on salary level 7 accounted for the largest amount of payments towards garnishee debt, namely R269 million (Public Commission Report, 2007:10-11). The researcher as a social worker has also observed that employees on salary level 7 also form part of those referred to the Personal Financial Management Programme developed by Summit Financial Partners, as a result of financial difficulties.

Literature reveals that prevalence of indebtedness has affected many consumers internationally, but also nationally and in particular employees in the public sector. For indebted consumers to clear their debts, they have to be educated on different aspects of financial management. However, for financial education to be effective, there must be a clear understanding of the causes of indebtedness, and hence the following section will focus on causes of indebtedness.

2.4 CAUSES OF INDEBTEDNESS

There are various factors and circumstances which may cause consumer indebtedness, namely recession, poverty and unemployment, micro lenders, social temptation, lack of knowledge and skills and lack of cognitive self- control (Maraj, 2010). Each of these factors will briefly be discussed.

2.4.1 Recession

An important factor that influenced the global economic arena tremendously was the recession experienced in the United State of America and Europe during 2008 and 2009.

According to Riley (2009) a global recession can be defined as “the significant decline in activity across the economy, lasting longer than a few months. It is visible in industrial production, employment, real income and wholesale-retail trade. The technical indicator of a recession is two consecutive quarters of negative economic growth as measured by a country’s gross domestic product (GDP)”.

During 1999 the Clinton administration in the United States (US) placed political pressure on Fannie Mae and Freddie Mac (two quasi-public-sector mortgage lending institutions) to start lending to low- and moderate-income households. The loans to low-income households, the so called subprime mortgages were then securitised, packaged as collateralised debt obligations (CDOs) and sold to various investors (Baxter, 2011: 105).

During 2004 to 2006 US interests rates rose from 1% to 5,35% and the US housing market began to take strain (Baxter, 2011:55). Furthermore Baxter (2011: 55) mentions that falling house prices and rising interest rates led to increasing numbers of people who could not repay their mortgages. Investors suffered losses, making them reluctant to take on more CDOs. The impact of the subprime mortgage crisis was then quickly shown to have implications beyond the US. Losses were felt by investment banks as far afield as Australia and Europe. Firms cancelled sales of bonds worth billions of dollars, citing market conditions, and consumers in these markets followed the US example. By April 2008 the US Treasury and US Federal Reserve Bank had to bail out two financial institutions as the ‘credit freeze’ gripped their financial system.

Maraj (2010) explains that the major effect of recession is on levels of inflation as well as currency. A decrease in income may be another effect of recession in the economy. As people try to save more, sales are reduced and therefore no profits are made. Another effect may be increase in mortgage rates. During times of recession, lenders tend to increase rates in order to cover their losses. In a recession employment opportunities are reduced since companies tend to cut down on these, thus leading to unemployment.

The recession affected the developing countries in many different ways. Riley (2009:1) asserts that in many countries there was an increase in unemployment, underemployment and loss of income. In the case of South Africa the unemployment rate according to Stat SA (2014: 14) was 25%. Riley (2009:1) further mentions the fact that weaker growth and rising unemployment put huge pressure on government finances and as a result a wide-spread social welfare system became necessary as a safety net. South Africa is a good example of the above mentioned situation as unemployment is very high and more and more families are dependent on social grants.

Elsewhere the situation was also studied. Duasa (2008) for instance conducted a study on the results of a recession at the International Islamic University in Malaysia. It was found that almost 70% of government servants spent up to 79% of their income on debt, while 4.5% of government servants spent more than 100% of their income on debt. This reflects the high burden of debt among government servants in Malaysia. Duasa's (2008:8) study went further to compare government servants' individual and household income with debt which indicated that the individual income-debt ratio was higher than the household income-debt ratio. In South Africa, with its high level of unemployment of 25.6% (Statistics South Africa, 2013), the ratios might indicate insignificant difference (Moaisi, 2013:11).

In general South African consumers to date still feel the effects of recession which will take a very long time to disappear. Joint efforts of government, the private sector and consumers themselves will be crucial in ensuring that the country is freed from recession and its effects. This can be done by strengthening the financial literacy and education of consumers to build a financially literate nation.

2.4.2 Poverty and unemployment

Poverty is another cause of possible indebtedness and is closely linked to unemployment. South Africa is a society with a very high unemployment rate and where incomes are distributed widely among families and kin, every lost job has huge ramifications due to the fact that a number of people are dependent on that one person who has lost employment. Of the estimated 18 million South Africans living below the poverty line in 2004 (R250 in 2000 rands, or 30US dollars/ month) 14 million people were living in about 3 million households in which no-one was employed in an income-earning activity (Meth, 2006). The researcher is of the opinion that rising unemployment, as firms continue to retrench workers, clearly contributes to more and more people becoming poor.

Marais (2012) highlights that the official unemployment rate in South Africa between 2008 and 2009 rose to 23.5% in the first quarter, from 21.9% in the previous quarter, ending a five-year decline. According to Statistics South Africa (2014), unemployment rate rose by 0.3% reaching its highest level of 25.5% since 2008.

The above paints a very clear picture of how global recession also affected South Africa as a country, and what impact global recession had on consumers who began to incur more and more debts trying to ensure that there is food on the table.

Nagdee (2004:6) postulates that in order to survive, low-income groups use loan sharks at exorbitant and exploitative interest rates that they cannot repay. This situation results in over-

indebtedness as they borrow from one micro-lender to pay off another. The euphoria of newly experienced freedom has translated into what appears to be enslavement to debt for the poor. The growing cycle of debt of low-income groups is not just a money-lending problem of high interest and ineffective consumer protection, but rather a problem of poverty with far more serious implications.

2.4.3 Financial situation of the public sector

As mentioned before, it is a well-known fact that there is a high prevalence of indebtedness among public servants in the public sector (Public Commission Report, 2007). The Public Service Commission (2002) defines public servants as employees who promote the unity and the well-being of the nation in performing their duties. It is reflected on the Bato Pele principles that an employee should serve the public in an unbiased and impartial manner in order to create confidence in the public service and in turn earn a decent income commensurate with the duties (Moaisi, 2013:52).

According to *The Nation* (2010), published in Thailand, it was found that in 2010, 84.1% of all civil servants were indebted, compared to 81.6% in 2006. Furthermore, it was indicated that lower salaries might have been the cause of high indebtedness which could lead to corruption among civil servants (*The Nation*, 2010). It is also indicated in most reports and newspaper articles in South Africa that some civil servants were highly corrupt. This is supported by the Business Anti-Corruption unit (2011), which highlighted in *The Economist* that the Special Investigating Unit (SIU), one of South Africa's anticorruption bodies, had identified 400 000 civil servants receiving welfare payments to which they were not entitled (Moaisi, 2013: 10).

Public servants generally have more job security than their private counterparts (Public Service Commission, 2007). The workforce in the private sector depends on the economic condition in a country while in the public sector the workforce is minimally affected by economic factors. Due to high job security, civil servants are highly eligible for personal loans, credit cards and other forms of credit and are thus subject to incurring debts (Public Service Commission, 2007). Credit providers often target civil servants because they are viewed as being in a position to service their debts based on their job security (Moaisi, 2013:5). Hence it is crucial that public servants need to understand their responsibility

regarding credit and be self-disciplined, otherwise they will find themselves drowning in more and more debts.

2.4.4 Micro Lenders

Reifner (2010) describes a micro lender as “an organisation that makes business loans to individuals who are not able to obtain financing from traditional lenders”. Furthermore, “micro lenders typically charge higher-than-average interest rates and recipients of micro-loans are typically individuals in poverty or in development zones, or who live in developing nations as it is the case in South Africa”.

Although micro lending is not new in South Africa, the relaxation of the legislation on interest has led to the mushrooming of the micro lenders (Black Sash, 2000: 61a). According to the Ecumenical Service for Socio Economic Transformation (ESSET) (2000:11), an increasing proportion of borrowers throughout South Africa are turning to money-lenders as their monthly wages are too low to provide for basic living expenses.

Micro lenders are taking advantage of the situation and are giving loans at ridiculously high interest rates to low income earners who are using these loans for consumptive purposes to supplement their low income. This situation leads to inability to repay loans and provide sustenance to the household and leads to more borrowing, creating a downward spiral from which the borrower is unable to exit (Nagdee, 2004:2). This creates a cycle of poverty in South Africa, exacerbated by poor economic conditions.

Unfortunately, no distinction is made between different types of credit, whether they are productive loans (which will benefit from the *Usury Act No 73 of 1968* exemptions) or for consumptive purposes. The consumptive loans which are mainly for school fees, food, clothing, electricity, illness and funeral costs are viewed as a reflection of a population in crisis, as the loans are used to supplement income. This results in unsustainable loans (i.e. a loan that cannot be repaid), thereby causing over-indebtedness and the continuation of the cycle of poverty (Black Sash, 2000a). The researcher is of the opinion that the biggest challenge is the financial illiterate consumers who do not even understand the terms used by micro lenders when entering into contracts.

2.4.5 Social temptation

The other cause of being in a situation of insurmountable debt is sometimes the unreasonable behaviour of borrowers, taking on more debt than they should because they cannot resist the

temptation of immediate consumption or consider the negative consequences of a loan in the future less important than its immediate benefits at present (Schicks, 2010:20). The researcher concurs with Schicks based on personal experience with consumers, especially public servants, who flock to clothing shops for sales and shopping on credit, accumulating more and more debts on luxurious clothing and thus becoming over-indebted.

2.4.6 Lack of knowledge and skills

D' Alessio and Lezzi, (2012) explain that according to the life-cycle theory, people apply to credit markets because they want to supplement their income at the beginning of their careers and the debt decreases in the period following retirement. Debt is the means that allows households to spread their expenses over their lives; young families expect their future income to grow and spend more than they earn, thus accumulating debts that they will repay when they are more mature. In this framework, there are thus some households that may accumulate more debt than they can repay.

Over-indebtedness stems from various sources. A first driver of over-indebtedness is financial imprudence (Disney, Bridges & Gathergood, 2008; Anderloni & Vandone, 2010), i.e. poor financial decisions caused by an inadequate understanding of the real cost of repaying the loan by the consumer. This factor may be linked both to the issue of the transparency of lenders' terms and conditions. The imprudence may also derive from psychological biases and mental shortcuts that affect consumers' decisions and predictions about borrowing, such as the over-confidence bias, i.e. the tendency to underestimate the probability of suffering an adverse event (Kilborn, 2005). This comes as a result of poor predictions of the economy and therefore having unrealistic expectations.

2.4.7 Lack of cognitive self-control

Lack of cognitive self-control has the potential to cause indebtedness. As far back as 1990 Cameron and Golby (1990) found in a study of over-indebtedness that the most significant explanation for personal debt was a lack of self-control. In their research they tested this variable through excessive (credit) borrowing. Their findings revealed that consumers with low self-control were more likely to be indebted than their counterparts. Self-control is also related to the ability to resist pressure and temptations (Lipman & Pesendorfer, 2011). In a study by Gathergood (2008), consumers with a lack of self-control were found to be more susceptible to over-indebtedness. The study explained this by the fact that those with less self-control made more immediate or short-notice credit decisions, which tended to be high-

cost credit. A study on compulsive buying and credit cards by Lo and Harvey (2011) found that the convenience of buying with credit cards led to consumers overspending and making excessive use of credit. Furthermore, the researchers argue that the easy availability of credit together with a lack of self-control were some of the explanations for excessive credit usage hence the National Credit Regulator needs to protect consumers as far as credit availability is concerned.

2.5 EFFECTS OF INDEBTEDNESS

Money helps shape the contours of our day-to-day lives. It dictates where and how we live, what and how much we buy and, to some extent, our position in the social order. Money is also intimately linked with our inner lives. Its presence or lack thereof has profound physical, mental, emotional and productivity repercussions. Perhaps in more ways than we would like to admit, money has tremendous power over us. Regardless of how someone gets into debt, once there, being in debt can trigger unsettling emotional responses — especially if the debts are perceived as unmanageable or overwhelming (Fay, 2012:14).

In the next sections the researcher will briefly discuss the physical or health consequences, emotional stress and absenteeism from work as the most important effects of indebtedness.

2.5.1 Physical or health consequences of indebtedness

According to a research study published in the *Consumer Interests Annual Report* (Public Commission Report, 2007:40-41) there is a relationship between health and personal finances. Financial difficulties are among the known causes of stress and anxiety. The research study conducted among 3 121 respondents on the negative health effects of financial distress revealed the following problems experienced by financially distressed consumers in descending order:

- Stress/stressed out
- Worry, nerves, tension, anxiety, pressure
- Depression/depressed
- Insomnia and sleep disorders/problems
- Headaches/migraines
- High blood pressure/hypertension
- Stomach/abdominal/digestive problems
- Other aches and pains (e.g. back, chest)
- Ulcers or possible ulcers

- Appetite disorders and weight gain or loss
- Fatigue and feeling tired/ weak
- Drug, alcohol, or cigarette use
- General or other sicknesses
- Inability to afford or access health care services

Judging by the illnesses listed above, there is no doubt that persons who are affected by micro lending debt and especially garnishee orders will tend to get sick more often than persons not affected by such a problem. It stands to reason therefore that if a person already suffers from one or another type of illness, financial distress would worsen their condition or add further illnesses that eventually keep the person away from work for an extensive period (Fay, 2012: 4).

The Public Service Commission's report (2007:40-41) on sick leave trends listed depression and stress-related illnesses among the top five illnesses that resulted in the highest number of days of sick leave taken in the Public Service during 2002. Although the report reflects the status quo of thirteen years ago (2002), the trend is still existing and thus cannot be ignored.

The reality is when employees take leave of absence due to such illnesses the employer loses out in terms of service delivery and money on salaries. Hence it would be crucial for the employer to play a pivotal role in ensuring that employees are empowered regarding financial literacy and education.

2.5.2 Emotional stress

The health of the indebted is affected physically resulting in negative emotions and state of mind and therefore high levels of absenteeism (Foyer, 2000: 17). The researcher concurs with Foyer who points out that being in debt is extremely stressful and depressing. Needless to say, the situation of being in debt has the potential to manifest itself in psychosomatic symptoms such as headaches, sweating and diarrhoea (Fay, 2012: 5).

When one is suffering from stress, the whole body and immune system is adversely affected, thereby making the body vulnerable to physical ailments and diseases. Women, the unemployed and those with low levels of education are more susceptible to stress than others. The negative effects of stress are that they can produce physical and psychological damage over time (Well connected, 2001).

Therefore employers need to have strategies like the Personal Financial Management Programme in place to assist in educating the employees on managing their finances. The researcher is of the opinion that this can lessen the burden of over-indebtedness. Furthermore, employers need to ensure that attending such a programme should become compulsory for all employees.

2.5.3 Absenteeism

Absenteeism from work is another possible effect of the high level of indebtedness amongst employees, in particular, public servants. Absenteeism is defined as the continued absence of employees from work that deprives the State as employer of the already limited capacity to deliver on its promise of a *Better Life for All* to the citizenry of South Africa. It is also worth noting that according to the findings of the Public Service Commission's report on Sick Leave Trends (2007), the level that is most prone to take sick leave are public servants employed at salary levels 1 to 8. The most public servants who made both the highest number of micro lending and garnishee-related payments are employed on levels 1-8 (Moaisi, 2013). This highlights the serious problems that beset this level within the Public Service Sector. The researcher has also noticed in her professional capacity as a social worker that employees who are most affected in the Department of Rural Development and Land Reform fall in this category and hence the research will focus on participants who are on these salary levels. By doing so, employees in this category will be exposed to the Personal Financial Management Programme with the hope that skills gained will help them manage their finances better.

2.5.4 Low productivity

Low productivity is another effect of indebtedness yet productivity is a fundamental aspect of service delivery. However, various factors, *inter alia* ill-health (as previously mentioned), absenteeism and poor performance can negatively influence the level of productivity within an organisation (Public Commission Report, 2007:41). This means that if employees in an organisation are ill, they are likely to be absent from work, and if they are present their performance might be poor, thus producing less than what is expected of them.

For productivity to be effective, employees need to be in a good state of health. Once health problems are experienced by employees in the work place, especially ill-health as a result of financial distress, this is bound to have a negative impact on their level of productivity and the productivity trajectory of an organisation. For instance if one or more employees are

booked off from work as a result of ill-health, their absence is likely to contribute to a low level of productivity. Since productivity can only take place when employees are present at their work stations, time away from work due to ill-health translates into a lack of or no production (Moaisi, 2013:36).

Dealing with issues of indebtedness cannot be the responsibility of consumers alone; hence government introduced some strategies to deal with indebtedness. Strategies included certain legislation, the social grant system, a support system in the form of public campaigns, job creation, behaviour change and some form of education.

2.6 STRATEGIES TO MITIGATE INDEBTEDNESS

In dealing with the global financial crisis that took hold in 2008, the South African government introduced certain legislation and different support systems. Such provision has been an important cushion for the economy. Gordhan (2013) highlighted that the supportive spending was made possible by the prudent use of public resources in the preceding years, which had created fiscal space. He also mentioned that “in response to the period of global turmoil and our own recession in 2009 government increased debt from R450 billion in 2008 to more than R1 trillion today (2013). This was done to ensure that social expenditure is maintained and to provide support to the economy” (Gordhan, 2013). Further to this there are policies, programmes and projects that are put in place to ensure debt is mitigated.

2.6.1 Legislation

In order to protect the consumer’s rights, the Ministry of Finance in 1993 investigated mechanisms for regulating conduct within the financial service industry. The main purpose was to provide consumer protection in terms of financial products and to enhance the integrity of the industry. This resulted in the Financial and Intermediary Services (FIAS) Act enacted in November 2002. The main aim was to protect consumers against improper conduct of Financial Service Providers (Mazibuko, Dlukulu, Qocha, Mfetane, Thloaele & Bopape, 2012: 16).

Furthermore, responding to the irresponsible use of credit and debt among South Africans, certain legislation was introduced by the South African government to mitigate indebtedness. These include the *National Credit Act 34 of 2005*. Under this Act the National Credit Regulator (NCR) was established by government to regulate the credit industry in South

Africa. The NCR is possibly the biggest public entity established under the *National Credit Act 34 of 2005* to ensure fair and just relations between the credit players within the industry (De Villiers, 2010:1). It is tasked with carrying out education, research, policy development, investigation of complaints, and ensuring the enforcement of the *National Credit Act 34 of 2005* (Moaisi, 2013:101).

The *National Credit Act of 2005* is also responsible for promoting consumer credit granting and provides for debt-reorganisation in cases of over-indebtedness (Public Service Commission 2007:8). The Act is aimed at the correcting of imbalances in negotiating power between consumers and the credit providers by providing consumers with education about credit and consumer rights.

There are also measures in the *National Credit Act of 2005* which may indirectly have an impact on consumer spending and the consumer's overall debt burden. One of the main objectives of consumer credit legislation is to ensure the balance of the bargaining power between credit providers and consumers, *inter alia* by requiring the compulsory disclosure of the consumer's obligations. The disclosure of such information forms the crux of consumer credit legislation and makes it possible for the consumer to determine how much the proposed credit is going to cost (Moaisi, 2013:101). Personal observation indicates that some consumers are not honest regarding their financial obligations'; hence sometimes they will be granted credit they cannot afford to pay back.

The measures of the *National Credit Act of 2005* enable prospective borrowers to know whether it is to their advantage, in terms of cost, to pay cash or to borrow on credit and invest their own funds in savings. Secondly, it allows the consumer to make an informed choice between different credit providers. A positive side-effect resulting from the afore-mentioned is a stimulation of competition which in turn helps to keep interest rates down and the prevention of the consumer from overburdening him- or herself with debt (Public Service Commission, 2007:8). The NCR also makes provision for a debt counsellor to assist those who find themselves overwhelmed by debts.

According to Moaisi (2013:101) the National Credit Regulator (NCR) describes a debt counsellor as someone who is registered with the National Credit Regulator to assist consumers who are experiencing debt-related problems and who are having difficulty making their current monthly payments by providing them with the following services:

- Budget advice;
- Restructuring of consumer's payments;
- Negotiations with credit providers on behalf of a consumer;
- Monitoring consumers' payments; and
- After-care services.

A personal observation from the researcher is that the biggest challenge with debt counsellors is that their services are costly to a consumer who is already in debt and as a result cannot afford to service the debt regularly. This will be an additional expense yet financial literacy will educate the consumer to negotiate directly with their credit providers at no cost.

2.6.2 Social grant system

Another strategy used by the South African government to mitigate poverty and by implication also indebtedness, was that of the social grant system. Although literature has criticized the social grant system for creating dependency to government, Meth (2006: 37) reveals that the Expanded Public Works Programme and the social grant system have proved to be the most effective poverty reducing tool used by government. About 13 million South Africans benefit from the social grant system, which ranks among the most expensive in the middle-income countries. South Africa's social security system is one of the government's key initiatives in tackling the problem of poverty and over indebtedness of consumers.

According to the FinMark Trust Report (2012: 8) there are currently seven main types of social grants in South Africa namely:

- **State Old Age Pension (SOAP)**, which provides financial support to men over 65 and to women over the age of 60.
- **Disability Grant (DG)**, which provides financial support to adults with disabilities.
- **Child Support Grant (CSG)**, which provides financial support to families with children under the age of 18.
- **Foster Child Grant**, which provides financial support to families with children, below the age of 18, in foster-care.
- **Care Dependency Grant**, which provides additional financial support to families with children, below the age of 18, with disabilities.
- **War Veterans Grant**, which provides financial support to former soldiers who fought in the First World War (1914-1918), Second World War (1939-1945) or the Korean War and are unable to support themselves.

- **Grant in Aid**, which provides financial support to a recipient of SOAP or the War Veterans Grant, who needs full time care by another person.

South Africa is regarded as one of the countries that have the best social grant systems for curbing poverty and indebtedness (FinMark Trust Report, 2012:8).

The main challenge though has been the high level of corruption within the South African Social Service Agency (SASSA) which is responsible for paying out government grants. According to Stats (2013) a total of 241 South African Social Security Agency (SASSA) officials have been suspended, dismissed or convicted for fraud-related matters from 1 April 2012 to November 2013. During the 2013 financial year alone, a total of 1 845 cases were captured on the Fraud Case Management System of SASSA. The monetary value of the finalised cases is R4 525 015, of which R203 050 has been recovered. The researcher is of the opinion that such corruption is detrimental to the government strategy of fighting poverty and indebtedness. Therefore drastic measures need to be taken in fighting corruption in the public sector.

2.6.3 Support systems

Cole (2013) refers to the fact that in order to prevent South African government workers from falling into the spending debt trap, the Provincial Treasury, the Office of the Premier and the KZN Financial Literacy Association, which includes a hundred members ranging from various government departments, NGO's and banks have come up with a plan to help employees stay out of financial trouble. The plan involves a series of workshops for government employees on Emolument Attachment Orders (the procedure the lender needs to follow when collecting money from the debtor). This is crucial because many government employees who are in debt do not understand how the garnishee orders work, yet they are making garnishee payments. It is believed that many garnishee orders are fraudulent and because debtors do not understand the process they also fall into a trap of paying even those fraudulent garnishees.

The plan also involves employee wellness practitioners and human resource employees to offer support to government employees in the process of coming out of debt. Included in the plan is the national task team, headed by the Credit Ombudsman Manie van Schalkwyk who is mandated to investigate current practices and establish a code of conduct to address discrepancies regarding the garnishee orders (Martyn, 2012:2).

The other strategy implemented by the KwaZulu-Natal provincial government is the development of the consumer protection service unit within the business regulations in the Department of Economic Development and Tourism. The unit has three components namely: complaints resolutions, education and awareness, as well as enforcement and compliance (Dlungwane, 2012: 12).

The education and awareness section, according to Dlungwane (2012: 13), is responsible for creating awareness about consumer rights as well as responsibilities in the province. This is done by conducting workshops for consumers. The challenge though about this strategy is that the workshop is more suitable to literate consumers than those who are not literate. Therefore the researcher is of the opinion that collaboration with the Department of Education in spreading out Adult Basic Education Training (ABET) will help enhance this support system. This applies to the other provinces of the country as well, but this study focuses on employees of the KwaZulu-Natal Province.

2.6.4 Public Campaigns

Education is a core strategy and campaigns have to be directed at helping people to understand the importance of saving. The objective of the campaigns is to guide consumers on unnecessary spending so that they can meet other financial obligations (Masilela, 2014:1) According to the *KwaZulu-Natal Financial Literacy newsletter* (2012), government, through the National Department of Economic Development (NDED) and the NCR, has earmarked some calendar days and months to increase consumers' awareness on issues related to consumerism. Some of the campaigns are the following:

- **“Spend Wisely campaign”** in November/December, aimed at informing consumers about debt management, pitfalls of over-indebtedness, redress measures available to consumers who are over-indebted and rights afforded to consumers. The timing of this campaigns is crucial as many consumers at this time of the year are about to embark on a shopping spree in preparation for Christmas.
- **“Savings Month campaign”** presented in July, which focuses on the importance of saving, how to minimise exposure to debt and the importance of financial planning; and
- **“Know Your Consumer Rights campaign”** in March to cover World Consumer Rights Day on 15 March with an emphasis on redress options open to consumers (Moaisi, 2013:109-110).

Although the abovementioned campaigns have stipulated dates, it is crucial that the awareness of consumers run throughout the year to ensure that they are alert all the time. The researcher also believes that an inclusion of financial education at college and university level to prepare students for the real world will make a difference in creating a workforce that is financially literate.

2.6.5 Create job opportunities

According to Marais (2011:172), the South African government, trade unions and organised business in December 2013 established a framework plan to prevent job losses, create two million new jobs and to provide emergency food and other relief to households in distress. The framework plan entails the following four main elements:

- Proceeding with an Expanded Public-Works Programme.
- Proceeding with a three-year infrastructure investment programme.
- Interest rate cuts.
- Negotiating a framework for a unified response by business, government and trade unions, with an emphasis on avoiding, where possible, retrenchments.

Government revealed that, based on this plan, it would create 500,000 ‘job opportunities’ – mainly through a Public Works Programme– and will have added 4 million new jobs during 2014. However it was not clear what would count as a ‘new job’ as, since 2000, only 1.7 million new jobs were created, a large percentage of them casual, temporary and low-paying. The government insists it will create ‘decent work’, but it has also admitted that most new jobs in 2009 were temporary and part of its Expanded Public Works Programme. It claims that those jobs eventually would serve as bridges toward more secure employment, but this is unlikely in a labour market that has structurally shifted away from secure, rights-based employment (Marais, 2011).

According to Ramotloa (2013) the Department of Labour (DoL) released a report that showed that the economy was not creating enough jobs and there were also concerns about the jobs that did not conform to the principles of decent work conditions or standards. “There is a need to wake up and tackle the youth unemployment problem in the South African labour

market, as they constitute the majority in the working age population group (15-64 years). While some positive trends in employment were recorded in the country, young people are still being exposed to “generation-jobless” as it is the case of the global rise in youth unemployment” (Ramotloa, 2013: 16). Literature and the media confirm that the youth in South Africa forms the majority of the population and yet unemployment is high compared to the other age groups and this puts the economy of the country at risk (Gordhan, 2013:1).

According to the World Bank (2013: 8), jobs are the cornerstone of economic and social development. The impact of high levels of unemployment is devastating, resulting in poverty, social exclusion, inequality, crime and social instability (Kingdon & Knight, 2004:11). In South Africa, only 60 per cent of all households obtain income by means of any kind of work, while 40 per cent of households obtain income by means of government welfare payments (Schussler, 2013:17).The war on unemployment requires an integrated approach and solutions need to be implemented concurrently. If high levels of coordination could be achieved, jobs could be created, leading to rapid economic development and less indebtedness (Meyer, 2014: 22).

According to Bokolo (2013: 2), the major driver of unemployment in South Africa is the lack of skills and experience among the unemployed population. Bokolo further refers to the fact that government introduced the Extended Public Work Programme (EPWP) in 2003 as a complementary measure to reduce rising unemployment and poverty. President Thabo Mbeki, announcing the EPWP, stated that it was designed to use public budgets to provide unemployed people with temporary jobs in productive sectors, giving them both a source of income and some measure of training that would facilitate their absorption into the job market.

Due to the ever-escalating unemployment rate in South Africa, there has been an urgent need for the government to take action. The EPWP was adopted by the government as a strategy for alleviating unemployment and improving skills development. However, there are a number of problems associated with the implementation of the EPWP in South Africa. The general concerns about the programme, as far as employment creation and skills development are concerned, were particularly related to the minimum standards for duration of employment. The duration of employment in the EPWP was minimal, and as such, the programme could not make a significant contribution to unemployment. Furthermore, the

jobs created in the programme were not sustainable because the training provided as part of the programme did not last for long and was often not accredited (Bokolo, 2013). Based on professional observation, the researcher concluded that the EPWP was almost similar to the internship programme which offers young graduates one year employment with the aim of equipping them with skills and experience needed in the job market. The researcher is also of the opinion that whether a person is employed permanently or temporarily plays a role in the money-management behaviour of the person.

2.6.6 Behaviour Change

The researcher opines that, even though financial literacy has been identified as the main challenge for consumer indebtedness, literature has proven that not only the financial illiterate are in debt (Gathergood, 2011: 21). There are other factors which play a role in whether an individual falls into debt or not. Gathergood points out that behaviour change also plays a crucial role in decision making and hence financial literacy programmes should also focus on behaviour change. In addition, Joo (1998) indicates that financial counselling improves attitudes and behaviours related to personal finances, which in turn leads to positive personal financial outcomes and an improvement in overall financial wellbeing.

According to Santos and Abreu (2009: 56), currently many individuals find themselves struggling to keep up with payments because of bad financial choices ranging from taking out mortgages and revolving credit that they could not afford, with terms and conditions that were not fully understood, to spending beyond their means. Once again behaviour change is presented as a crucial factor which impacts on whether an individual incurs debt or not. Therefore it is crucial that financial education also deals with behaviour change which impacts to a large extent on decision making.

2.6.7 Education

In 2011 Nhlanhla Nene, the then Deputy Minister of Finance at the Organisation for Economic Co-operation and Development-Financial Service Board conference (Moaisi, 2013:27) revealed that financial education for consumers would be enhanced by implementing a coordinated national consumer financial education strategy under the guidance of the National Treasury. The researcher concurs with Nene, but is of the opinion that National Treasury must ensure that these programmes reach consumers in rural and

underdeveloped areas. Moreover these strategies and programmes should be monitored and evaluated to measure their effectiveness.

According to Nene (2011: 11), the areas of difficulty for consumers which deserve special attention are those of debt and the use of credit. The relationship between credit and debt represents the two sides of the same coin. Credit is that which is provided and debt is that which is owed (Finlay, 2009:3). A consumer will buy goods or services on credit and incur debt. The seller provides credit while the consumer incurs debt. Finlay (2009) defines credit as “future money made available in the present”, and debt as “past money to be repaid in the future”.

Debt management is a debt solution targeted at South Africans who are struggling to make debt payments but are not yet classified as over-indebted. Debt management also consists of helping clients facing financial difficulties, solving their debt problems and empowering them to take back control over their financial situation by negotiating with creditors and initiating a payment plan. Debt management will provide clients with a guideline for eliminating and remaining out of debt (Public Service Commission, 2007: 66). The researcher believes that the challenges for consumers are ignorance and denial. Consumers need to learn to negotiate with creditors in case they encounter unforeseen circumstances that hinder them from servicing their debts.

To improve the situation, Nene (2011) revealed that a National Credit Regulator was established to regulate the credit industry, to ensure the responsible granting of credit by credit providers and the responsible use of credit by consumers. He further pointed out the fact that out of the population of close to 50 million, South Africa has just over 18 million of credit-active consumers, of these close to 47% have impaired records. This therefore paints a very clear picture of the level of indebtedness among South African consumers.

The researcher is of the opinion that this was an important initiative but some questions come to mind: is it monitored on its responsibilities, does it have the capacity to educate all consumers and further investigate all the complaints? According to Nene (2011), some credit providers continue to offer consumers substantial amounts of loan credit without conducting a thorough credit check in terms of affordability. The question that arises then is how the National Credit Regulator protects consumers from such temptations which can lead to a debt spiral.

One of the major remedies in managing debt problems is firstly awareness and acknowledgement of the debt problem and to set proper mechanisms in place to create a solution (Moaisi, 2013: 18). The researcher is of the opinion that the Personal Financial Management Programme is an example of an educational programme which has the potential to empower consumers with knowledge and skills needed to manage finances better, create awareness and be solution focussed for those already in debt. The next section will thus briefly describe the goal, objectives and content of the Personal Financial Management Programme which will be evaluated in this study.

2.7 PERSONAL FINANCIAL MANAGEMENT PROGRAMME

Goal of the Personal Financial Management Programme

The goal of the Personal Financial Management Programme in the Department of Rural Development and Land Reform is to empower employees with financial management skills so that they can improve their financial well-being.

Objectives of the Personal Financial Management Programme

Mentioned below are the objectives set out to achieve the goal of the programme. It aims to:

- expose employees to the Personal Financial Management Programme with the aim of assisting them to manage their money;
- reduce the number of employees referred to the Employee Wellness Programme due to stress-related problems and financial difficulties;
- reduce the number of employees who are servicing the emolument attachment orders (garnishees) as a result of defaulting on their contracts; and
- assist employees to meet deadlines and improve their quality of work.

Content of the of the Personal Financial Management Programme

Financial management as a programme generally refers to a set of behaviours in the areas of cash management, credit management, financial planning, investments, insurance and retirement as well as estate planning (Dowling, Corney & Hoiles, 2009: 5). BancVue (2010) adds by describing a personal finance management programme as “a tool that helps consumers to track and manage their finances, create budgets, categorise and anticipate spending, and analyse the distribution and performance of their investments. It involves the efficient use of personal finance to meet the individual’s motives and goals”.

Survival in this century depends on having resources to sustain one self. The greatest resource nowadays is having income to meet the basic needs and other personal needs as indicated by Maslow's hierarchy of needs (Moaisi, 2013: 21). The income earned by an individual, just like any other resource, needs good management to ensure that the best value can be extracted and utilised efficiently and effectively (Muske & Winter, 2004). It is for these reasons that all consumers should have basic knowledge and skills in terms of personal financial management that would enable sufficient control of finances, resulting in meeting their basic needs and other necessities (Moaisi, 2013: 21-22).

Nyamute and Maina (2011:2) also stress the importance of practices such as budgeting and cash flow management, account ownership, use of credit, savings behaviour, and asset accumulation as core elements of personal financial management. Personal financial management is therefore one of the important tools to manage and protect a consumer's resources and ways to utilise these resources to meet the required standard of living.

In accordance with Nyamute and Maina, the content of the Personal Financial Management Programme consists of different modules focusing on budgeting, savings, use of credit, cash flow management as well as asset accumulation. Regarding budgeting employees are taught to differentiate between their needs and what they want, they were also be advised to identify their source of income, not only their salary but all sources of income. They are then requested to list everything they spend money on in order of priority and then they teach them how much they should spend on each item. They are also guided to repeat the exercise every month until they are familiar with the process of budgeting. With regard to savings trainees are taught that saving is based on behaviour change and not necessarily the amount of money they earn. They are also advised to identify an item that they want from their budget which they can compromise and then use that money to save for emergencies. Regarding the use of credit they are taught that people should distinguish between good and bad credit. For example it is good credit if you borrow money to buy a house, but it is bad credit if you use your credit card to buy gifts. They also emphasise and discuss the importance of and ways to manage cash flow and asset accumulation.

The method used to train employees is in the format of a lecture where employees interact with each other and the trainer on giving their opinions or inputs on practical scenarios presented. One-on-one consultation sessions are available to employees after the presentation

of the programme, but none of the respondents in this study utilized the opportunity. The trainer is a qualified teacher who specialises on accounting and mathematics and who has extensive experience in financial management. One limitation of the programme is that there is no follow up services to trainees. However, after each training session the service provider (Summit Financial Partners) reports back to the EAP coordinator of the Department of Rural Development and Land Reform about the outcomes of the programme and they make recommendations with regard to specific follow-up strategies to improve positive results.

2.8 CONCLUSION

Recession affected many countries, if not the world and especially the developing countries in many different ways. Rising of unemployment, sharp fall in business confidence and profit, falling demand for imports and increased government borrowing were the obvious characteristics of recession.

In the case of South Africa, the rising unemployment puts huge pressure on government finances and as a result there is a wide-spread safety net of social welfare systems. Rising food and fuel prices have created a huge problem for the low income earners and hence led to poverty. The South African government did not take the situation lying down and instead responded with a number of strategies and legislation to counter the situation.

The effect of the recession is still felt by many to date but South Africans could learn certain lessons from this predicament. If South African consumers are not financially literate unfortunately more and more people will forever be dependent on government for social grants. Moreover many people will continue to be trapped in the debt spiral from which they cannot escape without financial education. Therefore it is crucial that government equips consumers with financial management skills and education to lessen the burden of poverty as a result of unemployment and uphold other support systems such as the social grant system and housing.

The Personal Financial Management Programme is an example of an educational programme which has the potential to equip consumers with skills needed to manage their finances better and as a result to mitigate indebtedness. The next chapter will thus focus on the empirical results of this study which has the goal of evaluating the effectiveness of the Personal Financial Management Programme on the financial well-being of the employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region.

CHAPTER 3

RESEARCH METHODOLOGY AND EMPIRICAL RESULTS

3.1 INTRODUCTION

The previous chapter focussed on the prevalence, causes and effects of indebtedness as well as strategies used by the South African government to mitigate the level of indebtedness among employees.

The Employee Health and Wellness Programme (EHWP) unit in the Department of Rural Development and Land Reform in Pietermaritzburg, KwaZulu-Natal Province has been overwhelmed by employees' problems relating to both over-indebtedness and stress-related problems which are symptoms of financial distress. According to Mr Zwane [sa], the Human Resource manager of the Department of Rural Development and Land Reform in Pietermaritzburg, some employees cannot meet deadlines, deliver poor quality of work and abscond especially during and after payday. An alarming number of employees are serving emolument attachment orders (to be referred as garnishee orders in this study) as a result of defaulting on their contracts with different credit providers. An emolument attachment order refers to "a court judgement and grants a creditor the right to receive weekly or monthly instalments from a debtor, through a process of deductions being made from the debtor's wage or salary" (Kallinowsky, 2008: 2).

Responding to the dire financial needs of employees, the Department of Rural Development and Land Reform in collaboration with Summit Financial Partners (a financial agency) developed the Personal Financial Management Programme for employees. According to Summit Financial Partners ([sa]: 1), the purpose of the Personal Financial Management Programme is to offer employees financial management expertise to apply in their personal capacity. The programme was introduced at the beginning of 2012 and since its inception has never been evaluated to measure its effectiveness. It was therefore the goal of this study to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region in the KwaZulu-Natal Province.

For this goal to be realised the following objectives were formulated:

- To assess the level of knowledge of financial management among the employees participating in the Personal Financial Management Programme.

- To assess the attitudes of employees participating in the Personal Financial Management Programme on financial management.
- To make recommendations, based on the results of the study, to the Department of Rural Development and Land Reform to enhance the effectiveness of the Personal Financial Management Programme.

Against this background the study was guided by the following research question:

How effective is the Personal Financial Management Programme for the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region?

3.2 RESEARCH METHODOLOGY

Based on the researcher's interest in gathering data regarding the effectiveness of the Personal Financial Management Programme on for the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region within the KwaZulu-Natal, the research methodology on how the study was conducted is discussed below.

3.2.1 Research approach

The study under investigation was quantitative in nature. This approach was selected because the researcher intended to measure the effectiveness of the Personal Financial Management Programme by focusing on specific variables (Bless & Higson-Smith, 2000: 38), namely the knowledge level and attitude of employees. The research approach was appropriate due to the fact that the researcher wanted to measure the variables objectively and remain detached from the respondents so that unbiased conclusions could be drawn (Fouche & Delport, 2011:63).

The researcher isolated the variables to be studied, that is the knowledge level and attitude of respondents, using a questionnaire to collect data and statistical procedures to analyse the data (Leedy & Ormrod, 2005 in Fouche & Delport, 2011:63).

3.2.2 Type of research

The type of research applicable to the study under investigation was applied in nature due to the fact that the main aim of this study was to address a problem in practice (Fouche & De Vos, 2011:95) relating to employees experiencing day-to-day financial problems. The

researcher intended to solve the problem in practice (Fouche & De Vos, 2011: 95) by implementing the Personal Financial Management Programme and evaluating the effectiveness of the programme.

In the context of applied research the researcher specifically used evaluative research as an appropriate type of research. Weinbach (2005) in Fouche (2011:452) defines evaluative research as “a systematic use of research method to make judgements about the effectiveness and overall merit, worth and value of some form of practice”. This research method was thus applicable to the study since it intended to evaluate the effectiveness and value of some form of practice, namely the Personal Financial Management Programme, among the employees in the Department of Rural Development and Land Reform.

3.2.3 Research design

The relevant research design for this study was the one-group pre-test/ post-test experimental design. According to Bless and Higson-Smith (2000:68), a researcher uses this design to measure the dependent variable/s before (pre-test) and after (post-test) the event that is expected to bring about some change. The conclusion is then drawn that the difference between the pre-test and the post-test was due to the event that occurred between them. In the context of this study the researcher measured the dependent variables (knowledge and attitude of employees) using a questionnaire prior to and after the introduction of the Personal Financial Management Programme (independent variable). By comparing the difference between the pre- and post-test a conclusion was then drawn about the effectiveness of the programme as the event that occurred between the tests.

3.2.4 Research methods

In this section the researcher will present a detailed account of methods used to carry out the research study. Particular attention will be paid to the sampling method and the actual sample used when collecting data. This will also include an account of how information was collected from the respondents and how analysis took place.

3.2.4.1 Study population and sampling

The researcher received permission to undertake research from the Chief Director of the Department of Rural Development and Land Reform in the KwaZulu-Natal Province as mentioned in Chapter 1.

The population of the study was made up of officials employed at the Department of Rural Development and Land Reform in the Pietermaritzburg region within the KwaZulu-Natal province who were experiencing financial difficulties. These were employees who had been referred to the Employee Health and Wellness Programme by their managers during 2013 and 2014 and who had also acknowledged that they have financial difficulties. The reasons for referral of these employees to the Personal Financial Management Programme included absenteeism, poor quality of work and failure to meet deadlines due to the fact that they were experiencing financial difficulties. Only four of the respondents were in position of garnishee orders.

These employees were categorised on level five to eight in terms of remuneration packages, namely level five earning R115 212 and level eight earning R212 106 per annum. There were 15 employees identified who formed the population of the study. All 15 employees were exposed to the implementation of the Personal Financial Management Programme. This population was identified by the Human Resource Department as employees employed by the Department of Rural Development and Land Reform in the Pietermaritzburg region. Due to the fact that the whole population was involved in the study no sample was selected.

3.2.4.2 Data collection method

The researcher used a questionnaire to collect the data. In the absence of an applicable standardised questionnaire the researcher compiled a questionnaire based on the content of the Personal Financial Management Programme which measured the targeted variables. The type of questionnaire was a group administrative questionnaire (Delpont & Roestenburg, 2011: 189). This type of questionnaire was suitable for the study since the Personal Financial Management Programme was administered in a group format. The same questionnaire was completed before (pre-test) and after (post-test) implementation of the programme. Each respondent/member of the group was expected to complete the questionnaire on his/her own. The researcher was present in order to respond to any possible uncertainties. One shortcoming that this method might have, was that an embarrassed group member might have been too shy to ask for clarity; hence a pilot study was conducted to ensure that the questionnaire was easily understandable and yielded relevant data. The questionnaires were also collected simultaneously when all respondents had completed them (Delpont & Roestenburg, 2011: 189). (See Appendix D).

3.2.4.3 Data analysis

In analysing the empirical data certain statistical methods were used to analyse the raw data that was collected. Frequencies were calculated for Section A in the questionnaire and tables; bar graphs, pie charts and histograms were used to display the results.

The binary items in the questionnaire (Section B, Section C [C6 – C11] and Section D) were analysed using the McNemar's test in SPSS. This data was treated as categorical because it was dichotomous and thus a non-parametric test needed to be selected. This non-parametric method tests for significance in categorical binary data using the Chi-square statistic. This test provides an indication of the number of discordant cases which demonstrate the number of respondents that change their answers prior to and after an intervention indicating whether or not the intervention was successful (Lennox & Sherman, 2009). The remaining Likert items were treated as ordinal data and a Wilcoxon Signed-Rank test was used to analyse this data. This is a non-parametric test that is equivalent to a dependent t-test used in ANOVA (Landau & Everitt, 2004).

3.2.4.4 Validity and reliability of the questionnaire

To ensure validity, upon admission to the programme employees were asked to sign an acknowledgement form. The contents of the form required that employees acknowledge that they had financial challenges to the extent of giving details about their credits. This ensured the accuracy of the data as well as the findings that were produced upon data collection. It referred to the concepts that were being investigated, the people or objects that were being studied, the methods by which data was collected and the findings that were produced (Zikmund, 2003: 56).

The researcher focused primarily on content and face validity. To ensure content validity, the data collection instrument was based on the contents of the Personal Financial Management Programme. The contents of the programme were established by the financial experts from Summit on the judgements that they were important for financial literacy (Delpont & Roestenburg, 2011:173). The researcher ensured that the questionnaire provided an adequate sample of items to measure the relevant variables, namely the knowledge levels and attitudes of the respondents regarding their financial management.

According to Zikmund (2003:56) reliability is concerned with the consistency and dependability of a measuring instrument that is an indication of the degree to which it gives

the same answers over time, across similar groups and irrespective of who administers it. Therefore the measuring instrument used to collect data was tested in the pilot study to ensure that it yielded similar results irrespective of who administered it.

To ensure the reliability and validity of the findings the researcher ensured that respondents had never been exposed to the specific data-collecting instrument or the Personal Financial Management Programme being evaluated. Furthermore, to ensure reliability and validity certain statistical methods were used to analyse raw data. The binary items in the questionnaire were analysed using the McNemar's test in SPSS while the Likert-scale items were analysed using the Wilcoxon Signed-Rank test.

3.2.4.5 Pilot study

To ensure accuracy and appropriateness, the researcher conducted a pilot study (Bless & Higson-Smith, 2000: 52). The researcher selected randomly two respondents from the Port Shepstone region of the Department of Rural Development and Land Reform and asked them to complete the questionnaire. These officials with whom the pilot study was conducted were also described by the Human Resource Department as employees of the Department of Rural Development and Land Reform. The goal of the pilot study was to test if the questionnaire is clear, appropriate and user friendly. Respondents were asked to give their comments and recommendations on changes needed. However, no changes were needed.

3.2.5 Ethical considerations

The research was based on mutual trust, acceptance, cooperation, promises and well accepted conventions and expectations between the respondents and the researcher in the research project (Strydom, 2011:113). Ethics express a common set of values upon which professional and scientific work is built (Neuman, 2000:481). Therefore the following ethical issues were addressed when conducting the study:

3.2.5.1 Informed consent

Informed consent forms were given to the respondents to give their written consent and permission to participate in the research study. The purpose and procedures of the study were clearly outlined in the consent form. It was explained to the respondents that their participation in the study entailed completion of a questionnaire and exposure to the Personal Financial Management Programme. The letter indicated that they participated out of their

own free will and that the researcher would not reflect their personal details (Strydom, 2011:117). All the respondents signed the informed consent letter.

3.2.5.2 Voluntary participation

It was explained to the respondents that participation in the study was voluntary and no one was forced to participate (Strydom, 2011:116). Respondents could withdraw at any stage of the research process.

3.2.5.3 Anonymity

To ensure anonymity, respondents in the study were asked not to divulge their names on the questionnaire. This could not constitute a constraint since the focus was more on the group than on individual results (Strydom, 2011:120). Furthermore respondents would not be identified by their names in the final report.

3.2.5.4 Confidentiality /violation of privacy

To ensure confidentiality the researcher was the only person who received and processed the questionnaire and this was to ensure a continuation of privacy. This was necessary in order to ensure the integrity of the research study and the protection of the sensitive information and to encourage open communication by the respondents (Neuman, 2000: 486).

3.2.5.5 Compensation

Upon addressing the respondents and on the covering letter of the questionnaire the researcher explained that the respondents would not be compensated for participating in the study as this might have shifted the focus, especially since these employees were struggling financially. This was to ensure that respondents had no expectations or disappointments regarding compensation (Strydom, 2011:121).

3.2.5.6 Actions and competence of the researcher

Strydom (2005b:63) asserts that researchers have an ethical obligation to ensure that they are competent and sufficiently skilled to undertake the proposed study. The researcher had passed the research methodology theory which was the groundwork of the research process. Neumann (2000:482) also puts emphasis on the importance of researchers embarking on those tasks for which they are educationally qualified. The researcher conducted the proposed study under the supervision of an experienced and knowledgeable supervisor.

3.2.5.7 Release of findings

Findings should be presented in a clear, unambiguous and unbiased manner (Strydom, 2005b: 65). A copy of the research report will be submitted to the University of Pretoria as well as the Department of Rural Development and Land Reform (Mogobe, 2011:11).

3.2.5.8 Cooperation with contributors and sponsors

An organisation called Summit Financial Partners assisted the Department of Rural Development and Land Reform in implementing the Personal Financial Management Programme. The researcher's role was to organise the logistical arrangements which included inviting the respondents, organising the venue, doing the introduction during the implementing process, and to administer the pre- and post-test. Although the researcher was thus not directly involved in presenting the programme, she was well aware of the power dynamics and the impact thereof.

In order to avoid role confusion a clear contract between the researcher and Summit Financial Partners, who presented the Personal Financial Management Programme, was formulated.

3.3 EMPIRICAL RESULTS

The population of the study was made up of officials employed at the Department of Rural Development and Land Reform in the Pietermaritzburg region in the KwaZulu-Natal province who were experiencing financial difficulties. There were 15 employees who formed the population of the study and all 15 employees were exposed to the implementation of the Personal Financial Management Programme. Due to the fact that the whole population was involved in the study, no sample was selected. A questionnaire was used to collect data from the 15 respondents who participated in the study (See Appendix D). The questionnaire was divided into the following sections:

Section A: Personal details of respondents

Section B: Objectives of the Personal Financial Management Programme in the Department of Rural Development and Land Reform in the Pietermaritzburg region

Section C: Knowledge of financial management

Section D: Attitudes of employees on financial management

Section E: Programme content

Section F: Suggestions regarding the Personal Financial Management Programme

Certain statistical methods were used to analyse the raw, empirical data that was collected. Frequencies were calculated for Section A in the questionnaire and tables, and bar graphs, pie charts and histograms were used to display the results.

The binary items in the questionnaire (Section B, Section C [C6 – C11] and Section D [D11 – D15]) (*note that binary refers to dichotomous data, for example, yes or no options*) were analysed using the McNemar's test in SPSS. This data was treated as categorical because it is dichotomous and thus a non-parametric test needed to be selected. This non-parametric method tests for significance in categorical binary data using the Chi-square statistic. This test provides an indication of the number of discordant cases which demonstrate the number of participants who change their answers prior to and after an intervention indicating whether or not the intervention was successful (Lennox & Sherman, 2009). This method was selected as the raw data 'meets' the following assumptions necessary to perform this analysis.

Assumption 1:

- There is one categorical dependent variable with two categories (i.e. dichotomous variable).
- One categorical independent variable with two related groups (pre-test/post-test design).

Assumption 2:

- The two groups of the dependent variable are mutually exclusive (i.e. a respondent cannot say "yes and no" only one choice can be selected).

Assumption 3:

- The cases (respondents) are randomly selected from the population. Although, this was not how the sampling took place, this may be excused in this study as most academic research does not employ random selection due to the high cost and difficulty associated with this sampling strategy. However, due to the violation of this assumption the results must be interpreted with caution (Landau & Everitt, 2004).

The remaining Likert items were treated as ordinal data and a Wilcoxon Signed-Rank test was used to analyse this data. This is a non-parametric test that is equivalent to a dependent t-test used in ANOVA (Landau & Everitt, 2004). This test does not assume normality in the data and can be used when this assumption has been violated and a dependent t-test is not appropriate. It is used to compare two sets of scores from the same respondents. This method

was selected as the raw data ‘meets’ the following assumptions necessary to perform this analysis.

Assumption 1:

- The dependent variable can be measured at an ordinal or continuous level. Likert items can be treated as ordinal data.

Assumption 2:

- The independent variable should consist of two categorical “related groups”. Related groups indicate that the same respondents are in both groups. In pre-test/post-test designs the same respondents are measured at different points in time.

Assumptions 3:

- The distribution of the difference between the two related groups (i.e. the distribution of difference between the scores of both groups of the independent variable) needs to be symmetrical in shape (Landau & Everitt, 2004).

The empirical results was divided according to the abovementioned sections and displayed in table format. The empirical results of section F were described in text format.

SECTION A: BIOGRAPHICAL PROFILE OF RESPONDENTS

Section A comprises of the biographical information of the respondents who were exposed to the Personal Financial Management Programme. The whole population of 15 respondents answered all questions in the questionnaire by placing [X] next to the relevant answer.

In this research study the researcher used the following variables to profile the research respondents:

- Gender
- Age
- Marital status
- Race
- Dependants
- Branch
- Net income per month

The personal details of the respondents are thus presented below.

3.3.1 Gender

Table 3.1 reflects the gender distribution of the respondents

Table 3.1: Gender distribution of respondents

Gender	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Female	10	66.7	66.7	66.7
Male	5	33.3	33.3	100
Total	15	100.0	100.0	

In this research study the majority of the respondents were female (10) or (66.7%), while males were only five (5) or (33.3%), adding up to fifteen respondents.

3.3.2 Age

Figure 3.1 reflects the age distribution of the respondents.

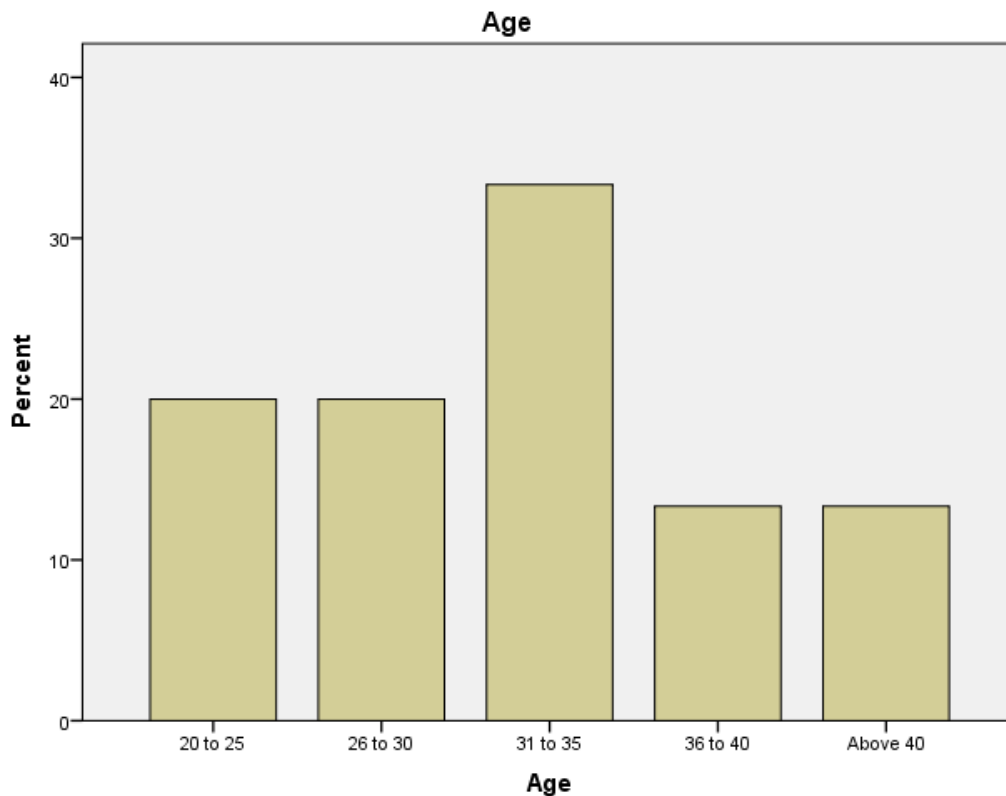


Figure 3.1: Age distribution of respondents

The age of respondents ranged between 20 and 40 years of age. The biggest proportion reported their age as 31-35 (33%), followed by 20-25 (20%), 26-30 (20%) and the remaining respondents were reported to be between 36-40 years (13.3%) and above 40 years (13.3%) respectively.

3.3.3 Marital status

Figure 3.2 displays the marital status of the respondents in this research study.

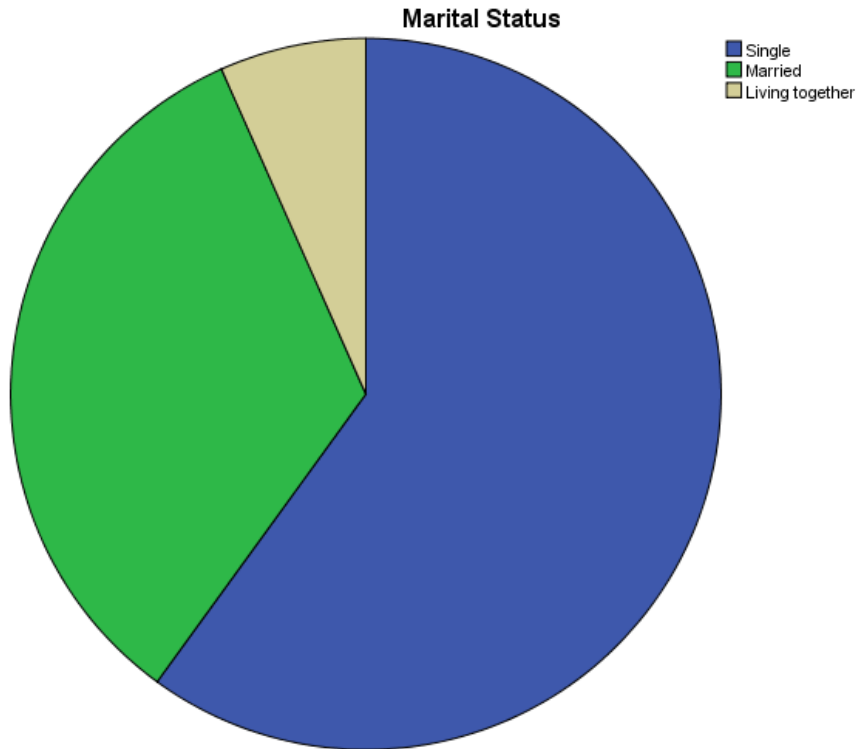


Figure 3.2: Marital status of the respondents

The research findings revealed that 9 (60%) respondents were single, while 5 (33%) were married and 1(7%) was living together with a partner.

3.3.4 Race

Figure 3.3 reflects the racial distribution of the respondents

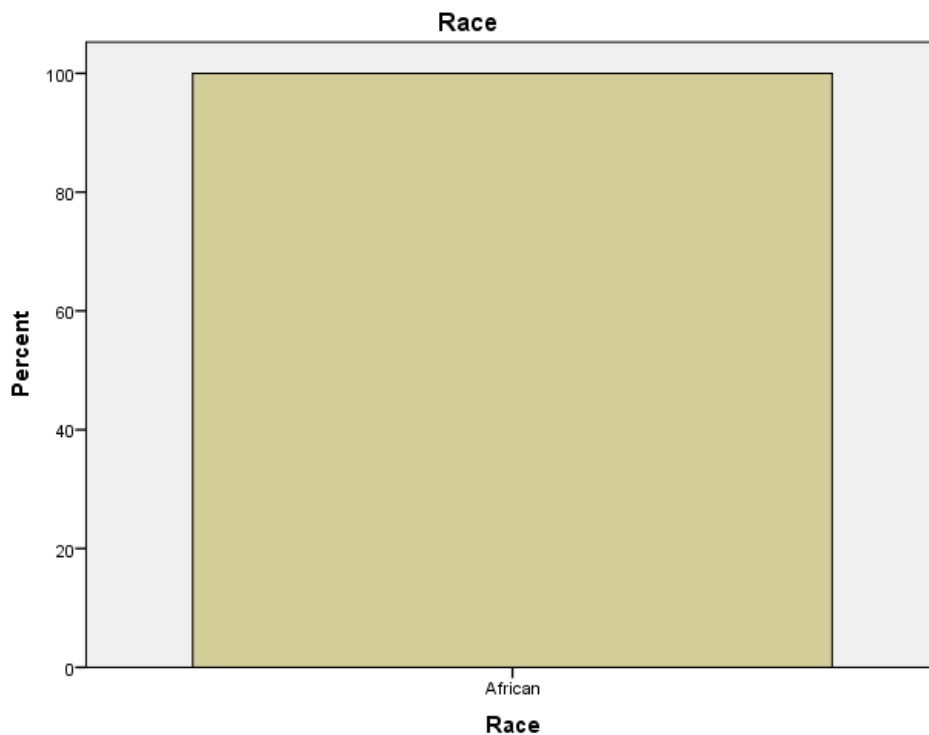


Figure: 3.3: Racial distribution of respondents

Referring to the graph above, it is clear that all respondents were Africans.

3.3.5 Dependents

Figure 3.4 displays of the number of dependents respondents had.

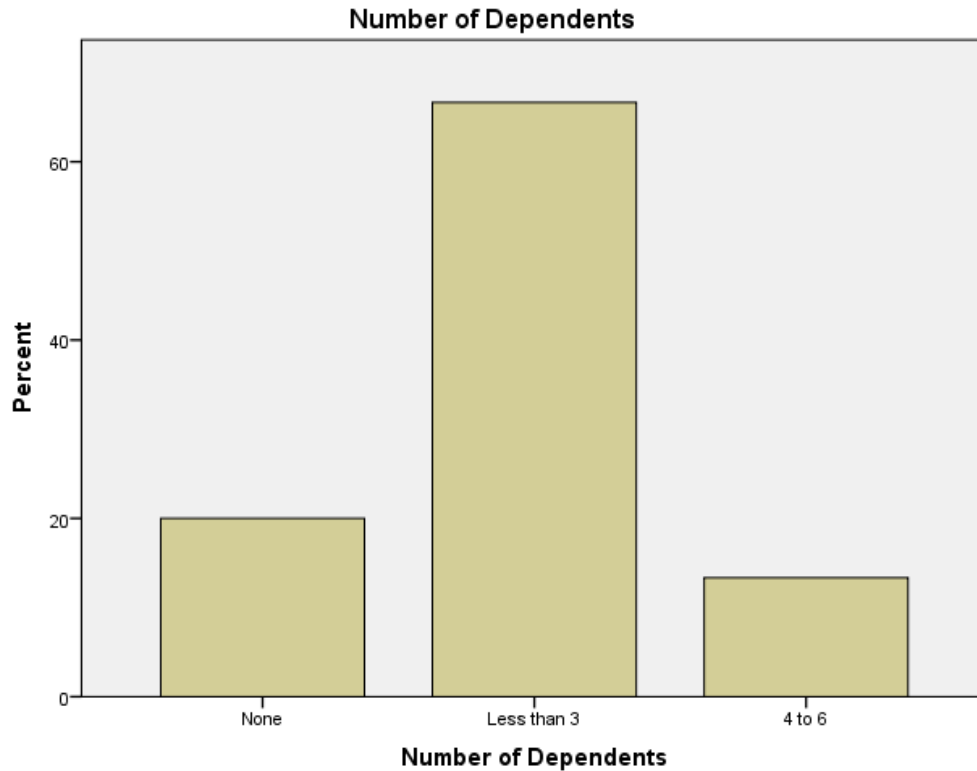


Figure 3.4: Number of dependents of respondents

Figure 3.4 above indicates that 3 (20%) respondents had no dependents, while 10 (67%) had fewer than 3 dependents, and 2 (13%) respondents had between 4 and 6 dependents. This variable was important because it had the potential to influence the respondents' personal financial situation.

3.5.6 Branch

Table 3.2 gives a summary of respondents stationed at each departmental branch in the Department of Rural Development and Land Reform in the Pietermaritzburg region in the KwaZulu-Natal province.

Table 3.2: Summary of respondents stationed at each departmental branch

Branch	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Deeds Office	5	33.3	33.3	33.3
Shared Services Centre	7	46.7	46.7	80.0
Land Reform	1	6.7	6.7	86.7
SPLUM	2	13.3	13.3	100.0
Total	15	100.0	100.0	

From Table 3.2 it is clear that 5 respondents (33.3%) were from the Deeds office, while 7 (46.7%) were from Shared service centre, 1 (6.7%) was from Land reform and 2 (13.3%) were from the branch SPLUM. It seems thus that the respondents with financial challenges were spread over different departmental branches.

3.3.7 Net income per month

Figure 3.5 displays the net income per month for all respondents who participated in the study.

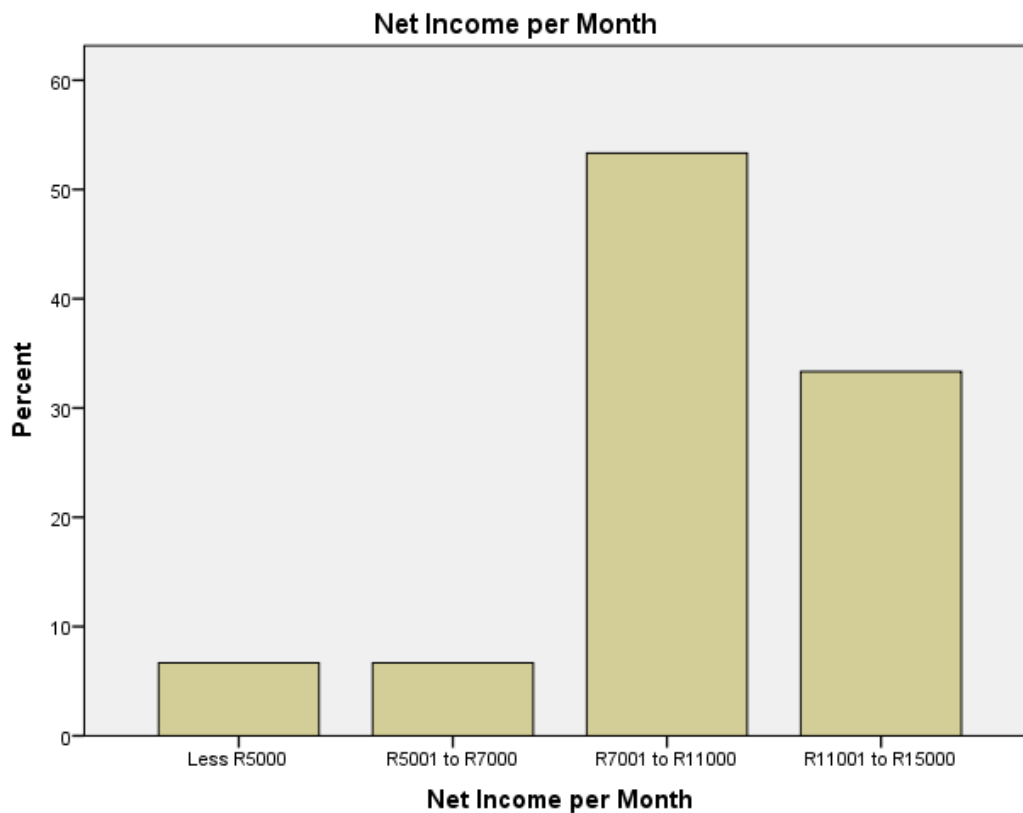


Figure 3.5 reflects that 1 (6.7%) respondent was earning less than R5 000 per month, another 1 (6.7%) respondent was earning between R5001 and R7 000 per month, 8 (53.3%) respondents were earning between R7001 and R11 000 per month and 5 (33.3%) respondents were earning between R11001 and R15 000.

SECTION B: OBJECTIVES OF THE PERSONAL FINANCIAL MANAGEMENT PROGRAMME IN THE DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM IN THE PIETERMARITZBURG REGION

Section B of the questionnaire assessed the respondents' attitude towards the objectives of the intervention. The section consisted of five items, in the form of statements, to which respondents were expected to respond in either agreement or disagreement.

There was only one case of missing data related to item B3 in this section (*Rich people who do not manage their money have financial problems like anyone else*). The data was analysed using the McNemar's test on SPSS. The standard 5% level of significance was used to test for significance. Although there appeared to be 5 discordant cases across the five items where respondents changed their incorrect answers to correct answers following the intervention, these results were not statistically significant.

3.3.8 Item B1: Managing money is a skill you can learn

Item B1 was a closed-ended item where respondents could either respond "yes" or "no". Table 3.3 reflects the respondents' attitude towards the statement 'Managing money is the skill you can learn'.

Table 3.3: Responses to the statement 'Managing money is the skill you can learn'

(n=15)

Managing money is the skill you can learn (Pre-test)		Managing money is the skill you can learn (Post-test)	
Yes	No	Yes	No
14	1	15	0

From Table 3.3 it is clear that 14 respondents (93%) responded in agreement before the intervention, compared to only 1 participant (7%) who did not agree with the statement

before the intervention. All 15 (100%) respondents agreed with the statement after the intervention. None of the respondents thus disagreed with the statement after the intervention. This means therefore that the intervention had a very little impact on the respondents, statistically it is insignificant.

3.3.9 Item B2: Managing money does not mean that you will suddenly get rich

Item B2 was a ‘closed’ ended item where respondents had to respond with “yes” or “no”.

Table 3.4 highlights the respondents’ attitude towards the statement ‘Managing money does not mean that you will suddenly get rich’.

Table 3.4: Responses to statement: ‘Managing money does not mean that you will suddenly get rich’ (n=15)

Managing money does not mean that you will suddenly get rich (Pre-test)		Managing money does not mean that you will suddenly get rich (Post-test)	
Yes	No	Yes	No
12	3	15	0

From Table 3.4 relating to statement B2, it is clear that 12 (80%) respondents were in agreement with the statement before the intervention and only 3 respondents (20%) were in disagreement with the statement before the intervention, whereas all 15 (100%) respondents were in agreement with the statement after the intervention. None of the respondents disagreed with the statement after the intervention. This means therefore that the intervention which is the Personal Financial Management Programme had had very little impact on the respondents; statistically it is insignificant.

3.3.10 Item B3: Rich people who do not manage their money have financial problems like anyone else.

Item B3 was a closed-item statement in where respondents had to answer with ‘yes’ or ‘no’

Table 3.5 highlights the respondents’ attitudes towards the statement ‘**Rich people who do not manage their money have financial problems like anyone else**’.

Table 3.5: Responses to statement: Rich people who do not manage their money have financial problems like anyone else’ (n= 15)

Rich people who do not manage their money have financial problems like anyone else (Pre-test)		Rich people who do not manage their money have financial problems like anyone else (Post-test)	
Yes	No	Yes	No
10	2	10	2

Table 3.5 indicated that 10 (67%) respondents were in agreement with the statement before and after the intervention, 2 (13%) were also in disagreement with the statement before and after the intervention, while 3 of the respondents did not respond on this item. From the data it is clear that there was no difference between the pre- and post-test data which means that the intervention was insignificant in terms of the respondents’ attitude towards this statement.

3.3.11 Item B4: If you do not have a regular fixed income it is not important to plan for the times you earn money.

Item B4 was a closed-ended item which required respondents to respond with “yes” or “no”

Table 3.6 highlights the respondents’ attitudes towards the statement ‘**If you do not have a regular fixed income it is not important to plan for the times you earn money’**’.

Table 3.6: Responses to statement ‘If you do not have a regular fixed income it is not important to plan for the times you earn money’ (n=15)

If you do not have a regular fixed income it is not important to plan for the times you earn money (Pre-test)		If you do not have a regular fixed income it is not important to plan for the times you earn money (Post-test)	
Yes	No	Yes	No
7	8	8	7

Table 3.6 revealed that 7 (47%) respondents agreed with the statement before the intervention. Eight (8) (53%) respondents disagreed with the statement before the intervention. Eight (8) (53%) respondents agreed with the statement after the intervention and 7 (47%) disagreed with the statement following the intervention. This implies therefore that the intervention had very little impact on the respondents; statistically it is insignificant.

3.3.12 Item B5: It is not important to know the difference between needs and wants

Item B5 was also a closed-ended item which required respondents to respond with “yes” or “no” Table 3.7 highlights the respondents’ attitudes towards the statement ‘**It is not important to know the difference between needs and wants**’.

Table 3.7: Responses on statement: ‘It is not important to know the difference between needs and wants’ (n=15)

It is not important to know the difference between needs and wants (Pre-test)		It is not important to know the difference between needs and wants (Post-test)	
Yes	No	Yes	No
10	5	2	13

From Table 3.7 above, it is obvious that 10 (67%) respondents were in agreement with the statement before the intervention which is incorrect, while 5 (33%) respondents disagreed with the statement before the intervention which is correct. After the intervention 2(13%) respondents agreed with the statement and 13(87%) respondents disagreed with the statement. Although there is a slight improvement the results are insignificant.

Holistically section B meant to investigate whether the intervention had a significant effect on the respondents’ opinions regarding the objectives of the Personal Financial Management Programme in the Department of Rural Development and Land Reform in the Pietermaritzburg region. Significance testing was performed using a McNemars test. The results (refer to Table 3.8) indicated that the intervention did not significantly influence the

respondents' opinions regarding the specific statements in items B1-B5. None of the significance scores fell below 0.001 or 0.005.

Table 3.8: Summary of significance levels of Items B1 – B5

Test Statistics ^a	B1	B2	B3	B4	B5
	Managing money is the skill you can learn (Pre-test) & Managing money is the skill you can learn (Post-test)	Managing money does not mean that you will suddenly get rich (Pre-test) & Managing money does not mean that you will suddenly get rich (Post-test)	Rich people who do not manage their money have financial problems like anyone else (Pre-test) & Rich people who do not manage their money have financial problems like anyone else (Post-test)	If you do not have a regular fixed income it is not important to plan for the times you earn money (Pre-test) & If you do not have a regular fixed income it is not important to plan for the times you earn money (Post-test)	It is not important to know the difference between needs and wants (Pre-test) & It is not important to know the difference between needs and wants (Post-test)
N	15	15	12	15	15
Exact Sig. (2-tailed)	1.000 ^b	.250 ^b	1.000 ^b	1.000 ^b	.250 ^b

a. McNemar Test

b. Binomial distribution used.

SECTION C: KNOWLEDGE OF FINANCIAL MANAGEMENT

Section C assessed the respondents' knowledge of financial management according to the standards set out in the intervention. The section consisted of eleven items. The respondents' knowledge was assessed using two strategies. Items C1 to C5 were assessed using a Likert scale where respondents could rate their level of agreement on a four-point scale ranging from "*I do not agree* to *I strongly agree*". This data was analysed using the Wilcoxon Signed Rank test. The standard 5% level of significance was used to test for significance. The results of the Wilcoxon Signed Ranked test suggested that there was not a statistically significant difference in the proportion of the respondents' knowledge toward this construct based on their Pre-test/Post-test scores.

Items C6 to C11 were assessed using a dichotomous item to which participants could respond in either agreement (“yes”) or disagreement (“no”). The data was analysed using the McNemar’s test on SPSS. The standard 5% level of significance was used to test for significance. Although there appeared to be 12 discordant cases across the five items where respondents changed their incorrect answers to correct answers following the intervention, these results were not statistically significant.

3.3.13 Item C1: Avoiding credit cards is important when you are in debt.

Item C1 was a closed--ended item and respondents could rank their agreement with the statement using the following scale:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.9 reflects the respondents’ level of agreement/disagreement with the statement ‘Avoiding credit cards is important when you are in debt’.

Table 3.9: Rank table depicting Pre-test/Post-test participant scores related to item C1 (N=15)

Item	Rank	N	Mean Rank	Sum of Ranks
Avoiding credit cards is important when you are in debt (Pre-test) - Avoiding credit cards is important when you are in debt (Post-test)	Negative Ranks	2 ^a	4.75	9.50
	Positive Ranks	4 ^b	2.88	11.50
	Ties	9 ^c		
	Total	15		

A ranking table (refer to Table 3.9) was constructed in SPSS to compare respondents’ pre-test opinions and post-test opinions to examine whether the intervention was effective. The results indicated that 9 (60%) respondents maintained their opinion before and after being exposed to the intervention. In contrast 2 (13%) respondents changed their opinion from ‘I do not agree’ to ‘I agree’ following the intervention. Similarly, 4 (27%) changed their opinion from ‘I partially agree’ to ‘I agree’ following the intervention. This means that respondents understand the content of the statement and they know what to do when in debt.

3.3.14 Item C2: Paying more on loans will help cut down on the interest rate charged and reduce payment period.

Item C2 was a closed-ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.10 indicates the respondents' level of agreement/disagreement with the statement 'Paying more on loans will help cut down on the interest rate charged and reduce payment period'.

Table 3.10: Rank table depicting Pre-test/Post-test participant scores related to item C2 (N=15)

Item	Rank	N	Mean rank	Sum of rank
Paying more on loans will help cut down on the interest rate charged and reduce payment period (Pre-test) - Paying more on loans will help cut down on the interest rate charged and reduce payment period (Pre-test)	Negative Ranks	1 ^d	3.00	3.00
	Positive Ranks	7 ^e	4.71	33.00
	Ties	7 ^f		
	Total	15		

The results in Table 3.10 revealed that 7 (47%) respondents maintained their opinion before and after being exposed to the intervention, while another 7 (47%) respondents changed their opinion from 'I do not agree' to 'I agree' following the intervention. Similarly, 1(6%) respondent changed his/her opinion from 'I partially agree' to 'I agree' following the intervention. This means therefore that the intervention had an impact on respondents even though statistically it was insignificant.

3.3.15 Item C3: Shopping around before making a decision is a waste of time

Item C3 was a closed-ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree

- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.11: Rank table depicting Pre-test/Post-test participant scores related to item C3 (N=15)

Item	Ranks	N	Mean rank	Sum of rank
Shopping around before making a decision is a waste of time (Post-test) - Shopping around before making a decision is a waste of time (Pre-test)	Negative Ranks	3 ^g	4.33	13.00
	Positive Ranks	3 ^h	2.67	8.00
	Ties	9 ⁱ		
	Total	15		

The results in Table 3.11 highlight that 9 (60%) respondents maintained their opinion before and after being exposed to the intervention. Three 3(20%) respondents changed their opinion from ‘I do not agree’ to ‘I agree’ following the intervention. Similarly, 3 (20%) respondents changed their opinion from ‘I partially agree’ to ‘I agree’ following the intervention. It means therefore that the intervention had an influence on the respondents even though statistically it was insignificant.

3.3.16 Item C4: ‘Take-aways’ are expensive and not necessary healthy

Item C4 was a closed--ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.12: Rank table depicting Pre-test/Post-test participant scores related to item C4 (N=15)

Item	Rank	N	Mean rank	Sum of rank
‘Take-aways’ are expensive and not necessary healthy (Post-test) – ‘Take-aways’ are expensive and not necessary healthy (Pre-test)	Negative Ranks	5 ^j	6.20	31.00
	Positive Ranks	4 ^k	3.50	14.00
	Ties	6 ^l		
	Total	15		

The results on Table 3.12 showed that 6(40%) respondents maintained their opinion before and after being exposed to the intervention, whereas 5(33%) respondents changed their opinion from ‘I do not agree’ to ‘I agree’ following the intervention. Similarly, 4(27%) respondents changed their opinion from ‘I partially agree’ to ‘I agree’ following the intervention. This too means that the intervention had an influence on the respondents even though statistically it was insignificant.

3.3.17 Item C5: Having more credit cards helps when you run out of cash

Item C5 was a closed--ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.13: Rank table depicting Pre-test/Post-test participant scores related to item C5 (N=15)

Item	Rank	N	Mean rank	Sum of rank
Having more credit cards helps when you run out of cash (Post-test) - Having more credit cards helps when you run out of cash (Pre-test)	Negative Ranks	2 ^m	3.75	7.50
	Positive Ranks	3 ⁿ	2.50	7.50
	Ties	10 ^o		
	Total	15		

The results on Table 3.13 indicated that 10(67%) respondents maintained their opinion before and after being exposed to the intervention, they disagreed, while 2(13%) respondents changed their opinion from ‘I do not agree’ to ‘I agree’ following the intervention. Similarly, 3 (20%) respondents changed their opinion from ‘I partially agree’ to I strongly disagree’ following the intervention. Again this means that that the intervention had an influence on the respondents even though statistically it was insignificant.

Holistically items C1 – C5 meant to investigate whether the intervention had a significant effect on the respondents’ knowledge of financial management. Significance testing was performed using a Wilcoxon Signed Ranked test. The results (refer to Table 3.9-3.13) indicated that the intervention did not significantly influence the respondents’ knowledge of

financial management. As indicated in Table 3.14 none of the significance scores fell below 0.001 or 0.005.

Table 3.14: Summary of significance levels related to items C1 – C5

Test Statistics ^a	C1	C2	C3	C4	C5
	Avoiding credit cards is important when you are in debt (Post-test) - Avoiding credit cards is important when you are in debt (Pre-test)	Paying more on loans will help cut down on the interest rate charged and reduce payment period (Pre-test) - Paying more on loans will help cut down on the interest rate charged and reduce payment period (Pre-test)	Shopping around before making a decision is a waste of time (Post-test) - Shopping around before making a decision is a waste of time (Pre-test)	Take-aways are expensive and not necessary healthy (Post-test) - Take-aways are expensive and not necessary healthy (Pre-test)	Having more credit cards helps when you run out of cash (Post-test) - Having more credit cards helps when you run out of cash (Pre-test)
Z	-.213 ^b	-2.165 ^b	-.527 ^c	-1.040 ^c	.000 ^d
Asymp. Sig. (2-tailed)	.832	.030	.598	.298	1.000

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

c. Based on positive ranks.

d. The sum of negative ranks equals the sum of positive ranks.

As mentioned above Items C6 to C11 were assessed using a dichotomous item to which participants could respond in either agreement ('yes') or disagreement ('no'). The data was analysed using the McNemar's test on SPSS. The standard 5% level of significance was used to test for significance.

3.3.18 Item C6: The easiest way to get out of debts is to borrow money to pay your debts

Item C6 was a closed-ended item where respondents could either respond with "yes" or "no".

Table 3.15 displays the respondents' knowledge of financial management towards the statement 'The easiest way to get out of debts is to borrow money to pay your debts'.

Table 3.15: Responses on statement ‘The easiest way to get out debts is to borrow money to pay your debts’ (n=14)

The easiest way to get out of debts is to borrow money to pay your debts (Pre-test)		The easiest way to get out of debts is to borrow money to pay your debts (Post-test)	
Yes	No	Yes	No
1	13	0	14

Table 3.15 revealed that 1 (7%) respondent was in agreement with the statement before the intervention, whereas 13 (93%) other respondents disagreed with the statement before the intervention. Eventually 14 (100%) respondents disagreed with the statement after the intervention. One respondent did not respond to this item. The results referred to the fact that most respondents understood the statement and only one respondent did not, but eventually changed his or her opinion. Therefore it seems that the intervention in terms of this statement had had very little impact on the respondents.

3.3.19 Item C7: Skipping payments can assist if you cannot pay all your debts

Item C7 was a closed-ended item where respondents could respond with “yes” or “no”

Table 3.16 displays the respondents’ knowledge of financial management towards the statement ‘**Skipping payments can assist if you cannot pay all your debts**’.

Table 3.16: Responses to statement ‘Skipping payments can assist if you cannot pay all your debts’ (n=15)

Skipping payment can assist if you cannot pay all your debts (Pre-test)		Skipping payment can assist if you cannot pay all your debts (Post-test)	
Yes	No	Yes	No
1	14	0	15

From Table 3.16 it was clear that only 1 (7%) respondent was in agreement with the statement before the intervention. Fourteen (97%) respondents disagreed with the statement before and after the intervention; eventually all 15 (100%) respondents disagreed with the statement after the intervention. Once again this means that the majority of the respondents understood the statement and only one did not understand and eventually changed his or her opinion. It means therefore the intervention had had very little impact on the respondents and therefore it is insignificant.

3.3.20 Item C8: Cutting on spending is the first step in getting out of debts

Item C8 was a closed-ended item where respondents could respond with “yes” or “no”.

Table 3.17 displays the respondents’ knowledge of financial management to the statement ‘Cutting on spending is the first step in getting out of debts’.

Table 3.17: Responses on statement ‘Cutting on spending is the first step in getting out of debts’ (n=15)

Cutting on spending is the first step in getting out of debts (Pre-test)		Cutting on spending is the first step in getting out of debts (Post-test)	
Yes	No	Yes	No
9	6	15	0

Table 3.17 above revealed that 9(60%) respondents agreed with the statement before the intervention, while 6 (40%) disagreed with the statement before the intervention. All 15 (100%) respondents agreed with the statement after the intervention. This means that although the intervention had had little impact on the respondent: the results were statistically insignificant.

3.3.21 Item C9: Committing to making fixed payments can help get out of debts faster

Item C9 was a closed-ended item where respondents could respond with “yes” or “no”.

Table 3.18 displays the respondents’ knowledge of financial management to the statement ‘Committing to making fixed payments can help get out of debts faster’.

Table 3.18: Responses to statement ‘Committing to making fixed payments can help get out of debts faster’ (n=15)

Committing to making fixed payments can help get out of debts faster (Pre-test)		Committing to making fixed payments can help get out of debts faster (Post-test)	
Yes	No	Yes	No
11	4	14	1

Table 3.18 reflected that 11(73%) respondents agreed with the statement before the intervention, while 4 (27%) disagreed before the intervention. After the intervention 14 (93%) respondents agreed with the statement and only 1(7%) disagreed. These results once again implied that the intervention had had very little impact on the respondents; statistically it was insignificant.

3.3.22 Item C10: Seeking financial assistance is a waste of time if you cannot get cash

Item C10 was a closed-ended item where respondents could respond with “yes” or “no”

Table 3.19 displays the respondents’ knowledge of financial management towards the statement ‘Seeking financial assistance is a waste of time if you cannot get cash’.

Table 3.19: Responses to statement ‘Seeking financial assistance is a waste of time if you cannot get cash’ (n=15)

Seeking financial assistance is a waste of time if you cannot get cash (Pre-test)		Seeking financial assistance is a waste of time if you cannot get cash (Post-test)	
Yes	No	Yes	No
1	14	0	15

From Table 3.19 it was clear that only 1 (7%) respondent agreed with the statement before the intervention, 14 (97%) respondents disagreed before the intervention. After the intervention all 15 (100%) respondents agreed with the statement. This means that the

intervention had had a little impact on the respondents; however, statistically it was insignificant.

3.3.23 Item C11: The socio-economic circumstances in your country affect only government of the country

Item C11 was a -closed-ended item where respondents could respond with “yes” or “no”.

Table 3.20 displays the respondents’ knowledge of financial management to the statement ‘The socio-economic circumstances in your country affect only government of the country’.

Table 3.20: Responses on statement ‘The socio-economic circumstances in your country affect only government of the country’ (n=15)

The socio-economic circumstances in your country affect only government of the country (Pre-test)		The socio-economic circumstances in your country affect only government of the country (Post-test)	
Yes	No	Yes	No
2	13	1	14

Table 3.20 indicated that 2(13%) respondents agreed with the statement before the intervention whereas 13 (97%) respondents disagreed. After the intervention 14 (93%) respondents disagreed with the statement, while 1 (7%) respondent agreed with the statement. Yet again the intervention had had little impact on the respondents’ knowledge of financial management regarding this statement and statistically it was insignificant.

In essence items C6 – C11 meant to investigate whether the intervention had a significant effect on the respondents' knowledge of financial management. Significance testing was performed using a McNemar’s test. The results (refer to Table 3.21) indicated that the intervention did not significantly influence the participants’ opinions regarding financial management. None of the significance scores fell below 0.001 or 0.005.

**Table 3.21: Summary of significance levels related to items C6-C11
Test Statistics^a**

Test Statistic ^a	C6	C7	C8	C9	C10	C11
	The easiest way to get out of debts is to borrow money to pay your debts (Pre-test) & The easiest way to get out of debts is to borrow money to pay your debts (Post-test)	Skipping payment can assist if you cannot pay all your debts (Pre-test) & Skipping payment can assist if you cannot pay all your debts (Post-test)	Cutting on spending is the first step in getting out of debts (Pre-test) & Cutting on spending is the first step in getting out of debts (Post-test)	Committing to making fixed payments can help get out of debts faster (Pre-test) & Committing to making fixed payments can help get out of debts faster (Post-test)	Seeking financial assistance is a waste of time if you cannot get cash (Pre-test) & Seeking financial assistance is a waste of time if you cannot get cash (Post-test)	The socio-economic circumstances in your country affect only government of the country (Pre-test) & The socio-economic circumstances in your country affect only government of the country (Post-test)
N	15	15	14	15	14	15
Exact Sig. (2-tailed)	1.000 ^b	1.000 ^b	1.000 ^b	.625 ^b	.500 ^b	1.000 ^b

a. McNemar Test

b. Binomial distribution used

SECTION D: ATTITUDES OF EMPLOYEES TOWARDS BUDGETING AS A COMPONENT OF FINANCIAL MANAGEMENT (ITEMS D1 TO D10)

Section D assessed the respondents' attitudes towards financial management, with specific emphasis on budgeting as an important aspect in financial management, according to the standards set out in the intervention. The section consisted of fifteen items. The respondents' attitudes were assessed using two strategies. Items D1 to D10 were assessed using a Likert scale. Respondents were asked to rate their level of agreement on a four-point scale ranging from "I do not agree" to "strongly agree". This data was analysed using a Wilcoxon Signed Rank test and the standard 5% level of significance was used to test for significance. The results of the Wilcoxon Signed Ranked test suggest that there was not a statistically

significant difference in the proportion of the respondents' attitudes toward this construct based on their Pre-test/Post-test scores.

3.3.24 Item D1: Only rich people can do the budget

Item D1 was a closed-ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.22 indicates the respondents' level of agreement/disagreement with the statement '**Only rich people can do the budget**'.

Table 3.22: Rank table depicting Pre-test/Post-test participant scores related to item D1 (n=15)

Item D1		N	Mean Rank	Sum of Ranks
Only rich people can do the budget (Post-test) - Only rich people can do the budget (Pre-test)	Negative Ranks	2 ^a	1.50	3.00
	Positive Ranks	0 ^b	.00	.00
	Ties	13 ^c		
	Total	15		

Table 3.22 was constructed in SPSS to compare respondents' pre-test opinions and post-test opinions to examine whether the intervention was effective. The results indicated that 13 (87%) respondents maintained their opinion before and after being exposed to the intervention. In contrast 2 (13%) participants changed their opinion from 'I do not agree' to 'I agree' following the intervention. This means therefore that the intervention had a little impact on the respondents' attitudes towards financial management in terms of this item; it is thus statistically insignificant.

3.3.25 Item D2: Budgeting is about total deprivation if you earn less

Item D2 was a -ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.23 indicates the respondents' level of agreement/disagreement with the statement. **'Budgeting is about total deprivation if you earn less'.**

Table 3.23: Rank table depicting Pre-test/Post-test participant scores related to item D2 (n=14)

Item D2		N	Mean Rank	Sum of Ranks
Budgeting is about total deprivation if you earn less (Post-test) - Budgeting is about total deprivation if you earn less (Pre-test)	Negative Ranks	3 ^d	2.67	8.00
	Positive Ranks	1 ^e	2.00	2.00
	Ties	10 ^f		
	Total	14		

The results in Table 3.23 disclosed that 10 (67%) respondents maintained their opinion before and after being exposed to the intervention. Whereas 3(20%) changed their answers from 'I agree' to 'I do not agree'. Only 1 (7%) respondent changed his or her opinion from 'I partially agree' to 'I do not agree' following the intervention. One respondent did not respond on this item. The results again implied that the intervention had had a little impact on the respondents; statistically it is insignificant.

3.3.26 Item D3: Budgeting is very difficult if you are already in debt

Item D3 was a closed--ended item where respondents were expected to respond according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.24 indicates the respondents' level of agreement/disagreement with the statement. **'Budgeting is very difficult if you are already in debt'.**

Table 3.24: Rank table depicting Pre-test/Post-test participant scores related to item D3 (n=14)

Item D3		N	Mean Rank	Sum of Ranks
Budgeting is very difficult if you are already in debt (Post-test) - Budgeting is very difficult if you are already in debt (Pre-test)	Negative Ranks	5 ^g	3.70	18.50
	Positive Ranks	1 ^h	2.50	2.50
	Ties	8 ⁱ		
	Total	14		

The results in Table 3.24 showed that 8 (53%) respondents maintained their opinion before and after being exposed to the intervention. Whereas 5(33%) changed their answers from 'I

agree to *I do not agree*. Only 1 (7%) respondent changed his or her opinion from *I partially agree* to *I do not agree* following the intervention. Again one response was missing. The results indicated that the intervention had had little impact on the respondents and therefore it is statistically insignificant.

3.3.27 Item D4: A budget is a plan that helps you work out how to save and spend

Item D4 was a closed—ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.25 indicates the respondents' level of agreement/disagreement with the statement. **'A budget is a plan that helps you works out how to save and spend'**.

Table 3.25: Rank table depicting Pre-test/Post-test participant scores related to item D4 (n=14)

Item D4		N	Mean Rank	Sum of Ranks
A budget is a plan that help you work out how to save and spend (Post-test) - A budget is a plan that help you work out how to save and spend (Pre-test)	Negative Ranks	0 ^j	.00	.00
	Positive Ranks	4 ^k	2.50	10.00
	Ties	10 ^l		
	Total	14		

Table 3.25 reflected that 10 (66%) respondents maintained their opinion before and after being exposed to the intervention: they agreed with the item and none changed their answers from *I do not agree* to *I agree*. Then 4 (26%) respondents changed their opinion from *I partially agree* to *I agree* following the intervention. One response was missing. In conclusion the results revealed that the intervention had very little impact on the respondents; it is therefore statistically insignificant.

3.3.28 Item D5: Having one budget for the whole year is sufficient to get you out of debt

Item D5 was a closed-ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.26 indicates the respondents' level of agreement/disagreement with the statement **'Having one budget for the whole year is sufficient to get you out of debt'**.

Table 3.26: Rank table depicting Pre-test/Post-test participant scores related to item D5 (n=13)

Item D5		N	Mean Rank	Sum of Ranks
Having one budget for the whole year is sufficient to get you out of debt (Post-test) - Having one budget for the whole year is sufficient to get you out of debt (Pre-test)	Negative Ranks	6 ^m	4.50	27.00
	Positive Ranks	3 ⁿ	6.00	18.00
	Ties	4 ^o		
	Total	13		

Table 3.26 disclosed that only 4 (26%) respondents maintained their answers before and after the intervention: they agreed with the statement, whereas 6 (40%) changed their answers from *'I do not agree'* to *'I agree'* and 3 (20%) changed their responses from *'I agree'* to *'I do not agree'* following the intervention. Two responses were missing. Yet again the intervention had had a little impact on the respondents; the results were statistically insignificant.

3.3.29 Item D6: If you cannot budget you can borrow your neighbour's

Item D6 was a closed-ended item which required respondents to respond according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.27 indicates the respondents' level of agreement/disagreement with the statement **'If you cannot budget you can borrow your neighbour's'**.

Table 3.27: Rank table depicting Pre-test/Post-test participant scores related to item D6 (n=15)

Item D6		N	Mean Rank	Sum of Ranks
If you cannot budget you can borrow your neighbour's (Post-test) - If you cannot budget you can borrow your neighbour's (Pre-test)	Negative Ranks	1 ^P	1.00	1.00
	Positive Ranks	0 ^Q	.00	.00
	Ties	14 ^T		
	Total	15		

The results in Table 3.27 indicated that 14 (93%) respondents maintained their responses before and after the intervention: they did not agree with the item, whereas 1 (6%) respondent changed his or her answer from 'I agree' to 'I do not agree'. None changed from 'I partially agree' to 'I strongly agree' following the intervention. Therefore this means that the intervention had a lesser impact and is therefore statistically insignificant.

3.3.30 Item D7: A budget is worked out using income (money you earn or receive) and expenses (what you spend money on).

Item D7 was a closed-ended item where respondents were expected to rank their answers according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.28 indicates the respondents' level of agreement/disagreement with the statement. 'A budget is worked out using income (money you earn or receive) and expenses (what you spend money on)'.

Table 3.28: Rank table depicting Pre-test/Post-test participant scores related to item D7 (n=15)

Item D7		N	Mean Rank	Sum of Ranks
A budget is worked out using income (money your earn or receive) and expenses (what you spend money on) (Post-test) - A budget is worked out using income (money your earn or receive) and expenses (what you spend money on) (Pre-test)	Negative Ranks	1 ^s	4.00	4.00
	Positive Ranks	7 ^t	4.57	32.00
	Ties	7 ^u		
	Total	15		

Table 3.28 above revealed that 7 (47%) respondents maintained their answers before and after the intervention: they agreed with the item, whereas 1 (6%) respondent changed from '*I do not agree*' to '*I agree*'. Similarly 7 (47%) changed from '*I partially agree*' to '*I strongly agree*' following the intervention. The data in Table 3.28 seems statistically insignificant.

Item D8: Budgeting helps you spend money wisely

Item D8 was a closed-ended item where respondents had to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.29 indicates the respondents' level of agreement/disagreement with the statement '**Budgeting helps you spend money wisely**'.

Table 3.29: Rank table depicting Pre-test/Post-test participant scores related to item D8 (n=15)

Item D8		N	Mean Rank	Sum of Ranks
Budgeting helps you spend money wisely (Post-test) - Budgeting helps you spend money wisely (Pre-test)	Negative Ranks	2 ^v	3.00	6.00
	Positive Ranks	4 ^w	3.75	15.00
	Ties	9 ^x		
	Total	15		

Table 3.29 reflected that 9 (60%) respondents maintained their answers before and after the intervention: they agreed with the statement, whereas 2 (13%) changed their answers from '*I do not agree*' to '*I agree*' and 4 (26%) changed their answers from '*I partially agree*' to '*I*

strongly agree following the intervention. Therefore it seems that the intervention in terms of this statement had a very little impact on the respondents; statistically it was insignificant.

3.3.31 Item D9: The whole family should be involved in budgeting especially in a financial crisis

Item D9 was a closed-ended item where respondents were expected to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.30 indicates the respondents' level of agreement/disagreement towards the statement. **'The whole family should be involved in budgeting especially in a financial crisis'**.

Table 3.30: Rank table depicting Pre-test/Post-test participant scores related to item D9 (n=15)

Item D9		N	Mean Rank	Sum of Ranks
The whole family should be involved in budgeting especially in financial crisis (Post-test) - The whole family should be involved in budgeting especially in financial crisis (Pre-test)	Negative Ranks	2 ^y	3.00	6.00
	Positive Ranks	5 ^z	4.40	22.00
	Ties	8 ^{aa}		
	Total	15		

From Table 3.30 it was clear that 8 (53%) respondents maintained their responses before and after the intervention: they agreed with the item, whereas 2 (13%) changed their responses from *'I do not agree'* to *'I agree'* and 5 (33%) respondents changed their responses from *'I partially agree'* to *'I strongly agree'* following the intervention. Statistically the results were insignificant.

3.3.32 Item D10: "It is hard for me pass up a bargain especially on clothing since I need clothes for work".

Item D10 was a closed-closed-ended item where respondents were requested to rank their responses according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.31 reflects the respondents' level of agreement/disagreement with the statement. **"It is hard for me pass up the bargain especially on clothing since I need clothes for work"**.

Table 3.31: Rank table depicting Pre-test/Post-test participant scores related to item D10 (n=14)

Item D10		N	Mean Rank	Sum of Ranks
"It is hard for me pass up the bargain especially on clothing since I need clothes for work" (Post-test) - "It is hard for me pass up the bargain especially on clothing since I need clothes for work" (Pre-test)	Negative Ranks	5 ^{ab}	3.90	19.50
	Positive Ranks	3 ^{ac}	5.50	16.50
	Ties	6 ^{ad}		
	Total	14		

From Table 3.31 it is clear that 6 (40%) respondents maintained their responses before and after the intervention: they agreed with the statement, whereas 5 (33%) respondents changed their responses from *'I agree'* to *'I do not agree'* and 3 (20%) changed their responses from *'I partially agree'* to *'I strongly agree'* following the intervention. One response was missing. It seems as if the intervention had a lesser impact; statistics were insignificant.

In essence items D1 – D10 meant to investigate whether the intervention had had a significant effect on respondents' attitudes towards financial management, specifically on the issue of budgeting as part of financial management. Significance testing was performed using a Wilcoxon Signed Ranked test. The results in Table 3.32 below indicated that the intervention did not significantly influence the respondents' attitudes towards budgeting as a component of financial management. None of the significance scores fell below 0.001 or 0.005. A summary of the information regarding items D1-D10 is divided into two tables, namely Table 3.32 and Table 3.33

Table 3.32: Summary of the significance levels related to items D1 to D5 Test Statistics^a

	D1	D2	D3	D4	D5
	Only rich people can do the budget (Post-test) - Only rich people can do the budget (Pre-test)	Budgeting is about total deprivation if you earn less (Post-test) - Budgeting is about total deprivation if you earn less (Pre-test)	Budgeting is very difficult if you are already in debt (Post-test) - Budgeting is very difficult if you are already in debt (Pre-test)	A budget is a plan that helps you work out how to save and spend (Post-test) - A budget is a plan that helps you work out how to save and spend (Pre-test)	Having one budget for the whole year is sufficient to get you out of debt (Post-test) - Having one budget for the whole year is sufficient to get you out of debt (Pre-test)
Z	-1.414 ^b	-1.134 ^b	-1.725 ^b	-1.890 ^c	-.543 ^b
Asump. Significance. (2-tailed)	.157	.257	.084	.059	.587

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

c. Based on negative ranks.

**Table 3.33: Summary of the significance levels related to items D6 to D10
Test Statistics^a**

D6	D7	D8	D9	D10
If you cannot budget you can borrow your neighbour's (Post-test) - If you cannot budget you can borrow your neighbour's (Pre-test)	A budget is worked out using income (money your earn or receive) and expenses (what you spend money on) (Post-test) - A budget is worked out using income (money your earn or receive) and expenses (what you spend money on) (Pre-test)	Budgeting helps you spend money wisely (Post-test) - Budgeting helps you spend money wisely (Pre-test)	The whole family should be involved in budgeting especially in financial crisis (Post-test) - The whole family should be involved in budgeting especially in financial crisis (Pre-test)	"It is hard for me pass up a bargain especially on clothing since I need clothes for work" (Post-test) - "It is hard for me pass up a bargain especially on clothing since I need clothes for work" (Pre-test)
-1.000 ^b .317	-2.111 ^c .035	-1.000 ^c .317	-1.403 ^c .161	-.214 ^b .831

- a. Wilcoxon Signed Ranks Test
- b. Based on positive ranks.
- c. Based on negative ranks.

SECTION D: ATTITUDES OF EMPLOYEES ON FINANCIAL MANAGEMENT (ITEMS D11 to D15)

Items D11 to D15 were assessed using dichotomous items to which respondents were to respond with either agreement (“yes”) or disagreement (“no”). The data was analysed using the McNemar’s test on SPSS. The standard 5% level of significance was used to test for significance. Although there appeared to be 12 discordant cases across the five items where respondents changed their incorrect answers to correct answers, following the intervention, these results were not statistically significant.

3.3.33 Item D11: To save money, you must understand exactly what everything you spend on costs.

Item D11 was a closed--ended item where respondents could either respond “yes” or “no”. Table 3.34 reflects the respondents’ attitude towards the statement: ‘To save money, you must understand exactly what everything you spend costs’.

Table 3.34: Responses on statement D11: ‘To save money, you must understand exactly what everything you spend money on costs’ (n=15)

To save money, you must understand exactly what everything you spend money on costs (Pre-test)		To save money, you must understand exactly what everything you spend money on costs (Post-test)	
Yes	No	Yes	No
14	1	15	0

Table 3.33 revealed that 14 (93%) respondents agreed with the statement before the intervention, while only 1 (7%) respondent disagreed with the statement before the intervention (pre-test). After the intervention all 15 (100%) respondents agreed with the statement. According to these results this means that the intervention had a little impact on the respondents: it was statistically insignificant.

3.3.34 Item D12: If consumable goods (things that are used every day) are "on special" I can buy them on credit

Item D12 was a closed-ended item where respondents could either respond “yes” or “no”. Table 3.35 reflects the respondents’ attitude towards the statement: ‘If consumable goods (things that are used every day) are "on special" I can buy them on credit’.

Table 3.35: Responses on statement D12: ‘If consumable goods (things that are used every day) are "on special" I can buy them on credit’ (n=15)

If consumable goods (things that are used every day) are "on special" I can buy them on credit (Pre-test)		If consumable goods (things that are used every day) are "on special" I can buy them on credit (Post-test)	
Yes	No	Yes	No
2	13	0	15

Table 3.35 reflected that 2 (13%) respondents agreed with the item before the intervention, whereas 13 (87%) respondents disagreed with the statement before the intervention. After the intervention none of the respondents agreed with the statement and all 15 (100%) respondents

disagreed with the item. This means that although it seems as if the intervention had had a little impact on respondents, it was statistically insignificant.

3.3.34 Item D13: If the bank offers me a loan, I simply cannot refuse it

Item D13 was a closed-closed-ended item where respondents could either respond “yes” or “no”. Table 3.35 indicates the respondents’ attitude towards the statement: ‘If the bank offers me a loan, I simply cannot refuse it’.

Table 3.36: Responses on statement D12: ‘If the bank offers me a loan, I simply cannot refuse it’ (n=15)

If the bank offers me a loan, I simply cannot refuse it (Pre-test)		If the bank offers me a loan, I simply cannot refuse it (Post-test)	
Yes	No	Yes	No
2	13	1	14

Table 3.36 showed that 2 (13%) respondents agreed with the item before the intervention and 13 (87%) disagreed, while 1 (7%) agreed after the intervention and 14 (93%) disagreed after the intervention. Thus the results were statistically insignificant.

3.3.34 Item D14: I cannot miss my favourite meal at my restaurant as I work hard for my money

Item D14 was a closed-ended item where respondents could either respond “yes” or “no”. Table 3.35 reflects the respondents’ attitude towards the statement: ‘I cannot miss my favourite meal at my restaurant as I work hard for my money’.

Table 3.37: Responses on statement D14: ‘I cannot miss my favourite meal at my restaurant as I work hard for my money’ (n=15)

I cannot miss my favourite meal at my restaurant as I work hard for my money (Pre-test)		I cannot miss my favourite meal at my restaurant as I work hard for my money (Post-test)	
Yes	No	Yes	No
2	13	2	13

The data in Table 3.37 disclosed that 2(13%) respondents agreed with the item before and after the intervention, and 13 (87%) respondents disagreed before and after the intervention. This means therefore the intervention had had no impact on the respondents: it was thus statistically insignificant.

3.3.34 Item D15: I would rather not bore my teenage kids with the details of my finances

Item D15 was a closed-ended item where respondents could either respond “yes” or “no”. Table 3.36 reflects the respondents’ attitude towards the statement: ‘I would rather not bore my teenage kids with the details of my finances’.

Table 3.38: Responses on statement D15: ‘I would rather not bore my teenage kids with the details of my finances’ (n=15)

I would rather not bore my teenage kids with the details of my finances (Pre-test)		I would rather not bore my teenage kids with the details of my finances (Post-test)	
Yes	No	Yes	No
4	11	4	11

Table 3.38 highlighted that 4 (27%) respondents agreed with the statement before and after the intervention, while 11(73%) disagreed before and after the intervention. This means therefore the intervention had had no impact on the respondents; it was thus statistically insignificant.

Holistically D11-D15 meant to investigate whether the intervention had had a significant effect on the respondents’ attitudes towards financial management in general. Significance testing was performed using a McNemar’s test. The results in Table 3.39 below indicate that the intervention did not significantly influence the respondents’ attitudes towards financial management in general. None of the significance scores fell below 0.001 or 0.005.

Table 3.39: Summary of significance levels related to D11 to D15

Test Statistics ^a	D11	D12	D13	D14	D15
	To save money, you must understand exactly what everything you spend money on, costs (Pre-test) & To save money, you must understand exactly what everything you spend money on, costs (Post-test)	If consumable goods (things that are used every day) are "on special" I can buy them on credit (Pre-test) & If consumable goods (things that are used every day) are "on special" I can buy them on credit (Post-test)	If the bank offers me a loan, I simply cannot refuse it (Pre-test) & If the bank offers me a loan, I simply cannot refuse it (Post-test)	I cannot miss my favourite meal at my restaurant as I work hard for my money (Pre-test) & I cannot miss my favourite meal at my restaurant as I work hard for my money (Post-test)	I would rather not bore my teenage kids about the details of my finances (Pre-test) & I would rather not bore my teenage kids about the details of my finances (Post-test)
N	15	15	15	15	14
Exact Sig. (2-tailed)	1.000 ^b	1.000 ^b	1.000 ^b	1.000 ^b	.125 ^b

a. McNemar Test

b. Binomial distribution used

SECTION E: PROGRAMME CONTENT

Section E assessed the respondents' attitudes toward the programme contents. The section consisted of ten items. The respondents' attitudes were assessed using a Likert scale where the respondents rated their level of agreement on a four-point scale ranging from "*I do not agree*" to "*I strongly agree*". This data was analysed using a Wilcoxon Signed Rank test, and the standard 5% level of significance was used to test for significance. The results of the Wilcoxon Signed Ranked test suggested that there was not a statistically significant difference in the proportion of the respondents' attitudes toward this construct based on their Pre-test/Post-test scores.

3.3.35 Item E1: If employees have financial difficulties it is the responsibility of the employer only to help them.

Item E1 was a closed-ended item and respondents could rank their agreement with the statement using the following scale:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.40 indicates the respondents' level of agreement/disagreement with the statement.

'If employees have financial difficulties it is the responsibility of the employer only to help them'.

Table 3.40: Rank table depicting Pre-test/Post-test respondents scores related to item E1 (n=15)

Item E1		N	Mean Rank	Sum of Ranks
If employees have financial difficulties it is the responsibility of the employer only to help them (Post-test) - If employees have financial difficulties it is the responsibility of the employer only to help them (Pre-test)	Negative Ranks	2 ^a	4.00	8.00
	Positive Ranks	5 ^b	4.00	20.00
	Ties	8 ^c		
	Total	15		

The results from the Table 3.40 disclosed that 8 (53%) respondents maintained their opinion before and after the intervention. In contrast 2(13%) respondents changed their opinion from 'I agree' to 'I do not agree' following the intervention. Similarly 5 (33%) changed their opinion from 'I partially agree' to 'I do not agree' following the intervention. The results revealed that the intervention had had very little impact on the respondents; it was statistically insignificant.

3.3.36 Item E2: If employees have financial difficulties it is their responsibility to seek professional help.

Item E2 was a closed-ended item which required respondents to rank their opinion according to the following:

- a) I do not agree

- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.41 indicates the respondents' level of agreement/disagreement with the statement.

'If employees have financial difficulties it is their responsibility to seek professional help'.

Table 3.41: Rank table depicting Pre-test/Post-test respondents scores related to item E2 (n=15)

Item E2		N	Mean Rank	Sum of Ranks
If employees have financial difficulties it is their responsibility to seek professional help (Post-test)	Negative Ranks	1 ^d	3.00	3.00
	Positive Ranks	6 ^e	4.17	25.00
	Ties	8 ^f		
- If employees have financial difficulties it is their responsibility to seek professional help (Pre-test)	Total	15		

The results from Table 3.41 indicated that the majority of 8 (53%) respondents maintained their opinion before and after the intervention. However, 1 (7%) respondent changed his or her opinion from *'I do not agree'* to *'I agree'* following the intervention, while 6 (40%) respondents changed their opinion from *'I partially agree'* to *'I agree'* following the intervention. Yet again this means that the intervention had had a little impact on the respondents; statistically it is insignificant.

3.3.37 Item E3: If employees have financial difficulties the employer can assist since it will affect performance of the employees.

Item E3 was a closed-ended item where respondents could rank their opinion using the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.42 indicates the respondents' level of agreement/disagreement with the statement '**If employees have financial difficulties the employer can assist since it will affect performance of the employees**'.

Table 3.42: Rank table depicting Pre-test/Post-test respondents scores related to item E3 (n=15)

Item E4		N	Mean Rank	Sum of Ranks
If employees have financial difficulties the employer can assist since it will affect performance of the employees (Post-test) - If employees have financial difficulties the employer can assist since it will affect performance of the employees (Pre-test)	Negative Ranks	1 ^g	6.50	6.50
	Positive Ranks	7 ^h	4.21	29.50
	Ties	7 ⁱ		
	Total	15		

From Table 3.42 it was clear that 7 (47%) respondents maintained their opinion before and after the intervention, they agreed with the statement. On the other hand 1 (7%) respondent changed his or her opinion from '*I do not agree*' to '*I agree*' following the intervention and another 7 (47%) respondents changed their opinion from '*I partially agree*' to '*I strongly agree*' following the intervention. This means that the intervention had had a little impact on the respondents, but the results were statistically insignificant.

3.3.38 Item E4: If a Personal Financial Management Programme can be offered to employees I can attend it.

Item E4 was a closed-ended item where respondents were required to rank their opinion according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.43 indicates the respondents' level of agreement/disagreement with the statement '**If a Personal Financial Management Programme can be offered to employees I can attend it**'.

Table 3.43: Rank table depicting Pre-test/Post-test respondents scores related to item E4 (n=15)

Item E4		N	Mean Rank	Sum of Ranks
If a Personal Financial Management Programme can be offered to employees I can attend it (Post-test) - If a Personal Financial Management Programme can be offered to employees I can attend it (Pre-test)	Negative Ranks	1 ^j	2.50	2.50
	Positive Ranks	4 ^k	3.13	12.50
	Ties	10 ^l		
	Total	15		

Table 3.43 revealed that the majority of 10 (67%) respondents maintained their opinion before and after the intervention: they agreed with the statement. Only 1 (7%) respondent changed his or opinion from 'I do not agree' to 'I agree' following the intervention and 4 (27%) respondents changed their opinion from 'I partially agree' to 'I strongly agree' following the intervention. Again this means that the intervention had had a little impact on the respondents, but statistically it was insignificant.

3.3.39 Item E5: If employees have financial difficulties the employer ends up spending more money trying to assist.

Item E5 was a closed-ended item statement where respondents were required to rank their opinion according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.44 highlights the respondents' level of agreement/disagreement with the statement '**If employees have financial difficulties the employer ends up spending more money trying to assist**'.

Table 3.44: Rank table depicting Pre-test/Post-test respondents scores related to item E5 (n=15)

Item E5		N	Mean Rank	Sum of Ranks
If employees have financial difficulties the employer ends up spending more money trying to assist (Post-test) - If employees have financial difficulties the employer ends up spending more money trying to assist (Pre-test)	Negative Ranks	0 ^m	.00	.00
	Positive Ranks	6 ⁿ	3.50	21.00
	Ties	9 ^o		
	Total	15		

The results from Table 3.44 highlighted that 9 (60%) respondents maintained their opinion before and after the intervention by agreeing with the statement, whereas none changed their opinion from *'I do not agree'* to *'I agree'* following the intervention. However 6 (40%) respondents changed their opinion from *'I partially agree'* to *'I strongly agree'* following the intervention. This means again that, although it seemed as if the intervention had had a small impact on the respondents, the results were statistically insignificant.

3.3.40 Item E6: Financial Literacy Programme should be availed to all employees even if they do not have financial difficulties

Item E6 was a closed-ended item where respondents were required to rank their opinion according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.45 indicates the respondents' level of agreement/disagreement with the statement **'Financial Literacy Programme should be availed to all employees even if they do not have financial difficulties'**.

Table 3.45: Rank table depicting Pre-test/Post-test respondents scores related to item E6 (n=15)

Item E6		N	Mean Rank	Sum of Ranks
Financial Literacy Programme should be made available to all employees even if they do not have financial difficulties (Post-test) - Financial Literacy Programme should be made available to all employees even if they do not have financial difficulties (Pre-test)	Negative Ranks	0 ^p	.00	.00
	Positive Ranks	4 ^q	2.50	10.00
	Ties	11 ^r		
	Total	15		

The results from the Table 3.45 revealed that by far the majority of 11 (73%) respondents maintained their opinion before and after the intervention: they agreed with the statement, whereas none changed their opinion from ‘*I do not agree*’ to ‘*I agree*’ following the intervention. Only 4 (27%) respondents changed their opinion from ‘*I partially agree*’ to ‘*I strongly agree*’ following the intervention. It seems thus that the intervention had had a little impact on the respondents; however it was statistically insignificant.

3.3.41 Item E7: Families of employees with financial difficulties should be involved in the helping process

Item E7 was a closed-ended item where respondents were required to rank their opinion according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.46 indicates the respondents’ level of agreement/disagreement with the statement ‘**Families of employees with financial difficulties should be involved in the helping process**’.

Table 3.46: Rank table depicting Pre-test/Post-test respondents scores related to item E7 (n=15)

Item E7		N	Mean Rank	Sum of Ranks
Families of employees with financial difficulties should be involved in the helping process (Post-test) - Families of employees with financial difficulties should be involved in the helping process (Pre-test)	Negative Ranks	0 ^s	.00	.00
	Positive Ranks	8 ^t	4.50	36.00
	Ties	7 ^u		
	Total	15		

Table 3.46 indicated that 7 (47%) respondents maintained their opinion before and after the intervention, none changed their opinion from ‘*I do not agree*’ to ‘*I agree*’ following the intervention, while 8 (53%) respondents changed their opinion from ‘*I partially agree*’ to ‘*I strongly agree*’ following the intervention. Yet again this means that although it seemed as if the intervention had had a little impact on the respondents, statistically it was insignificant.

3.3.42 Item E8: If the Personal Financial Management Programme can be offered it should focus on budgeting, saving and use of credit.

Item E8 was a closed-ended item where respondents were required to rank their opinion according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.47 reflects the respondents’ level of agreement/disagreement towards the statement ‘**If the Personal Financial Management Programme can be offered it should focus on budgeting, saving and use of credit**’.

Table 3.47: Rank table depicting Pre-test/Post-test respondents scores related to item E8 (n=15)

Item E8		N	Mean Rank	Sum of Ranks
If the Personal Financial Management Programme can be offered it should focus on budgeting, saving and use of credit (Post-test) - If the Personal Financial Management Programme can be offered it should focus on budgeting, saving and use of credit (Pre-test)	Negative Ranks	1 ^v	4.00	4.00
	Positive Ranks	7 ^w	4.57	32.00
	Ties	7 ^x		
	Total	15		

The results from Table 3.47 above revealed that 7 (47%) respondents maintained their opinion before and after the intervention, they agreed with the statement, while 1 (7%) respondent changed their opinion from ‘*I do not agree*’ to ‘*I agree*’ following the intervention and 7 (47%) respondents changed their opinion from ‘*I partially agree*’ to ‘*I strongly agree*’ following the intervention. Although the results reflected a small change in attitude, statistically it was insignificant.

3.3.43 Item E9: Empowering employees on financial matters will benefit both the employer and the employees

Item E9 was a closed-ended item where respondents were required to rank their opinion according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.48 displays the respondents’ level of agreement/disagreement with the statement ‘**Empowering employees on financial matters will benefit both the employer and the employees**’.

Table 3.48: Rank table depicting Pre-test/Post-test respondents scores related to item E9 (n=15)

Item E9		N	Mean Rank	Sum of Ranks
Empowering employees on financial matters will benefit both the employer and the employees (Post-test) - Empowering employees on financial matters will benefit both the employer and the employees (Pre-test)	Negative Ranks	1 ^y	5.00	5.00
	Positive Ranks	8 ^z	5.00	40.00
	Ties	6 ^{aa}		
	Total	15		

The results from Table 3.48 showed that only 6 (40%) respondents maintained their opinion before and after the intervention, they agreed with the statement. One (7%) respondent changed his or her opinion from ‘*I do not agree*’ to ‘*I agree*’ following the intervention and 8 (53%) respondents changed their opinion from ‘*I partially agree*’ to ‘*I strongly agree*’ following the intervention. This means that although the results were statistically insignificant, it seemed as if the intervention had a small impact on the respondents.

3.3.44 Item E10: If the Personal Financial Management Programme can be offered it should also include strategies to help over-indebted employees.

Item E10 was a closed-ended item where employees were required to rank their opinion according to the following:

- a) I do not agree
- b) I partially agree
- c) I agree
- d) I strongly agree

Table 3.49 displays the respondents’ level of agreement/disagreement with the statement ‘**If the Personal Financial Management Programme can be offered it should also include strategies to help over indebted employees**’.

Table 3.49: Rank table depicting Pre-test/Post-test respondents scores related to item E10 (n=15)

Item E10		N	Mean Rank	Sum of Ranks
If the Personal Financial Management Programme can be offered it should also include strategies to help over-indebted employees (Post-test) - If the Personal Financial Management Programme can be offered it should also include strategies to help over-indebted employees (Pre-test)	Negative Ranks	1 ^{ab}	3.50	3.50
	Positive Ranks	6 ^{ac}	4.08	24.50
	Ties	8 ^{ad}		
	Total	15		

Table 3.49 disclosed that 8 (53%) respondents maintained their opinion before and after the intervention: they agreed with the statement. However, 1 (7%) respondent changed his or her opinion from ‘*I do not agree*’ to ‘*I agree*’ following the intervention and 6 (40%) respondents changed their opinion from ‘*I partially agree*’ to ‘*I strongly agree*’ following the intervention. This means that the intervention had only a little impact on the respondents and it was statistically insignificant.

The purpose of items E1 – E10 was to investigate whether the intervention had had a significant effect on the respondents’ attitudes toward the programme contents. Significance testing was performed using a Wilcoxon Signed Ranked test. The results indicated that the intervention did not significantly influence the respondents’ attitudes toward the programme contents. None of the significance scores fell below 0.001 or 0.005. A summary of the information regarding items E1 to E10 is divided into two tables namely Table 3.50 and Table 3.51.

Table 3.50: Test statistics table indicating significance levels related to the items E1 – E5 Test Statistics^a

	E1	E2	E3	E4	E5
	If employees have financial difficulties it is the responsibility of the employer only to help them (Post-test) - If employees have financial difficulties it is the responsibility of the employer only to help them (Pre-test)	If employees have financial difficulties it is their responsibility to seek professional help (Post-test) - If employees have financial difficulties it is their responsibility to seek professional help (Pre-test)	If employees have financial difficulties the employer can assist since it will affect performance of the employees (Post-test) - If employees have financial difficulties the employer can assist since it will affect performance of the employees (Pre-test)	If a Personal Financial Management Programme can be offered to employees I can attend it (Post-test) - If a Personal Financial Management Programme can be offered to employees I can attend it (Pre-test)	If employees have financial difficulties the employer ends up spending more money trying to assist (Post-test) - If employees have financial difficulties the employer ends up spending more money trying to assist (Pre-test)
Z	-1.035 ^b	-1.930 ^b	-1.653 ^b	-1.414 ^b	-2.232 ^b
Asymp. Sig. (2-tailed)	.301	.054	.098	.157	.026

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

Table 3.51: Test statistics table indicating significance levels related to the items E6–E10

Test Statistics^a

E6	E7	E8	E9	E10
Financial Literacy Programme should be made available to all employees even if they do not have financial difficulties (Post-test) - Financial Literacy Programme should be made available to all employees even if they do not have financial difficulties (Pre-test)	Families of employees with financial difficulties should be involved in the helping process (Post-test) - Families of employees with financial difficulties should be involved in the helping process (Pre-test)	If the Personal Financial Management Programme can be offered it should focus on budgeting, saving and use of credit (Post-test) - If the Personal Financial Management Programme can be offered it should focus on budgeting, saving and use of credit (Pre-test)	Empowering employees on financial matters will benefit both the employer and the employees (Post-test) - Empowering employees on financial matters will benefit both the employer and the employees (Pre-test)	If the Personal Financial Management Programme can be offered it should also include strategies to help over-indebted employees (Post-test) - If the Personal Financial Management Programme can be offered it should also include strategies to help over-indebted employees (Pre-test)
-1.890 ^b .059	-2.714 ^b .007	-2.111 ^b .035	-2.333 ^b .020	-1.897 ^b .058

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

SECTION F: SUGGESTIONS REGARDING THE PERSONAL FINANCIAL MANAGEMENT PROGRAMME

The last section in the questionnaire had only one item in the form of a qualitative question. The purpose of this qualitative item was to obtain the respondents' experiences of the intervention as well as their narrative views or suggestions on how employees, who were experiencing financial difficulties, could be assisted. Between the pre-test and post-test data collections only seven comments were generated (pre-test n = 3; post-test n = 4). From these responses on a pre- and post-test level, the following two issues or qualitative themes were identified:

Theme 1: Respondents need assistance

The first theme appeared in the pre-test and it revealed that the respondents felt that employees who experience financial difficulties should be assisted in the form of financial ‘advice’ sought from co-workers or from expert individuals in the financial department, by presenting financial management workshops as well as ‘practical assistance’ from employers to pay off employees’ debts. The following quotations verified the respondents’ opinion regarding financial assistance:

“Employees should be assisted in paying off garnishee orders.” “Yes, to give them the workshops and to get people from Financial Management to help people.”

“Employees must discuss their financial problems with other staff as well as to get assistance.”

The other theme was identified from the post-test data set.

Theme 2: Respondents’ experiences of the Personal Financial Management Programme

Some respondents voiced their appreciation for the content of the Personal Financial Management Programme. The following quotations reflected the respondents’ appreciation for the programme:

“This is a very good programme, I have learnt a lot”.

“Can it be repeated again, please?”

“Much, much appreciated”.

- *“Wow, this programme was very informative, I’ve learnt a lot”.*

Furthermore, a couple of respondents suggested in the post test that the Personal Financial Management Programme should be offered to all staff members. One respondent recommended that more attention should be given to specifically garnishee orders. The following quotations voiced the respondents’ experiences and suggestions:

- *“Please can it be offered again to my colleagues as well?”.*
- *“I was impressed by the budget structure, now I can make my own. Thank you very much”.*
- *“Programme should also focus on garnishee orders, they are problematic”.*

The comments made by respondents described the Personal Financial Management Programme as a good intervention and that it should be repeated and offered to a greater number of employees. From a qualitative approach it seems thus as if the respondents’

experiences of the intervention were positive and constructive. The qualitative information is however in contrast to the quantitative measurement of the effectiveness of the Personal Financial Management Programme. As such it is however important to bear in mind that only a few respondents gave their personal opinions and that it could not be generalised to the whole group of respondents. The value of the qualitative information however lay in the fact that it gave an indication that respondents understood the kind of assistance they need when distressed by financial matters.

3.4 DISCUSSION OF EMPIRICAL RESULTS

The Department of Rural Development and Land Reform in collaboration with the Summit Financial Partners (a financial agency) developed the Personal Financial Management Programme for employees. The purpose of the Personal Financial Management Programme was to offer employees financial management expertise to apply in their personal capacity. The goal of the study was to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of employees.

In terms of the empirical results it was clear that the Personal Financial Management Programme did not make a statistical impact on the respondents' knowledge level and attitudes towards financial management. However it is important to bear in mind that, although the results of the study were insignificant, any research conducted on the impact of a programme was likely to carry a certain amount of weight with the audience for whom it was produced (in this case as a dissertation that may inform future decisions regarding the continuation of the intervention). When an evaluation, such as this study, produces findings that suggest the programme is ineffective, the content and design of the programme as well as instrument of evaluation must be scrutinised, because it is important to take into account the risk of committing certain errors.

Furthermore, there were elements of the research design that could have been responsible for the statistically non-significant results that were produced. This mainly relates to the sample that was selected for the study. The sample consisted of 15 respondents, which is an extremely small sample that could possibly have an influence on the empirical results. Furthermore, the fact that respondents for the intervention were not randomly selected could possibly lead to selection bias resulting in systematic differences between the sample and the

target population. A larger more representative sample increases the power of the study (Howell, 2012).

3.5 SUMMARY

The main goal of this study was to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of employees. After analysing and interpreting the data collected in this research study, several research findings were outlined and discussed in this chapter.

The effectiveness of the Personal Financial Management Programme on the employees' knowledge level and attitude towards financial management was determined. A discussion of key findings, conclusions and recommendations as well as a discussion on whether the goal and the objectives of this study were achieved will be done in detail in Chapter 4.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1 INTRODUCTION

Literature has revealed that financial management is a major concern especially during this time when many countries are still suffering the consequences of the world recession which had a major impact on the economy of many countries. Therefore, responding to the dire financial needs of South African citizens, the South African government came up with strategies and legislation to deal with this financial predicament.

General economic, business and social conditions are likely to get more volatile and chaotic. This is not the time for consumers to indulge in poor financial planning. Consumers need to get their finances in order, be ready for continuing unpredictable times, and improve their odds for positive consequences resulting from their efforts, restraint, and good planning (Carlsen, 2010). Literature also alluded to consequences of recession which include indebtedness among South African consumers. South Africa has just over 18 million credit-active consumers, and of these, close to 47% has impaired records. The data provided by the Personnel and Salary Administration System (PERSAL), revealed for instance that the total cost of payments as a result of garnishee orders that were issued to public servants amounted to R1.01 billion during the 2006/2007 financial year (Haupt, Coetzee, de Villiers & Fouche, 2008:14). This indicated that there was a substantial number of employees employed by national departments who were serving garnishees orders. This was confirmed by a report released by PERSAL in the Department of Rural Development and Land Reform in the Pietermaritzburg region which revealed that between March 2009 and January 2011, 15% of employees were garnisheed as a result of defaulting on contracts with different credit providers. This resulted in a situation that some employees took home as little as 30% of their salaries or less (Department of Rural Development and Land Reform Annual Report, 2011: 111).

In order to address the above-mentioned problem the Department of Rural Development and Land Reform developed and implemented in 2012 the Personal Financial Management Programme. However, a deficiency was that since the programme's inception in 2012 there had never been any evaluation to measure the effectiveness of the programme. Therefore, the goal of this study was to evaluate the effectiveness of the Personal Financial Management

Programme on the financial well-being of the employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region.

In achieving the goal of this research study the following objectives were formulated:

- To assess the level of knowledge of financial management among the employees participating in the Personal Financial Management Programme.
- To assess the attitudes of employees participating in the Personal Financial Management Programme on financial management.
- To make recommendations, based on the results of the study, to the Department of Rural Development and Land Reform to enhance the effectiveness of the Personal Financial Management Programme.

Against this background the following research question thus guided this research study:

How effective is the Personal Financial Management Programme on the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region?

Based on the empirical data, as presented in chapter three, key findings, conclusions and recommendations regarding the Personal Financial Management Programme in the Department of Rural Development and Land Reform are outlined below.

4.2 KEY FINDINGS

From the empirical data the following key findings were identified.

- Section B of the questionnaire assessed the respondents' attitude towards the objectives of the Personal Financial Management Programme. Significance testing was performed and the results indicated that the intervention did not significantly influence the respondents' opinions regarding the objectives of the program which focuses on financial management in general.
- Section C of the questionnaire assessed the respondents' **knowledge** of financial management according to the standards set out in the intervention. The results indicated that the Personal Financial Management Programme did not significantly influence the respondents' knowledge of financial management.
- Section D of the questionnaire assessed the respondents' **attitudes** towards financial management, with specific emphasis on budgeting as an important aspect in financial management. The findings indicated that the intervention did not significantly

influence the respondents' attitudes towards budgeting as an important aspect in financial management.

- Section E of the questionnaire meant to investigate whether the intervention had a significant effect on the respondents' **attitudes** towards the content of the Personal Financial Management Programme. The results reflected that the intervention did not significantly influence the respondents' attitudes towards the programme contents.
- Section F in the questionnaire had only one item in the form of a qualitative question. The purpose of this qualitative item was to obtain the respondents' personal experiences of the intervention as well as their views or suggestions on how employees, who were experiencing financial difficulties, could be assisted. Although only a few respondents responded on this question, it seems that they experienced the Personal Financial Management Programme as a good and constructive intervention that should be repeated and offered to a greater number of employees.

4.3 CONCLUSIONS

This section summarises the main conclusions regarding indebtedness as a social phenomenon that were discovered during the literature review, as well as the findings revealed by the empirical data.

4.3.1 Conclusions based on the literature review

This section summarises the main aspects of indebtedness as a social phenomenon that were discovered during the literature review.

In the literature review the researcher identified and discussed some of the main causes of indebtedness among employees in the public service sector which include the effects of recession, poverty and unemployment, microlenders, social temptation, lack of knowledge and skills as well as lack of cognitive self-control.

In general South African consumers to date still feel the effects of the recession which will take a very long time to disappear. Joint efforts of government, the private sector and consumers themselves will be crucial in ensuring that the country is freed from recession and its effects.

Weaker growth and rising unemployment put huge pressure on government finances and as a result a wide-spread social welfare system became necessary as a safety net (Riley, 2009:1).

South Africa is a good example as unemployment is very high and more and more families are dependent on social grants.

Poverty is another cause of possible indebtedness and is closely linked to unemployment. Nagdee (2004:6) postulates that in order to survive financially, low-income groups use loan sharks at exorbitant and exploitative interest rates to obtain loans that they cannot repay. This situation results in over-indebtedness as they borrow from one microlender to pay off another. Although microlending is not new in South Africa, the relaxation of the legislation on interest has led to the mushrooming of the microlenders (Black Sash, 2000: 61a). In this regard the biggest challenge is the financial illiterate consumers who do not even understand the terms used by microlenders when entering into contracts.

The other cause of being in a situation of insurmountable debt is sometimes the unreasonable behaviour of borrowers, taking on more debt than they should because they cannot resist the temptation of immediate consumption or to consider the negative consequences of a loan in the future (Schicks, 2010:20).

Poor financial decisions are caused by an inadequate understanding of the real cost of repaying the loan by the consumer and is linked to both the issue of the transparency of lenders' terms and conditions. This comes as a result of poor predictions of the economy and therefore having unrealistic expectations. Researchers argue that the easy availability of credit together with a lack of self-control were some of the explanations for excessive credit usage, hence the National Credit Regulator needs to protect consumers as far as credit availability is concerned.

Literature also revealed that indebtedness has different effects on one's life. Regardless of how someone gets into debt, once there, being in debt can trigger unsettling emotional responses — especially if the debts are perceived as unmanageable or overwhelming (Fay, 2012:14). Being indebted has negative consequences on health and causes emotional stress, absenteeism from work and low productivity.

In dealing with the global financial crisis that took hold in 2008, the South African government introduced certain legislation and different support systems. The *National Credit Act 34 of 2005* was established by government to regulate the credit industry in South Africa. Another strategy used by the South African government to mitigate poverty and by implication also indebtedness, was that of the social grant system. Although literature has

criticised the social grant system for creating dependency on government, Meth (2006: 37) reveal that the Expanded Public Works Programme and the social grant system have proved to be the most effective poverty reducing tool used by government.

Due to the ever-escalating unemployment rate in South Africa there has been an urgent need for the government to take action. The Expanded Public Works Programme was adopted by the government as a strategy for alleviating unemployment and improving skills development. Gathergood (2011:21) points out that behaviour change also plays a crucial role in decision making and hence financial literacy programmes should also focus on behaviour change. One of the major remedies in managing debt problems is firstly awareness and acknowledgement of the debt problem and to set proper mechanisms in place to create a solution (Moaisi, 2013: 18).

According to the researcher, the Personal Financial Management Programme is an example of an educational programme which has the potential to empower consumers with skills needed to manage finances better, create awareness and be solution focussed for those already in debt. Nyamute and Maina (2011:2) also stress the importance of practices such as budgeting and cash flow management, account ownership, use of credit, savings behaviour, and asset accumulation as core elements of successful personal financial management.

4.3.2 Conclusions based on the empirical findings

This section indicates the conclusions reached by the researcher based on the key empirical findings of the study.

- **4.3.2.1** It seems that the Personal Financial Management Programme did not influence the knowledge level of the respondents regarding the objectives of the programme; hence the results are statistically insignificant.

- **4.3.2.2** In terms of measuring the respondents' knowledge level of financial management in general, two statistical methods were used, namely the Wilcoxon Signed Rank test as well as the McNemar's test on SPSS. It was clear that the intervention did not significantly influence the respondents' opinions regarding financial management in general. None of the significance scores fell below 0.001 or 0.005. .

- **4.3.2.3** The respondents' attitudes towards budgeting as a component of financial management were also measured by using both the Wilcoxon Signed Rank test as well as the McNemar's test on SPSS. The results indicated that the Personal Financial Management Programme did also not significantly influence the respondents' attitudes towards budgeting as a component of financial management.
- **4.3.2.4** The purpose of the last quantitative section of the questionnaire was to investigate whether the intervention had a significant effect on the respondents' attitudes toward the contents of the Personal Financial Management Programme. Significance testing was performed using a Wilcoxon Signed Ranked test. It was concluded that the intervention did not significantly influence the respondents' attitudes toward the programme's content. None of the significance scores fell below 0.001 or 0.005.
- **4.3.2.5** In the last instance the researcher wanted to determine, from a qualitative perspective, the respondents' experiences of the intervention as well as their narrative views or suggestions on how employees, who are experiencing financial difficulties, could be assisted. Although only a few responses were obtained, it was clear that the qualitative information was in contrast to the quantitative measurement of the effectiveness of the Personal Financial Management Programme. The comments made by respondents were positive and constructive and they described the Personal Financial Management Programme as an informative programme. They requested that the programme should be repeated and offered to a greater number of employees.

4.4 RECOMMENDATIONS

4.4.1 Recommendations based on empirical findings

The following recommendations are based on the empirical findings:

- **4.4.1.1** Based on the conclusion regarding the objectives of the Personal Financial Management Programme, more educational training should be done to educate employees about the objectives of the programme in order to enhance participants' understanding of the programme.

- **4.4.1.2** In order to enhance the knowledge level and to change employees' attitudes towards effective financial management, based on the Personal Financial Management Programme, the researcher recommended that there should be more training in the form of workshops and experiential learning.
- **4.4.1.3** In order to ensure that the content of the Personal Financial Management Programme meets the needs of employees with financial difficulties, it is recommended that a thorough needs assessment among employees should be conducted. The content of the current Personal Financial Management Programme can then be adapted to address employees' needs more effectively.
- **4.4.1.4** Due to the fact that the Personal Financial Management Programme did not have a significant impact on trainees it is recommended that one-on-one consultation sessions should be done by the internal EAP coordinator of the Department of Rural Development and Land Reform to track progress on each case.
- **4.4.1.5** It is also recommended that managers and supervisors of the Department of Rural Development and Land Reform should be proactive and sensitive to refer employees with financial difficulties in time to the EAP coordinator for attending the Personal Financial Management Programme.

4.4.2 The researcher recommends that the following areas be considered in terms of future research studies:

- Due to the fact that the statistically non-significant results of this study could possibly be linked to the extremely small sample of respondents in this study, the researcher recommends that a greater sample ($n = 100<$) be included in a follow-up study in order to compare the results of the present study's analysis. This larger sample will increase the power of the study (Howell, 2012).
- The researcher suggests that the same study, namely an evaluation of the effectiveness of the Personal Financial Management Programme, be conducted in all the regions of the Department of Rural Development and Land Reform in KwaZulu-Natal

- Furthermore, for future research the researcher recommends that the data collection instrument to evaluate the effectiveness of the Personal Financial Management Programme should be adapted. In this regard the following instrument is recommended:

Personal Financial Management Programme (PFMP) Survey

This survey will be used to assess your level of understanding and attitude toward financial management. Please ensure that you answer each item mindfully and honestly as validation items have been inserted to identify systematic or biased answering. If you find any item to be offensive you may skip that item.

Section A: Demographics

Please mark the option that best suits you and enter a written answer when appropriate

A 1	Gender	Male	Female					
A 2	Age							
A 3	Marital status	Single	Married	Divorced	Widowed	Separated	Living together	Other
A 4	Race	African	Indian	White	Coloured	Other		
A 5	Number of dependants							
A 6	Branch	Deeds Office	Restitution	Surveyor-General	Shared Services Centre	Land Reform	SPLUM	Other
A 7	Net income per month	Less R5000	R5001 to R7000	R7001 to R11000	R11001 to R15000	Above R15000		
A 8	Do you have any current garnishee orders issued against you? If so indicate the number:	Yes	None	Number:				
A 9	Have you ever had a garnishee order	Yes	No	Date issued:		Date removed:		

	issued against you? If so state when it was issued and date it was removed.							
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Section B: Personal Financial Management Programme Objectives

Please indicate whether you agree or disagree with the statements below by marking the option that best suits you

B1	Managing money is a skill that you can learn	Yes	No
B2	Managing money does not mean that you will suddenly get rich	Yes	No
B3	Rich people who do not manage their money have financial problems like anyone else	Yes	No
B4	It is not important to plan for the time you earn money if you do not have a regular fixed income	Yes	No
B5	It is not important to know the difference between needs and wants	Yes	No
B6	I never spend a cent on anything not included in my budget	Yes	No

Section C: Financial Management Knowledge

Please indicate whether you agree or disagree with the statements below by marking the option that best suits you

C1	Avoiding credit cards is important when you are in debt	Disagree	Partially Agree	Agree	Strongly Agree
C2	Paying more on loans will help cut down on the interest rate charged and reduce the payment period	Disagree	Partially Agree	Agree	Strongly Agree
C3	“Shopping around” before making a decision is a waste of time	Disagree	Partially Agree	Agree	Strongly Agree
C4	Take-aways are a luxury you can do without	Disagree	Partially Agree	Agree	Strongly Agree
C5	Having more credit cards is helpful when you run out of cash	Disagree	Partially Agree	Agree	Strongly Agree
C7	Borrowing money is the best way to get out of debt	Yes	No		
C8	If you cannot pay all your debts, skipping payments is the best option	Yes	No		
C9	The first step to getting out of debt is to reduce your spending	Yes	No		
C10	Committing to making fixed payments can help you get out of debt faster	Yes	No		
C11	Seeking financial assistance is a waste of time if you cannot get cash	Yes	No		

C12	Only the government is affected by the socio-economic circumstances in our country	Yes	No
C13??	I know everything there is to know about budgeting	Yes	No

Section D: Employee Attitudes toward Financial Management

Please indicate whether you agree or disagree with the statements below by marking the option that best suits you

D1	Budgeting is only for rich people	Disagree	Partially Agree	Agree	Strongly Agree
D2	If you earn less, budgeting is about total deprivation	Disagree	Partially Agree	Agree	Strongly Agree
D3	If you are in debt, budgeting is very difficult	Disagree	Partially Agree	Agree	Strongly Agree
D4	A budget is a plan that helps you work out how to spend and save	Disagree	Partially Agree	Agree	Strongly Agree
D5	Having one budget for the whole year is enough to get you out of debt	Disagree	Partially Agree	Agree	Strongly Agree
D6	You can borrow your neighbour's budget if you cannot draw up your own	Disagree	Partially Agree	Agree	Strongly Agree
D7	A budget is worked out using <i>income</i> (money you earn/receive) and <i>expenses</i> (what you spend money on)	Disagree	Partially Agree	Agree	Strongly Agree
D8	Budgeting helps you spend money wisely	Disagree	Partially Agree	Agree	Strongly Agree
D9	During a financial crisis the whole family should be involved in budgeting	Disagree	Partially Agree	Agree	Strongly Agree
D10	"It is hard for me to pass up on a bargain, especially if it is something I think I need"	Disagree	Partially Agree	Agree	Strongly Agree
D11	You need to understand exactly how everything you spend money on costs if you want to save money			Yes	No
D12	If consumable goods (things that are used every day) are "on special" it is a good idea to buy them on credit			Yes	No
D13	If the bank offers me a loan, I simply cannot refuse it			Yes	No
D14	I work hard for my money so I don't have to deprive myself of my favourite meal at a restaurant			Yes	No
D15	It is inappropriate to involve teenage children in the details of your finances			Yes	No
D16	I never ever spend money on anything for myself				

Section E: Programme Content

Please indicate whether you agree or disagree with the statements below by marking the option that best suits you

E1	If employees have financial difficulties, the employer is solely responsible for helping them out	Disagree	Partially Agree	Agree	Strongly Agree
E2	If employees have financial difficulties, it is their responsibility to seek professional help	Disagree	Partially Agree	Agree	Strongly Agree
E3	If employees have financial difficulties, the employer can assist since it may affect the employee's performance at work	Disagree	Partially Agree	Agree	Strongly Agree
E4	If a Personal Financial Management Programme is offered to employees, I can attend it	Disagree	Partially Agree	Agree	Strongly Agree
E5	If employees have financial difficulties, the employer ends up spending more money trying to assist	Disagree	Partially Agree	Agree	Strongly Agree
E6	Financial Literacy Programmes should be made available to all employees, even those who do not have financial difficulties	Disagree	Partially Agree	Agree	Strongly Agree
E7	Families of employees with financial difficulties should be involved in the helping process	Disagree	Partially Agree	Agree	Strongly Agree
E8	If the Personal Financial Management Programme can be offered, it should focus on <i>budgeting, saving, and use of credit</i>	Disagree	Partially Agree	Agree	Strongly Agree
E9	Empowering employees on financial matters can benefit both the employee and his/her employer	Disagree	Partially Agree	Agree	Strongly Agree
E10	If the Personal Financial Management Programme can be offered, it should also include strategies to help over-indebted employees	Disagree	Partially Agree	Agree	Strongly Agree

Section F: Suggestions

Please provide a few suggestions on how you think employees with financial difficulties could be assisted:

4.5 ACHIEVEMENT OF THE GOAL AND OBJECTIVES OF THE STUDY

The goal of the study was to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of the employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region. In achieving this goal the researcher designed the relevant questionnaire which aimed at assessing the employees' knowledge and attitudes regarding personal financial management. From the empirical data it was concluded that there were no significant results to prove that the intervention was effective and that it had an influence on employees' knowledge and attitude towards financial management, as described in Chapter 3.

Table 4.1 focuses on stating the objectives of this research study, as well as indicating how the objectives were achieved.

Table 4.1 Summary of the achievement of objectives

Nr	Objective	Objective achieved
1	To assess the level of knowledge of financial management among the employees participating in the Personal Financial Management Programme.	This objective was achieved as described in chapter 3.
2	To assess the attitudes of employees participating in the Personal Financial Management Programme on financial management.	This objective was achieved as described in chapter 3
3	To make recommendations, based on the results of the study, to the Department of Rural Development and Land Reform to enhance the effectiveness of the Personal Financial Management Programme.	This objective was achieved as described in chapter 4.

4.6 SUMMARY

As mentioned above, the goal of the study was to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of the employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region. Based on the research findings, it is evident that the research question had been answered through the objectives of the study.

From the research finding it could be concluded that the intervention, which is the Personal Financial Management Programme, is not effective in improving the financial well-being of the employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region. The manner in which the sample was selected, the small sample size as well as the measuring instrument might be the causes of the findings to be insignificant. Therefore the researcher has recommended that the sample should be increased and the questionnaire should be revised.

In conclusion, this research study has contributed to the body of knowledge for future research studies in the area of financial management especially in the public sector.

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APPENDIX A:

Letter of Ethical Clearance

Appendix B:

Permission Letter

Appendix C:

Agreement Letter with Summit

Appendix D:

Questionnaire

Appendix E:

Informed Consent Letter



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Humanities
Research Ethics Committee

4 August 2014

Dear Prof Lombard

Project: The effectiveness of Personal Financial Management Programme on the wellbeing of employees in the Department of Land Reform in the Pietermaritzburg region
Researcher: HA Kwela
Supervisor: Prof CSL Delport
Department: Social Work and Criminology
Reference: 11300117

Thank you for your response to the Committee's correspondence of 10 July 2014.

I have pleasure in informing you that the Research Ethics Committee formally **approved** the above study at an *ad hoc* meeting held on 1 August 2014. Data collection may therefore commence.

Please note that this approval is based on the assumption that the research will be carried out along the lines laid out in the proposal. Should your actual research depart significantly from the proposed research, it will be necessary to apply for a new research approval and ethical clearance.

The Committee requests you to convey this approval to the researcher.

We wish you success with the project.

Sincerely

Prof. Karen Harris
Acting Chair: Research Ethics Committee
Faculty of Humanities
UNIVERSITY OF PRETORIA
e-mail: karen.harris@up.ac.za

Research Ethics Committee Members: Dr L Blokland; Prof M-H Coetzee; Dr JEH Grobler; Prof KL Harris(Acting Chair); Ms H Klopper; Dr C Panebianco-Warrens; Dr C Puttergill; Prof GM Spies; Dr Y Spies; Prof E Taljard; Dr P Wood



rural development
& land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

Provincial Shared Service Centre, Private Bag X 9000, PIETERMARITZBURG, 3200, 188 Hossen Haffejee Street, PIETERMARITZBURG, Tel 033 355 4300, Fax 033 394 3753. MNdaweni@ruraldevelopment.gov.za

DATE: 07 March 2014

Attention: Ms. HA Kwela

RE: REQUEST FOR A PERMISSION TO CONDUCT THE RESEARCH ON THE EMPLOYEES OF THE DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM

Topic: “The effectiveness of the Personal Financial Management Programme on the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region.”

We would like to appreciate your interest in conducting the research on the employees of our department and adhering to the department’s strategies regarding the evaluation of the programmes and projects that we execute.

We have as a department realized that troubled employees have challenges concerning performance and attendance that emanate as a result of their personal problems. Therefore any interventions that the you implement in attempt to assist such employees is welcome as long as the you adhere to policies and regulations of the department and does not compromise the integrity and the image of the department.

It is therefore expected that the study will assist those affected and that they will gain skills and expertise which they can apply in their personal lives to improve their circumstances.

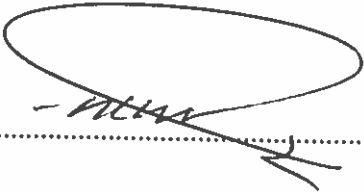
On behalf of the department I wish to grant the permission to conduct the research on the employees of the Department of Rural Development and Land Reform to fulfil the

**RE: REQUEST FOR A PERMISSION TO CONDUCT THE RESEARCH ON THE
EMPLOYEES OF THE DEPARTMENT OF RURAL DEVELOPMENT AND LAND
REFORM**

requirements of your study and that the department is furnished with the findings of the study as long as the ethics of the study will not be compromised.

Kindly inform the managers of the affected employees in advance so that they can release employees and give you necessary support for your research.

Regards

A handwritten signature in black ink, appearing to read 'N. Mndaweni', is written over a horizontal dotted line. The signature is somewhat stylized and loops back.

Mr. N. Mndaweni

Chief Director: PSSC

Date: 07/03/2014



**rural development
& land reform**

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA

Directorate: Human Resource Management, Employee Health & Wellness Programme,
Private Bag X 9132, PIETERMARITZBURG, 3200 270 Jabu Ndlovu Street,
Pietermaritzburg, 3200, Tel 033 264 9500, Fax 033 394 4584
Email: HAKwela@ruraldevelopment.gov.za

DATE: 21 July 2014

The Summit Financial Services
1st Floor, The Marine Building,
DURBAN
4001

Dear Sir / Madam

RE: Evaluation of the Personal Financial Management Programme

The Department of Rural Development and Land Reform would like to send a sincere gratitude for the services you have been rendering since 2012.

It has been noted that since the programme commencement it has never been evaluated to measure its effectiveness. Therefore I would like to embark on the study to evaluate the effectiveness of this programme. The type of research to be used will be the pre-test post-test type of research.

You will be informed as soon as the approval has been granted and the logistical arrangements have been completed.

Kind Regards

Ms H. Kwela

Employee Health & Wellness Programme Coordinator

Appendix D

Draft of questions

SECTION A: PERSONAL DETAILS

1. Please indicate your gender:

Male		A 1
Female		

2. Please indicate your age:

20-25		A2
26-30		
31-35		
36-40		
Above 40		

3. Please indicate your marital status:

Single		A3
Married		
Divorced		
Widowed		
Separated		
Living together		
Other		

4. Please indicate your race group:

African		A4
Indian		
White		
Coloured		
Other		

5. How many dependents do you have?

None	
Less than 3	

A5

4-6	
7-10	
Above 10	

6. Please indicate the branch where you are stationed:

Deeds Office	
Restitution	
Surveyor - General	
Shared Services Centre	
Land Reform	

A6

7. What is your net income per month?

Less R5 000	
R5001 – R7000	
R7001- R11000	
R11001-R15000	
Above R15000	

A7

SECTION B: OBJECTIVES OF THE PFMP IN THE DEPARTMENT OF RDLR IN THE PMB REGION

Instruction: Please read the following statement and indicate whether you agree or disagree with the following statement by indicating yes or no.

	yes	no	
Managing money is the skill that you can learn			B1
Managing money does not mean that you will suddenly get rich			B2
Rich people who do not manage their money have financial problems like anyone else			B3
If you do not have a regular fixed income it is not important to plan for the times you earn money.			B4
It is not important to know the difference between needs and wants			B4

SECTION C: KNOWLEDGE OF FINANCIAL MANAGEMENT

Instruction: Please circle the appropriate number by using the following codes:

- 1 : I do not agree
- 2 : I partially agree
- 3 : I agree

4 : I strongly agree

Avoiding credit cards is important when you are in debt	1	2	3	4	C1
Paying more on loans will help cut down on the interest rate charged and reduce payment period	1	2	3	4	C2
Shopping around before making a decision is a waste of time	1	2	3	4	C3
Take- aways are expensive and not necessary healthy	1	2	3	4	C4
Having more credit cards helps when you run out of cash	1	2	3	4	C5

Instruction: Please read the following statement and indicate whether you agree or disagree with the following statement by indicating yes or no.

	yes	no	
The easiest way to get out of debts is to borrow money to pay your debts			C6
Skipping payment can assist if you cannot pay all your debts			C7
Cutting on spending is the first step in getting out of debts			C8
Committing to making fixed payments can help get out of debts faster			C9
Seeking financial assistance is a waste of time if you cannot get cash			C10
The socio-economic circumstances in your country affect only government of the country			C11

SECTION D: ATTITUDE OF EMPLOYEES ON FINANCIAL MANAGEMENT

Instruction: Please circle the appropriate number by using the following codes:

- 1 : I do not agree
- 2 : I partially agree
- 3 : I agree
- 4 : I strongly agree

Only rich people can do the budget	1	2	3	4	D1
Budgeting is about total deprivation if you earn less	1	2	3	4	D2
Budgeting is very difficult if you are already in debt	1	2	3	4	D3
A budget is a plan that help you work out how to save and spend	1	2	3	4	D4
Having one budget for the whole year is sufficient to get you out of debts	1	2	3	4	D5
If you cannot budget you can borrow your neighbor's	1	2	3	4	D6
A budget is worked out using income (money you earn or receive) and expenses(what you spend money on)	1	2	3	4	D7

Budgeting helps you spend money wisely	1	2	3	4	D8
The whole family should be involve in budgeting especially in financial crisis	1	2	3	4	D9
“It is hard for me pass up the bargain especially on clothing since I need clothes for work”	1	2	3	4	D10

Instruction: Please read the following statement and indicate whether you agree or disagree with the following statement by indicating **yes or no**.

	yes	no	
To save money, you must understand exactly what everything you spend money on, costs.			D11
If consumable goods (things that are used every day) are “on special” I can buy them on credit.			D12
If the bank offers me a loan, I simply cannot refuse it.			D13
I cannot miss my favorite meal at my restaurant I work hard for my money.			D14
I would rather not bore my teenage kids about details of my finances			D15

SECTION E: PROGRAMME CONTENT

Instruction: Please circle the appropriate number by using the following codes:

- 1 : I do not agree
- 2 : I partially agree
- 3 : I agree
- 4 : I strongly agree

If employees have financial difficulties it is the responsible of the employer only to help them	1	2	3	4	E1
If employees have financial difficulties it is their responsibility to seek professional help	1	2	3	4	E2
If employees have financial difficulties the employer can assist since it will affect performance of employees	1	2	3	4	E3
If a Personal Financial Management Programme can be offered to employees I can attend it.	1	2	3	4	E4
If employees have financial difficulties the employer ends up spending more money trying to assist	1	2	3	4	E5
Financial Literacy Programme should be availed to all employees even if they do not have financial difficulties	1	2	3	4	E6

Families of employees with financial difficulties should be involved in the helping process	1	2	3	4	E7
If the Personal Financial Management Programme can be offered it should focus on budgeting, saving and use of credit	1	2	3	4	E8
Empowering employees on financial matters will benefit both the employer and the employees	1	2	3	4	E9
If the Personal Financial Management Programme can be offered it should also include strategies to help over indebted employees	1	2	3	4	E10

SECTION F: SUGGESTIONS REGARDING THE PERSONAL FINANCIAL MANAGEMENT PROGRAMME.

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Faculty of Humanities

Department of Social Work & Criminology

Researcher: Ms Happy Kwela

Tel: (033) 264 9500 / 082 6799 212

Email: HAKwela@ruraldevelopment.gov.za

18 Byrnewood Road

Merrivale Height

Howick

3290

INFORMED CONSENT FORM

Title of the study: The effectiveness of the Personal Financial Management Programme on the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg Region.

Purpose of the study: to evaluate the effectiveness of the Personal Financial Management Programme on the financial well-being of employees in the Department of Rural Development and Land Reform in the Pietermaritzburg region within the KwaZulu Natal Province.

Procedures: I understand that I will be required to participate in study where I will be responding to a questionnaire that will be issued by the researcher.

Risks and Discomfort: I understand that there are no known risks and discomfort that I may be exposed to in participating in this study. If I experience any discomfort at any time during the research study, I will inform the researcher.

Benefits: I understand that there is no direct financial benefit to me for participating in this study. However, my participation in this research study will assist the researcher to make recommendations based on the findings to enhance the Personal Financial Management Programme which will benefit both the employees and the employer.

Participants' rights: My participation in this study is voluntary and I may withdraw my participation at any time without any negative consequences.

