How Undergraduate Students Manage Their Money

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Abstract

Jointly funded research between the banking sector and academic institutions in Australia indicates the need for a deeper understanding of how students manage their money as they transition from a state of financial dependence to independence. This transitioning phase has been reported as a time of considerable stress and uncertainty for students with suggestions that that irrational coping behaviour adopted in youth may inform behaviour later in life.

The present research explores across multiple cases of student experience and individual case structures, the dynamics and influences impacting the money management behaviour of students predominantly from one university. The aim was to contribute knowledge on how students manage transitional issues arising from changing work, households, relationships, and psychological patterns through the mechanism of money. To date this area has received minimal research, particularly research undertaken in a holistic way that acknowledges economic, social and psychological influences. The research is particularly relevant in the current climate of reduced government student support and increased global financial instability as these factors were found to highlight tensions and challenges arising in student money management thinking and behaviour.

In this thesis the data and supporting literature suggest that, in the current environment, students manage their money in both strategic and opportunistic ways that accommodate unpredictable and irregular income streams and a minimal asset base i.e. they behave in an existential way. The research approach used in this thesis captured the ongoing interaction between these multiple realities (as derived from the literature, commercial material, and research findings) to question prior underlying assumptions about student money management behaviour and to critique existing theories and build new theory through case studies.
The study contributes a conceptual and dynamic system model of how students manage their money providing a simple way to identify and explain the usage and interaction of the key building blocks of knowledge, experience and skills that constitute the complex world of students’ money management behaviour. The model demonstrates the ‘existential’ focus of students and how learning occurs as a consequence of life choices around liquidity and emotional management, which change the dimensions of the space in which individuals operate. The research also deepens understanding of rational decision making illustrating how students construct and reconstruct their perceptions and knowledge in the light of dynamic influences to develop individualistic, strategic and opportunistic approaches to money management as a dimension of lifestyle choices. In addition it provides a cross-disciplinary framework which has potential for exploring choices adopted by other societal groups (e.g. retirees). In other words the study findings support an integrated theoretical framework for the further development of a generalised theory of money management and behaviour amongst students and other societal groups.
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Declaration

In compliance with requirements relating to admission and submission of a thesis for the degree of Doctor of Philosophy of Swinburne University, the following declarations are made. I hereby certify that, unless otherwise stated, the work that follows is mine and has not been submitted for a higher degree to any other institution or university.

Catherine Jill Bamforth
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Chapter 1

Introduction

1.1 Introduction

This thesis examines how Australian university undergraduate students make money management decisions and how these impact their money management behaviour. Money management is particularly important for students for several reasons. Firstly, money management provides a lens through which an individual’s behaviour can be observed (Geursen 1999). Secondly, students are transitioning from a dependent to independent lifestyle often with limited independent assets to fund this new lifestyle change. Thirdly, the ability of full time tertiary students to work is constrained by university commitments making them heavily reliant on casual work (James, Bexley, Devlin & Marginson 2007). In Australia, most of this casual work is in the accommodation, retail and hospitality sectors which were recently badly affected by the uncertainty associated with the Global Financial Crisis (ABS 2007, ABS 2009, ABS 2011, Hooper & Van Zyl 2011). As a result “data shows that 18-24 year olds (Gen Y) were hit the hardest with the highest levels of unemployment, increased reliance on government benefits, and salary growth just above inflation over the period December 2008 to December 2009. Despite this [students] remained the most optimistic and showed no evidence of slowing down their spending” (Tanton, Keegan, Vidyattama & Thurecht, 2010, p.14). This money management behaviour differed from that of the general public who in the same period, tightened spending and built savings (Reserve Bank Financial Stability Review – September 2008; September 2009; September 2010, March 2011, Lowe 2012). This public cautiousness can be contributed to a growing awareness that whilst the resources boom has largely protected Australia from the Global Financial Crisis, ongoing world financial instability remains a threat (Reserve Bank Financial Stability Review – September 2008; September 2009; September 2010, March 2011).
Money management at the macro level has received some academic attention (Keen 2008), particularly in the light of the 2008 credit crisis (Keen 2011, Lowe 2012)’

However, money management at the micro level does not appear to be well developed. A small body of literature exists on various aspects of the general populations’ money management behaviour which has been derived from consumer price indexes and other economic indicators. This covers, for example, debt, gambling and general cost movements (Reserve Bank Financial Stability Review 2010, 2011). Some research has also been done on the affordability of living for students (rents, housing, food, utilities and so forth and the impact of money management behaviour on student performance (Xiao et al., 2007; James et al. 2007). However there is little evidence of in-depth research into individual student decision making during times of dynamic uncertainty.

The purpose of this thesis is to undertake a preliminary study of a particular group of university students as a starting point in building an understanding of how groups holistically interface with their economic and life environment. A convenience sample of undergraduate university students was chosen as the study group for a number of reasons.

Firstly, the literature indicates limited understanding of how students manage their money. Commercial and government literature has focused on describing the general context and shape of money management behaviour in the broader population with the intention of identifying issues, for example credit abuse (Dangar 2003, O’Loughlin & Szmigin 2006), or to develop financial literacy standards (The Consumer & Financial literacy Taskforce 2004, Institute of Financial literacy, 2007, Roy Morgan Research & ANZ 2003, AC Nielsen & ANZ 2005a & b, ANZ 2008). The academic literature has made some inroads into understanding aspects of student money management behaviour but this has been along discipline lines e.g. economic (Roy Morgan Research & ANZ 2003, AC Nielsen & ANZ 2005b, ANZ 2008) or social (Dangar Research 2003, AC Nielsen & ANZ 2005a) and largely deduced from an outsider perspective. The treatment of money management from a student perspective (in a way that encompasses economic, social and psychological perspectives i.e. financial, social network, cognitive and emotional perspectives) has been largely overlooked. There is therefore a need to view the subject of money management from a different perspective and to “make more
creative leaps in the analysis of findings and development of theory” (Carson, Gilmore, Perry & Gronhaug 2001, p. 222).

Secondly 18 to 24 year olds make up 10% of the Australian population and represent the majority of undergraduate students (James et al. 2007; ABS 2012). As students represent society’s future revenue generators (O’Loughlin & Szmigin, 2006; James et al. 2007) and behaviour learned at university may be carried forward (Dangar Research 2003; O’Loughlin & Szmigin, 2006), financial management behaviour occurring at this level is of significant concern to governments, financial and public institutions and bodies.

Thirdly undergraduate students are at a time of significant change in their lives as they transition to adulthood and seek greater independence from their parents (Arnett 1997; Aquilino 1997). Since achieving financial independence from parents has been identified by some students as a key characteristic of adulthood, the failure to do so may increase family tensions, stress and emotions thereby impacting money management decision making (Arnett 1997; Dangar Research 2003; James et al. 2007). For example in 2007, James et al. (p. 18) found 46.5% of all undergraduate students dependent on parents or another relative, heightening tension over changing roles and goals (Arnett 1997; Dangar Research 2003; Knoester 2003) and potentially damaging parent/child interaction and long term relationships (Aquilino 1997).

Fourthly, whilst it is known that students are influenced by a number of social groups (Dangar Research 2003), it is unclear how students prioritise and manage these influences. Since students are constrained by liquidity issues (James et al. 2007), choices must be made over how money is managed. On one hand there are demands to increase expenditure to have the right ‘lifestyle accoutrements’ for group acceptance (Dangar Research 2003). On the other hand this may impact students’ ability to do other activities and fulfil other obligations such as achieving requisite educational grades (Xiao et al. 2007). So whilst several sociological influences (parents, peer groups, media etc.) have been identified (Dangar Research 2003, O’Loughlin & Szmigin 2006), it is unclear how students prioritise and manage these influences. This area of inquiry might be seen as being of social significance since students have a weaker ability than
the general population “to make informed judgements and to take effective decisions regarding the use and management of money” (ANZ 2005a, p. 6). This reality might predispose 18 to 24 year olds to particular cognitive and decision making approaches which may set patterns for later life (Dangar Research 2003; Consumer and Financial Literacy Taskforce 2004; ANZ 2005a, ANZ 2005b; O’Loughlin & Szmigin 2006). A deeper insight into how students manage these influences is significant to understanding young adults’ transition into society and to encourage long term parental support of offspring.

There is conflicting evidence as to whether students are frivolous (Dangar Research 2003), adopting a “have now, pay later” credit mentality (O’Loughlin & Szmigin 2006) or are more conservative than earlier generations e.g. 18 to 24 year olds in 1989 (AMP Financial Services 2007). What is known is that many young people (particularly those on incomes less than AUD$ 58,000 which include 18 to 24 year olds according to ANZ (2008, p. 30)) struggle to feel or be in control of their finances most of the time. This is exacerbated by low savings, low household income and low financial literacy (ANZ 2008) which creates monetary shortfalls, forcing behaviour modification or borrowing. For example in 2007, of the 37% of Australian students undertaking tertiary studies in 2006, 47.8% of full time undergraduate students had annual budgets in deficit and 12.8% regularly went without necessities e.g. food (James et al. 2007, p. 2). Borrowing to make up shortfalls was mainly from friends, family, work (i.e. cash advances on salaries) or finance companies (ANZ 2005a) raising concerns about the increasing acceptance or normalisation of debt (O’Loughlin & Szmigin 2006). There is also a growing perception amongst consumer groups, parents and students that lenders actively target undergraduate students for credit card take up (Danger 2003; ANZ 2005), reflecting the high percentage of credit card debt amongst the poorest households (RBA Bulletin, April 2004). This lack of clarity about student money management behaviour limits the ability to provide long term planning and money management support for those affected. Therefore gaining insights into money management patterns and how they are set is of significance to those seeking to support these young adults. Finally an in depth literature search did not find an extensive analysis of how undergraduate students view money management or their liquidity responsibilities.
Understanding “the meanings (students) give to their circumstances is central to any explanation of why they act as they do” (Thomas cited in Cuff et al. 1979, p. 152). Such insights into an individual’s patterns of behaviour may help to explain how choices are made (i.e. how rationality manifests itself) and how this rationality shapes life style choices (Stanford Encyclopaedia of Philosophy, 2010; Charon 1995; Benzies & Allen 2001). In addition it may explain why young people’s lifestyle choices can vary (Dangar Research, 2003), providing insights into the rationality of student money management thinking i.e. by highlighting and challenging the underlying assumptions of economic rationality. As Simon (1986, p.210) says “the judgment that certain behaviour is ‘rational’ or ‘reasonable’ can be reached only by viewing the behaviour in the context of a set of premises or ‘givens’. These ‘givens’ include the situation in which the behaviour takes place, the goals it is aimed at realizing and the computational means available for determining how the goals can be attained”.

1.2 Research focus and the research question

The focus of this thesis is therefore to deepen understanding of the transition phase from dependent to a more independent lifestyle as experienced by 18 to 24 year old university students. In order for the academic community to engage with this transitionary stage of development it is necessary to understand the activities, thoughts, processes etc. impacting on university students. One approach to investigating such impacts has been through the study of liquidity (Geursen 1999) as a means of exploring how individuals manage money to enable their lifestyles. This thesis thus uses this lens to explore the following specific research questions which are viewed from the student perspective:

- How do undergraduate students manage their money?
- What elements, dynamics and influences have the biggest impact on their money management decision making and behaviour?
- What are the dynamics and interactions between these factors?
- What is “rational money management behaviour” from a student’s perspective?
1.3 The literature concerning money management in young people

The current literature on money management in young people focuses on five aspects:

- The level of financial literacy (Beal & Delpachitra 2003; Roy Morgan Research 2003; Federal Government for the National Strategy for Consumer and Financial Literacy 2004; ANZ2005a);
- The patterns of income, expenditure and debt (James et al. 2007) and the use of financial products (ANZ 2005a);
- Student attitude to money; life priorities and other factors influencing these attributes (Dangar Research 2003; Roy Morgan Research 2003; The Consumer and Financial Literacy Taskforce 2004; ANZ 2005a, 2005b, 2008; O’Loughlin & Szmigin 2006; AMP Financial Services 2007);
- the characteristics of thinking patterns that contribute to “troubling debt” (i.e. debt that is not easily managed) and its prevalence amongst the young (Dangar Research 2003; ANZ 2005b) and

Because the current literature concentrates on individual aspects (e.g. peer group, family, personal circumstances, and market influences on the availability of financial resources such as jobs and loans), it fails to explore how students manage money in the light of multiple dynamic aspects. The literature is largely constrained in that it focuses on specific viewpoints such as financial literacy, the use of financial products (e.g. debt and credit cards), and lifestyle choices. This suggests that there is a need to adopt a wider interdisciplinary literature approach that draws upon the roots of student money management. Hence an engagement with relevant economic, psychological and sociologic literatures is considered necessary. How this wider set of literatures fits with the research question is outlined in figure 1.
The psychology perspective

This thesis engaged with psychology literature to gain insight into how students may:

- assimilate and process knowledge about money management i.e. how they acquire knowledge about money management and how they utilise it (e.g. Sternberg 2003; Tolman & Honzik 1930; Berhrmann, Kosslyn & Jeannerod 1996; Thorndyke 1981; Tversky 1972a; Johnson-Laird 1983, 1989, 1995, 1999; Johnson-Laird & Goldvarg 1997).

- learn from their experience i.e. whether students learn about money management though structured learning, observing others or through their own experience (e.g. Sternberg 2003; Mazur 2002; Bandura & Walters 1963; Dangar 2003, O’Loughlin & Szmigin 2006).

- be influenced by emotions, thinking patterns and constraints such as information overload i.e. whether emotions influence an individual’s ability to acquire and act on information (e.g. Sternberg 2003; Wernimont & Fitzpatrick 1972; Dangar Research 2003; O’Loughlin & Szmigin 2006; James et al. 2007).
Understanding the role psychological factors play in how students manage money requires insights into their reasoning approach and the supporting knowledge. The literature indicates that aspects e.g. language ethnicity and peer group pressure (see sociology section) may also affect money management perceptions and behaviours (Dangar Research 2003).

The literature also indicates that errors in both the selection of key information and the reasoning process leads to poorer decision making (Sternberg 2003). These errors may arise as a result of insufficient or inappropriate data collection and processing. In this study the student group under investigation is young and therefore is likely to have limited experience in managing money. This inexperience increases the likelihood of students becoming overwhelmed by information and thus modelling others behaviour without due consideration of the consequences or how this may contribute towards the achievement of their long term goals.

The literature also suggests that psychological influences (e.g. emotions) are at play during the conceptualisation and application of money management by students (Bar-Tal & Spitzer 1999; Bar-Tal, Raviv & Spitzer 1999; Wernimont & Fitzpatrick 1972; Dangar Research 2003; O’Loughlin & Szmigin 2006; James et al. 2007). A central question may therefore arise around whether the recall of key money management concepts can be improved by helping students’ deepen their understanding of how action leads to consequences (Sternberg 2003; Dangar Research 2003; The Consumer and Financial Literacy Taskforce 2004). For students this means understanding how they learn money management concepts and whether these concepts have been clearly articulated in behavioural terms that carry meaning for them. The psychological perspective therefore recognises that the computational power of the decision maker is severely limited conceptually there is a need to distinguish between the real world and the student’s perceptions or modes of operation (Simon, 1986) as they relate to money management.

The sociology perspective
The thesis engages with sociological literature to gain insights into the possible impact of societal influences on student money management behaviour. The sociological

The sociology perspective
The thesis engages with sociological literature to gain insights into the possible impact of societal influences on student money management behaviour. The sociological
literature identifies family (Dangar Research 2003; O’Loughlin & Szmigin 2006); educational, political and media institutions (Haralambos, van Krieken, Smith & Holborn 1996; Singh et al. 2005; The Consumer and Financial Literacy Taskforce 2004; ANZ 2005b), and peers (Singh, McKeown, Myers & Shelly 2005; Xiao, Tang & Shim 2008; Dangar Research 2003) as contributors to money management perceptions and behaviour. Likewise dysfunctional money management behaviour is likely to have been, at least in part, learnt from societal agencies e.g. parents (Dangar Research 2003; The Consumer and Financial Literacy Taskforce 2004; ANZ 2005b).

The sociological literature therefore argues that students view money and their interaction with it as a product of societal expectations and experience. “Practices can allow things to show up as meaningful, because practices involve aims that carry with them norms …. and rules [which are] essentially public (Stanford Encyclopaedia of philosophy, 2010, p. 12). These views and interactions are dynamic so insights into money management behaviour are likely to occur from considering multiple perspectives (Haralambos, van Krieken, Smith & Holborn 1996; Giddens 2009). The literature indicates that a key way to understand these societal influences is therefore to try to place oneself in another’s position (Cuff et al. 1979; Arnett 1997).

A side issue to this research is whether there are gender differences affecting how students manage their money. The literature suggests that women may manage their money more closely than men because generally they manage on less and are therefore more readily exposed to the consequences of poor money management than their male counterparts. What is not known is whether this holds true for university students.

Therefore in line with Simon (1986; 1978; 1982) this thesis argues that given the limited computational power of the decision maker, it is important that any theory developed here “must include not only the reasoning processes but also the processes that generate the actor’s subjective representation of the decision problem, [i.e.] his or her frame (p. 211).
The economic perspective

The observations relating to student behaviour from the economic literature studied indicate two key areas: the impact of the economic system on behaviour and what ‘rational decision making’ means in the context of student money management behaviour.

The economic literature points out individuals live within countries operating particular economic system types (Taylor & Noosa 2000; Kirzner 2007). These economic systems broadly dictate how individuals make an income, how they save, what they can invest in and what they can spend their money on (Taylor & Frost 2009; KPMG 2001; RBA 2003; Singh et al. 2005a, Singh & Shelly, 2005b). Therefore in order to understand how students manage their money, it is important to understand the context in which they live and how this might influence the interaction of life and money.

The life cycle stage of a student is also likely to play a part in student money management as demand for resources (from university, moving out of home, starting relationships, starting work, getting a car, starting to travel etc.) exceed resource availability (Xiao et al. 2007, 2008; Taylor & Frost 2009; James et al. 2007). In this context ‘life cycle’ is used as a tool for defining stages and clarifying pressures around issues experienced by students that are characterised by common parameters.

The second key observation relates to the core assumption underpinning economic theory – that individuals behave in a rational way (Taylor & Frost 2009: Landreth & Colander 2002). A key focus of this research is therefore to gain a deeper understanding on what ‘rational decision making’ means in terms of students money management behaviour.

The need to address multiple aspects in the research in order to gain a holistic view of students’ money management behaviour favours a research methodology that supports the inclusion and detailed exploration of multiple perspectives and viewpoints that influence the individual student perceptions and behaviour.
1.4 Research Approach

The study undertaken in this thesis is by necessity multidisciplinary and exploratory in that it is concerned with ‘how’ the reality of money management is socially, psychologically and economically constructed by each individual student. In this context, the “knower and known” are inextricably connected to each other” favouring the application of a qualitative paradigm (Gelo et al. 2008, p.270; Denzin & Lincoln 2000; Neuman 2003; Eisenhardt 1989; Carson et al. 2001; Mintzberg 1976). This differs from much of the economic and psychological literature on student money management reviewed to date which has focused on “recognising and formulating laws that are always and in every circumstance immutable and universally applicable” (Gelo et al. 2008, p. 270). This gap in the existing literature suggests a need to develop new theory whose generality can be later validated through deductive theory testing. This gap suggests the relevance of a case study methodology as proposed by Eisenhardt & Graebner (2007) because “it is one of the best of the bridges from rich qualitative evidence to mainstream deductive research” (Eisenhardt & Graebner, 2007, p. 25). Case study theory developed this way follows a bottom up approach where “the specifics of the data produce the generalizations of the theory …. [and thus] tends to unfreeze thinking” (Eisenhardt & Graebner, 2007, p. 547), allowing for the unfolding and enfolding of issues and findings during the research process. Inference quality and inference transferability are achieved through a triangulation of methods, designs and results (Gelo et al., 2008). In this study the literature review was used as a broad framework to capture key initial insights. These were then explored and built upon through focus groups with depth interviews being used to mitigate group biases. Dyadic interview structures explored further the interaction and influence of key groups (parents and peers) on students. An inter-relational conceptual dynamic system model was used to capture the dynamics of student money management behaviour as a causal loop model incorporating the stock and flow of liquidity (Sterman 2000).

In essence this study addresses a complicated research task involving multiple research approaches to develop an inter-relational conceptual dynamic system model (Sterman 2000). The research method is discussed more fully in chapter 4.
1.5 Contribution of this thesis

The lack of established theory in this area provides a strong argument that this research will be useful as a basis for further research towards the development of a theory that explains undergraduate student, dynamics, influences and behaviour through the focus of their money management.

This thesis is therefore of theoretical significance because it examines the “rational” decision making of the individual from a holistic environmental perspective thus identifying the wider scope of the environmental and personal factors and how individuals align these influences and pressures. The consideration of psychological, sociological and economic aspects is important to critique the neoclassical economics perspective of rationality in terms of the choices produced, whereas the social sciences (sociology and psychology) view it in terms of the processes employed (Simon 1976; 1982). The latter view better matches what appears to be emerging from the literature review.

The study will explore the activities, thoughts and processes used by university students as they become adults. Hence it makes a contribution to the understanding of this critical transition phase where students are moving from a dependent to more independent lifestyle.
1.6 Structure of the thesis

The structure of the thesis is outlined in figure 2 below.

![Figure 2 - Structure of thesis](image)

1.7 Conclusion

The purpose of this thesis is to identify the key approaches that undergraduate students employ to manage their money and the rationale behind that choice. This is a significant contribution because current research and the influences that impact that behaviour offer limited in depth information as to how students actually manage their money and the influences that impact their behaviour. This is despite the fact that debt and its impact is of major concern to students, their parents, institutions and consumer/societal groups.
Chapter 2

Critical Definitions

2.1 Introduction

This chapter defines the critical terms utilised within the research concerning how undergraduate students manage their money. The purpose of the chapter is to create a common understanding between the writer and the reader of what key terms used here mean. The critical terms defined are “money”, “money management” and “liquidity”. This is important because money “carries no value in and of itself” (Rose & Orr 2007), so without defining the parameters of what money means to students and how they use it, it is almost impossible to understand how and why it is being managed in a particular way. This chapter discusses several key definitions before identifying those definitions most appropriate for this research.

2.2 The definition of money

Unfortunately the definitions for money and its management are unclear, multifaceted and dynamic - “Through money, all can be bought, all is related, all is in constant flux” (Deflem 2003, p. 73). This raises significant challenges for those seeking to gain a deeper understanding of how individuals manage their money. The dominant definition of money in the literatures arises from the economic discipline i.e. as a unit of value (piece of paper, plastic or electronic digit) that represents products and services and lubricates the exchange process (Ingham 1998). Money is inherently imbedded in society’s social structure (Rose & Orr 2007) with society defining its value. In other words, the ability to exchange money for a good or service depends on those concerned agreeing that the unit of value matches the products and services for which it is being exchanged. Despite this no systematic sociology of money exists (Zelizer 1991). Sociologists acknowledge money as a medium of exchange (Mizruchi & Stearns 1994). Sociologists also see it as an agent of social change and a symbol of personal liberty
that offers individuals power over social categories and groups through the movement or transfer of property (Simmel cited in Deflem 2003). Also money facilitates the creation of social ties between people, transgressing social and physical boundaries (Deflem 2003). In this context money also acquires a psychological aspect enabling individuals “to project their hopes, fears and desires to transform money and create money meaning” (Gellerman cited in Rose & Orr 2007, p. 745). Trust in the transaction process partly comes from aligning individual meanings with others (Marx 1844 (1964); Simmel 1907 (1978); Coleman 1974; Giddens 1990; Baker & Jimerson 1992; Dodd 1994; Zelizer 1994; Leyshon & Thrift 1997).

Students use money to fund their lifestyle and as a way to access social groups and manage psychological pressures (Dangar et al. 2003). Therefore to fully understand how they manage money, there is a need for a definition of money that encompasses these multiple aspects.

In this thesis the term money is defined as;

a unit of value which enables and/or constrains individuals in their lifestyle choices and activities.

2.3 The definition of money management and liquidity

The earlier discussion has shown that whilst money can be exchanged for something of value, that value is open to interpretation by the individual concerned, these interpretations being influenced by economic, sociological and psychological components (Singh, McKeown, Myers & Shelly, 2005a).

Economically money management is viewed in a linear manner that assumes it is a function of information available and decisions made (Singh et al. 2005a). Money is managed to maximise the total utility from various goods and services (according to the economic theory of marginal utility which relates to the value to the consumer of an additional unit of some commodity) (Finn 1992).
Published reports around financial management suggest that students require an understanding of core money management concepts, tools and how to work with them to achieve goals. For example a working knowledge is needed of the systems, products and services of financial institutions as well as general, analytical and integrative money management skills (e.g. cash flow management; personal net worth management; financial goal setting; credit management; debt management; risk management; investing and retirement planning) (ANZ 2005; The Institute of Financial Literacy 2007). This suggests that the economic component is a key part of the overall definition of student money management. However this component alone is essentially constrained in that it has a singular emphasis on economic money management skills which assumes that individuals are rational, objective and have the ability to handle complexity. For example, it is assumed that consumers will understand that whilst credit allows them to smooth their consumption over short and long terms, it must be used prudently to avoid over-indebtedness (Consumer Affairs Victoria 2006). However behavioural economics argues that personal limitations, such as limited computational skills and emotional factors might prevent individuals from operating in a truly rational way (Simon 1987). Evidence of these personal limitations can be seen in the ANZ (2005) survey into financial literacy which noted that whilst 98% of those surveyed (n3500) understood the need to prioritise and balance income and expenditure, 15% still chose to spend all their income as soon as they received it (p. 207). So whilst individuals may segregate their money into specialised streams (jam jars or bank accounts) in order to support personal networks (Zelizer 1994), as one network enlarges, money management choices must be made in other networks. Evidence suggests that this leads to friction and psychological consequences, as highlighted by Dangar Research (2003) & O’Loughlin & Szmigin (2006). In this instance, considerations beyond just the economic are clearly at play, challenging money management definitions based solely on economic criteria.

The notion of “money” can also carry multiple meanings for individuals (e.g. status and achievement; worry, anxiety, embarrassment or degradation; security; weakness, moral incorrectness or social unacceptability) which affect how it is perceived and managed (Rose & Orr 2007). For example college students are reported as having an uptight, tense, worrisome, unhappy and low value view of money (Wernimont & Fitzpatrick
1972) whilst also seeing money as a symbol of competency and achievement (Rose & Orr 2007). As a status symbol, money is managed differently from when it is viewed as a source of survival, worry and anxiety (Rose & Orr 2007, p. 758).

Whether these meanings are static or dynamic over time is disputed. Gellerman (1963, 1968) argues that the meaning of money changes as individuals move through important developmental stages and are influenced by experiences, associates, economic status and personality characteristics. These factors help explain the diversity in student spending and saving patterns reported in the literature (Dangar Research, 2003; Rose & Orr 2007; James et al. 2007). This aligns with psychological literature on learning which acknowledges the role of experience and social influence on individual behavior (Sternberg 2003). In contrast Wernimont & Fitzpatrick (1972) and Rose & Orr (2007) provide evidence that money meaning holds constant in individuals for relatively long periods of time, suggesting that management patterns are also likely to remain constant. Any money management definition must therefore take into account the diversity of views that might be captured by and reacted to differently by students. Thus “meaning is decided in and through existing itself” (Stanford Encyclopedia of Philosophy 2010, p. 8). This perspective of student money management influenced the methodological approach adopted and explained in the methodology chapter.

In line with the discussion above, money management is recognized as a process involving the concept of liquidity and the concept of money. As such money management is defined as

The activities and processes undertaken to ensure a person has sufficient money to fund required expenses which drive decisions towards lifestyle choices requiring money. This leads to behavioral choices not requiring money or leads into activity to generate money.
2.4 Conclusion

This chapter defined key terms necessary for understanding how students manage their money. In defining ‘money management’ from a student’s perspective it became obvious that real insights could only be obtained by understanding the value of money from three key perspectives: psychologically, socially and economically. A broader definition of money management was therefore selected for this thesis that incorporated economic, social and psychological aspects. Chapter 3 builds on this approach by engaging with the literature to identify key discipline components providing a basis to refine the focus of the research questions.
3.1. Introduction

This chapter outlines the approach used to explore the literature and material for a discussion of how individuals manage money. The purpose of this discussion is to engage the literature to identify different components in order to refine the focus of the research questions. The findings from this engagement were then used to make observations and to develop a theoretical model, aspects of which were examined through interrogation in the research (Chapters 5 to 7).

This literature review engages with a complex range of factors concerning the individual’s perceptions and behaviours as well as those of the group in which the individual mixes. It also examines external factors arising from the economy in which the individual and direct group live. The purpose of this chapter is to identify and examine these elements and their interactions as a basis for setting parameters for the research scope and research questions posed in this thesis.

3.2 Scope of the areas of literature affecting this thesis

One might expect an extensive literature on money management to exist in a number of academic disciplines and in particular that of finance, but this is not the case. Finance literature is largely based on corporate finance, the basic objective of which is to maximise the wealth of existing owners of a company (Kaen 1995). As such it focuses on corporate and economic areas outside of personal spending (Kaen 1995). Finance literatures thus appear to ignore the dynamics of an individual’s money usage. Research specifically addressing in detail how individuals, particularly how university
students manage their money, could not be found in the finance literature. As such it was necessary to explore material beyond existing finance literature. The relevant literature consisted of commercial research and reports, government and related organization research and limited academic research.

Davies (2006) argues that academic research is evidence based, in other words a consistency of intellectual approach is evident across an area of research. This commonality of evidence based approach gives it integrity and distinguishes it from commercial and government instigated research because it will have a policy or commercial outcome in mind in its selection of issues of interest and research approach. However material from outside the academic area cannot be ignored because it has a bearing in conceptualization and contextualisation of the issues. Therefore in this thesis this non-academic material is cited and acknowledged where it is appropriate to the discussion. The material is detailed in table 1.

Overall the literature indicates an interest in the areas of adult financial literacy and the management of debt across the Australian population. The academic literature is limited but there are a small number of publications concerned with money and financial management in university students.

Money was defined as a unit of value which enables and constrains the individuals in their lifestyle choices and activities. The three components of the definition identify multidimensional perspectives and emphasise money’s symbolic value and its role as an enabler of a range of activities and drivers (Wernimont & Fitzpatrick 1972).

Commercially produced material
Most Australian commercially produced reports reviewed (table 2) were discussion papers, information papers or research reports. The discussion and information papers used secondary data sources to provide information or present arguments focusing on particular money management issues emerging in debates across the Australian community. The research reports are primarily quantitative and focused predominantly on the level of adult literacy within Australia (Roy Morgan Research 2003; ANZ 2005a,
2008). Only one report used a qualitative approach to explore personal debt and financial difficulty in high risk groups in Australia (ANZ 2005b).

Table 1 - Existing research reviewed relating to the topic

<table>
<thead>
<tr>
<th>Commercially produced reports</th>
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<tbody>
<tr>
<td>Roy Morgan Research, <em>ANZ survey of adult financial literacy in Australia.</em></td>
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<tr>
<td>ANZ 2005a, <em>ANZ survey of adult financial literacy in Australia.</em></td>
</tr>
<tr>
<td>ANZ 2005b, <em>Understanding personal debt and financial difficulty in Australia.</em></td>
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<tr>
<th>Government and other social based organisations research and reports</th>
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</table>

<table>
<thead>
<tr>
<th>Academic Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lawrence, FC, Christofferson, RC, Nester, SE, Tucker, JA &amp; Lyons, AC 2003, <em>Credit card usage of college students: evidence from Louisiana State University</em>, Louisiana State University Agricultural Center, Louisiana.</td>
</tr>
<tr>
<td>Slagel, SL, Newman, BM, &amp; Xiao, JJ 2006, <em>Credit card debt reduction and developmental stages of the lifespan</em>, Take Charge America Institute for Consumer Financial Education and Research, University of Rhode Island, Kingston, RI.</td>
</tr>
<tr>
<td>Authors and (year)</td>
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<tr>
<td>-------------------</td>
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<tr>
<td>KPMG Consulting &amp; Nolan Norton Institute 2001</td>
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<tr>
<td>Roy Morgan Research 2003</td>
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<tr>
<td>ANZ 2005</td>
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<tr>
<td>Australian focus</td>
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<tr>
<td>Australian focus</td>
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<tr>
<td>AMP Financial Services 2007: \textit{Generation why: income and wealth report issue 17}</td>
</tr>
<tr>
<td>ANZ 2008: \textit{ANZ survey of adult financial literacy in Australia}</td>
</tr>
</tbody>
</table>
Government funded material
Government funded reports (table 3) were mainly designed to stimulate discussion on issues of public concern e.g. how Australian consumers use their money (The Consumer and Financial Literacy Taskforce 2004; Consumer Affairs Victoria 2006) and guidance frameworks for money management (Institute of Financial Literacy 2007). Only one government funded report (Dangar Research 2003) examined financial difficulty in Australian youth through interviews and surveys with parents and youth.

Academic literature
Only a limited amount of academic research (table 4) has addressed in detail the financial behaviour of undergraduate/college students. Most of the research was from the United States and heavily focused on credit card usage (Lawrence, Christofferson, Nester, Tucker & Lyons 2003), its possible impact on happiness (Slagel, Newman & Xiao 2006) and academic success (Xiao, Shim, Barber & Lyons 2007). In contrast Australian student focused research has primarily examined student finances and literacy although there is some acknowledgement of the impact of debt on happiness and university attendance (James et al. 2007). Most have adopted quantitative survey approaches with a few open ended questions included. None of those reviewed had specifically used a qualitative approach to explore how Australian students manage money, although O’Loughlin & Szmigin (2006) used interviews to explore student attitude to debt in the United Kingdom.

Whilst the detailed quantitative information provided insights into patterns of student behaviour and experiences, a gap in the research exists concerning how students perceive and manage the interaction of multiple economic, social and psychological influences during the money management process. This research will contribute towards filling this gap.
There are alignments across discipline specific literature and the current literature often in the finance, commercial and government reports on student’s money management behaviour. Therefore this material has been incorporated into the development of observations in each discipline.

### Table 3 - Detailed overview of key government material reviewed

<table>
<thead>
<tr>
<th>Authors and (year)</th>
<th>Title and type of paper</th>
<th>Purpose of report</th>
<th>Key findings relative to understanding student money management</th>
</tr>
</thead>
<tbody>
<tr>
<td>RBA 2004</td>
<td><em>The composition and distribution of household assets and liabilities in Australia</em></td>
<td>The Composition and Distribution of Household Assets and liabilities in Australia.</td>
<td>Outstanding debt on credit cards is 3% of total debt owed by household sector.</td>
</tr>
<tr>
<td>RBA April 2009</td>
<td><em>The composition and distribution of household wealth in Australia</em></td>
<td>The Composition and Distribution of Household Wealth in Australia.</td>
<td>The poorest households carry 50% debt (Graph 4, p. 5).</td>
</tr>
<tr>
<td>Dangar Research 2003</td>
<td><em>Youth debt</em> Qualitative: 2.5 hour discussion with community leaders and youth workers 9 x 2 hour focus groups with young people and parents/guardians from city and country areas - Specified ethnic groups were Aboriginal, Vietnamese, Chinese and Middle Eastern. Quantitative: random sample of 602, equal split between parent/guardians and 15-24 year olds interviewed by phone for 12 minutes. Recruited</td>
<td>To gain insights into the level and impact of debt on young people.</td>
<td>Debt has clear connotations associated with stress, lifestyle compromise and coming up against the law. Youth debt has a low profile in public arena but is a critical issue for young people and their parents. Strong influences from work, easy access to credit, the need to belong, lack of money management skills, abstractness of money all encourage debt. There are numerous sources of debt. Socio-economic status affects the level of debt. The type of debt varies by gender. Most pay their way out or rely heavily on parents. The report offers recommended approaches for government education programs such as presenting money management as ‘cool’.</td>
</tr>
<tr>
<td>Title</td>
<td>Australian focus</td>
<td>Purpose</td>
<td>Summary</td>
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<tr>
<td>The Consumer and Financial Literacy Taskforce 2004</td>
<td>Australian consumers and money</td>
<td>To stimulate a discussion into how Australians make decisions about money.</td>
<td>Little is known about financial decision making. Increasing prosperity amongst Australians. Decision making affected by context and bounded rationality. Life stages affect attitudes and behaviour. Different experiences and skill sets affect money management ability. The report proposes a consumer decision making model to improve consumer financial literacy and communication between concerned parties.</td>
</tr>
<tr>
<td>Arashiro 2011</td>
<td>Response to Australian consumers and money</td>
<td>To provide insights into lower socio economic groups.</td>
<td>Bounded rationality model useful in helping to understand decision making which is impacted by multiple other factors beyond social and economic considerations e.g. family breakdown, unemployment. A broader understanding of the reasons for individual behaviour is needed. An appreciation of needs and aspirations are important. Advice needs to be tailored to needs of socio demographic groups. Decisions are impacted by emotions and previous life events. Low income people distrust many information sources; want people who they can relate to. They trust parents, teachers, not government bodies. It is difficult to find the right level to pitch information. People are not interested in learning about financial management when in crisis. These individuals generally learn haphazardly from experiences and mistakes. People at risk incorrectly assume that saving will lead to loss of government benefits. Financial difficulties are a significant aspect of poverty.</td>
</tr>
<tr>
<td>Consumer Affairs Victoria 2006</td>
<td>The report of the consumer credit review</td>
<td>This report focuses on the issues surrounding low level short term credit, credit cards, alternative housing finance and finance brokers. It also discusses overarching concerns including responsible lending, access to</td>
<td>Report outlines the context of the review and the role of credit reporting. It discusses how and where to regulate and the need to target customer detriment. It examines the role of efficient markets and regulation in Identifying and dealing with problem market segments. It highlights the need for regulatory improvements to reduce over indebtedness and affordable credit from finance and mortgage providers.</td>
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</table>
Institute of Financial Literacy 2007

<table>
<thead>
<tr>
<th>Authors and (year)</th>
<th>Title and type of paper</th>
<th>Purpose of report</th>
<th>Key findings relative to understanding student money management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wernimont, PF, &amp; Fitzpatrick, S 1997</td>
<td>The meaning of money Quantitative American focus</td>
<td>An exploratory study aimed at determining whether groups are clearly distinguishable on the basis of biography and whether these groups show measurable differences in what money means to them.</td>
<td>Results indicate differences in how groups view money, which is modified by work experience, sex, and socioeconomic level. Students adopt a tense, worrisome, unhappy view of money, tending to be very uptight about money but reluctant to admit to those feelings.</td>
</tr>
<tr>
<td>Beal, DJ &amp; Delpachitra, SB 2003</td>
<td>Financial literacy among Australian university students Quantitative: n789 First year students across several faculties Australian focus</td>
<td>This study surveyed the student body at the USQ to gain insights into their understanding of basic concepts i.e. markets, insurance, instruments, planning, analysis and decision making.</td>
<td>Low levels of financial literacy. Good understanding of basic concepts but complex concepts e.g. compound interest less well understood. Financial literacy improved with work experience and income. There was a general lack of financial education in primary and secondary schools.</td>
</tr>
<tr>
<td>Lawrence, FC Christofferson, RC Nester, SE, Moser, SE, Tucker, JA, Lyons, AC 2003</td>
<td>Credit card usage of college students: evidence from Louisiana State University Quantitative: Online - 2,400 undergraduate students, stratified by gender and ethnicity American focus</td>
<td>The purpose of this publication is to provide a detailed description of the credit card usage and financial practices of college students at LSU at a time when students are moving from a financially dependent to a financially independent lifestyle.</td>
<td>83% had at least 1 credit card, most acquired it at university to purchase books, supplies, clothing and entertainment, tuition fees and used it on a fairly regular basis. Many have a heavy reliance on financial aid. 80.4% had not maxed out their credit cards. 48% had balances less than USD$100; 22.5% more than USD$1000; 11% over USD$3000. 53.1% did not receive help from parents.</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Title</td>
<td>Methodology</td>
<td>Findings</td>
</tr>
<tr>
<td>----------</td>
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<tr>
<td>Lyons AC</td>
<td>A profile of financially at risk college students</td>
<td>Quantitative (random sample: n 2,640) undergraduate &amp; graduate students at the University of Illinois. American focus</td>
<td>Factors significantly affecting the probability a college student will be financially at risk of mismanaging/missing credit. Financially at-risk students are more likely than others to be financially independent, to receive need-based financial assistance, to hold $10000 or more in other types of debt, and to have acquired their credit card(s) by mail, at a retail store, and/or at a campus table. Students with credit card repayment difficulties are more likely to be female, black, and/or Hispanic.</td>
</tr>
<tr>
<td>Singh, S, McKeown, W, Myers, P, Shelly, M</td>
<td>Literature review on personal credit and debt: families at risk deciding on personal debt</td>
<td>Australian focus</td>
<td>Review of literature on money, information and decision-making covering economic, social and psychological factors. Money has economic, social and personal meaning which is affected by culture. Information is necessary but not sufficient alone to ensure useful money management decisions. Rationality itself is bound by context and directed to personal and community ends. Age, gender, education impact decision making.</td>
</tr>
<tr>
<td>Slagel, SL, Newman, BM, Xiao, JJ</td>
<td>“Credit card debt reduction and developmental stages of the lifespan”</td>
<td>Quantitative: (n 263) American focus</td>
<td>Examined the link between theory-based developmental stages of the lifespan and factors associated with troubling debt and change. Those in later adolescence are less confident in their abilities to resist temptations and thereby to reduce their credit card debt.</td>
</tr>
<tr>
<td>O’Loughlin D &amp; Szmigin O</td>
<td>“I’ll always be in debt”: Irish and UK student behaviour in a credit led environment</td>
<td>Qualitative: consumer (n20) interviews with Irish and UK higher education students. European focus</td>
<td>Explores current attitudes, motivations and behaviours in relation to student credit and debt consumption in the UK and Ireland. A credit driven culture, misguided parental advice and aggressive marketing is directly influencing student attitude and behaviour in relation to credit and debt.</td>
</tr>
<tr>
<td>James, R, Bexley, E, Devlin, M &amp; Marginson, S</td>
<td>Australian university student finances</td>
<td>Quantitative:</td>
<td>Examines finances of students and impact of gender, socioeconomic,</td>
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<tr>
<td>Year</td>
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<td>2007</td>
<td>(n 18,954)</td>
<td>Australian focus</td>
<td>language and living arrangements.</td>
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<td>2007</td>
<td>Academic success &amp; well-being of college students: financial behaviours matter</td>
<td>American focus</td>
<td>Examines the financial behaviour of undergraduate students at The University of Arizona to identify what elements influence financial behaviour, and whether responsible financial habits (in relation to cash management, credit management, savings, and credit use) affect students’ quality of life, including financial satisfaction, physical and mental health, academic satisfaction and performance, and life satisfaction.</td>
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<td>Author(s)</td>
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<td>Methodology</td>
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<td>Xiao, JJ, Tang, C &amp; Shim, S (2008)</td>
<td>Acting for happiness: Financial behavior and life satisfaction of college students</td>
<td>Quantitative: Web-based quantitative survey completed by 1,197 students. 11% were graduate students and 89% were undergraduate students</td>
<td>To observe how domain-specific behaviours (specifically financial behaviours) contribute to domain-specific satisfactions, which in turn contribute to an individual’s overall satisfaction with life.</td>
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<tr>
<td>Guvan, C (2008)</td>
<td>Happiness and risky behavior</td>
<td>Secondary data analysis from self-reported happiness data from the DNB Household Survey from the Netherlands and the German Socio-Economic Panel.</td>
<td>The impact of happiness on risk-taking behaviour</td>
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Whilst the literature search revealed limited research into how students manage their money, the topic of this research, it did indicate the following. Late adolescents are less confident in their abilities to resist temptations and thereby to reduce their credit card debt (Slagel, Newman & Xiao 2006). This is compounded by a credit driven culture, misguided parental advice and aggressive marketing which directly influences student attitude and behaviour in relation to credit and debt (O’Loughlin & Szmigin 2006). A recent American study by Xiao et al. (2007), the most extensive study into student money management undertaken to date, found that sound financial decisions and practices are undoubtedly linked to a better life, in a variety of ways. Specifically:

1) Undergraduate students manage cash better than credit and savings.

2) Students with a positive attitude about cash management, manage their cash better, find it easier, and experience accomplishment from the management process.
3) Upper-class students, particularly seniors, demonstrate a surprisingly more careless attitude with regard to credit management.

4) Being a first-generation college student, being financially independent, having a higher personal income, taking fewer credit hours, and living off campus also results in a riskier attitude toward credit use.

5) Negative attitudes, spending less time on studies and more time on the job, and spending less time on money management also seems to lead to unwise credit use.

6) When it comes to saving money, upper-class students do worse than their lower division counterparts.

7) Others who demonstrate poor saving habits are non-business majors, off-campus students, and those receiving financial aid.

8) Students with negative attitudes and less financial knowledge are less likely to save money.

9) Parents are important role models in encouraging responsible financial behaviour. Parental support and advice are key, as are having parents who are married, more highly educated and who own a home.

10) The support of college peers is also important in influencing students to develop good financial behaviours.

This study identifies a number of characteristics of American university students that might be important to an investigation into how students manage their money. However the study does not explore the reasons and interconnections between these characteristics thereby limiting understanding of the drivers of money management within this dynamic human system.

It has also been noted in the literature that responsible financial behaviour leads to a better life. Performing desirable financial behaviours is associated with greater financial satisfaction, better physical and mental health, and higher grades (Xiao et al. 2007). A further study identified that more positive financial behaviours contributed to financial satisfaction and that financial satisfaction in turn contributed to life satisfaction (Xiao et
al. 2008). Finally Guvan (2008) identified that happy people appeared to be more risk-averse in financial decisions and (accordingly) chose safer investments. Happy people spent more time before making decisions and had more control over expenditures and happy people also expected a longer life and (accordingly) seemed more concerned about the future than the present. Happy people also seemed to expect less inflation in the future. A link between happiness and financial responsibility is thus also established.

**Observation 1**

*Whilst a number of characteristics of student money management behaviour and outcomes are evident in the prior literature, an understanding of how these interact dynamically is missing.*

Singh et al. (2005a) provides some guidance as to the literatures that might be addressed in exploring how the characteristics impacting money management behaviour fit together. These authors indicate economic, social and psychological factors involved in money management areas, providing the observation that money management manifests within a bounded rationality framed by limitations such as social, economic and cultural issues. The critical area of literature and material affecting this thesis are indicated in figure 1.
In this chapter each perspective (psychological, sociological and economic) is taken in turn and used to critically review the current literature on perspectives, processes and behaviours relevant to student money management. In this way current understanding is outlined and gaps are identified in our understanding of how students manage their money. From this engagement, observations are derived which form the basis for the development of propositions which are developed into a theoretical model. The theoretical model is then used as a basis for the research.
3.3 Psychological Considerations

The psychological considerations concern the issues and factors that affect how an individual makes decisions about money management i.e. how the brain processes information from the environment and moulds this data into patterns, schemata, themes and stories based on past knowledge (memory), previous experience (learning), and outcome goals (decision making). McMullin (2000, p. 10) suggests that these mental frameworks inform an individual’s emotions and behaviour, however the process by which this occurs is highly contested (see section 3.8). It is therefore pertinent to consider psychological literature relating to the structure of knowledge, how memory works, how individuals learn, decision making and the consequences of decisions on behaviour associated with lifestyle choices.

Types of knowledge
One classical epistemological viewpoint categorises knowledge as declarative (dealing with facts) and procedural (dealing with knowing how to do something (Ryle 1949)), both are relevant to student managing money. Sternberg (2003) argues that declarative and procedural knowledge are both important in the formation of understanding and require an understanding of basic words, concepts, their relationships and how they are manipulated to reach particular outcomes.

Observation 2
Students require declarative and procedural knowledge in order to manage money for outcome achievement. Understanding how this knowledge is acquired by students helps to understand how money is managed.

Knowledge acquisition
Stenberg (2003) proposes that knowledge is acquired as a result of the coding of external stimuli (received through the senses) into words and symbols which are then organised into concepts, categories and schemas and finally mental structures or frameworks within the brain (Tolman & Honzik 1930; Berhrmann, Kosslyn & Jeannerod 1996). Individuals use these mental structures to solve problems, answer
questions and reason i.e. to compare and link new thoughts and ideas into complex ideas using principles and evidence. When applied to student money management this suggests that student money management strategies are developed on the basis of prior knowledge as well as contextual and sensory information. This raises the issue as to how information is acquired i.e.

- whether money management knowledge is acquired through trial and error as it is compared against desired outcomes;
- whether and how information from social, political and economic sources influence prior money management knowledge, and how information is learnt or acquired through trial and error to attain desired outcomes?;
- whether information from the current environment matches or alters prior knowledge findings and
- how and what information is being filtered through the senses?

**Observation 3**

*Little is known as to how students code and categorise money management concepts and principles. For example do they use memory aids? Do they rehearse their behaviour to identify consequences of action? Do they follow ‘rules of thumb’ and if so what are these approaches? How do they reason i.e. what processes do they use to reach their money management decisions. Clarity of these issues is underdeveloped in the literature to date.*

**The formation of mental frameworks**

The cognitive school of psychology suggests individuals develop frameworks and operate within these structures. They argue that formation of these frameworks are influenced by cultural differences in how ethnic, social and economic factors are perceived in turn influencing language usage and stimuli interpretation (Thorndyke 1981; Tversky 1972a). Therefore the coding of images and words may be influenced and shaped by a student’s cultural roots (i.e. their ethnicity) (Sternberg 2003). For example language may convey the group’s attitudes and emotional responses to money
and therefore its perceived purpose and uses. As Australia is a multicultural society, these differences may impact on how students view money and its management.

**Observation 4**

*Language sets up how schemas are made. It may also be that language associated with specific age, cultural and social group’ influences schematic formation. Therefore how students interpret the term ‘money management’ should impact the structure and usage of individual’s mental frameworks in the money management process.*

**Single versus multiple coding theories and understanding of mental models**

Sternberg (2003) argues that the construction of mental frameworks is bottom up through direct perception (single coding theory) and top down through construction (multiple coding theory). In single coding theory, the formation of mental frameworks is purely derived from information from sensory cues i.e. the purchase of a particular mobile phone may be linked to the pleasure of using it. In multiple coding theory, the perceiver constructs or builds up mental frameworks based on prior knowledge, contextual information and sensory information (Sternberg, 2003) using multiple coding approaches (Paivio 1969, 1971; Kosslyn 1981; Anderson 1983). Multiple coding approaches such as propositions, mental models or image forms (Johnson-Laird 1983, 1989, 1995, 1999; Johnson-Laird & Goldvarg 1997) are then used to solve problems and answer questions involving objects (Kosslyn 1990; Kosslyn & Rabin 1999). For example the purchase of a car draws on prior knowledge of cars, budget requirements and how easy the car is to drive. It is likely that students’ money management will involve both information from the senses and the consideration of objects, events and settings beyond the senses in line with the theories of Behrmann, Kosslyn & Jeannerod (1996) and the discussion in Sternberg (2003).

**Observation 5**

*Insights are needed into how students build and manipulate their money management mental models and knowledge as a result of:*
• the construction process which is influenced by money management attitudes learnt through schemas and internal contextual factors e.g. emotional intensity of experience, mood and state of consciousness (awareness)
• the reconstruction process through exploration of how students repeat what is learnt (this relates to data and recall)
• the influence of the environmental context which affects how information is encoded and retrieved.

Deepening understanding of how students formulate their perceptions of appropriate money management behaviour is important. ANZ (2005b) identified two main contributors to the creation of flawed mental frameworks in ‘at risk’ individuals: a poor understanding of core financial concepts and an absence of the necessary filters or alarm bells for effective money management. This is of concern, given that some research indicates that 18 to 24 year olds are significantly represented within this ‘at risk’ group (ANZ 2005b). As these frameworks appear to remain stable over time, there is concern over their long term impacts (O’Loughlin & Szmigin 2006; Fisher & Lyons 2006; Xiao et al. 2007) and the usefulness of current early education. Students with a degree have a higher level of financial literacy than those without (Roy Morgan Research 2003; ANZ 2005, 2008) suggesting higher education may provide a way to modify student money management behaviour. It might thus be inferred that education should help students to code data stimuli in a way that increases their chances of favourable outcomes, reducing the need for trial and error. Furthermore understanding student’s preferred learning approach (e.g. observation, spoken or written word), would greatly enhance management support strategies where behaviours are reinforced (Rouseau & McCarthy 2007)

Observation 6
Students should learn most in situations where money management behaviours have been reinforced? If so what forms of reinforcement are most effective?
Observation 7

*If students are to develop successful money management approaches, it might be beneficial if the information provided suits the students’ context and is easy for them to use.*

Knowledge storage in the memory

*The ‘short and long term memory’ model*

How knowledge is stored in the memory is explained through a number of different metaphors, the most popular of which differentiates between short and long term recall requirements (Sternberg 2003). Short term memory deals with sensory, temporary or working knowledge whilst long term deals with semantic knowledge (general world knowledge i.e. facts that are not unique to us and that are not recalled in any particular time frame). Episodic knowledge (memory of personally experienced events or episodes), procedural knowledge (information about how to do something (Tulving 1985)) and perceptual knowledge (i.e. recognising things on the basis of their form and structure) are stored in the long term memory (Sternberg 2003). All these knowledge types are illustrated dimensions of student money management behaviour.

The transfer of knowledge in and out of the memory is dependent upon how it is organised (categorised), how data is interconnected (i.e. whether this is done in a meaningful way), whether mnemonic devices and memory aids are used and finally whether information is rehearsed over an extended or in a concentrated way (Sternberg 2003).

Sternberg (2003) contends information recall can be enhanced in various ways by raising individual’s attention levels. Experiments suggest certain triggers enhance information recall e.g. asking particular questions (Rogers, Kuiper & Kirker 1977; Bower & Gilligan 1979; Halpin, Puff, Mason & Marston 1984; Brown, Ganellen & Carver 1985; Keenan & Potts 1986; Katz 1987; Reeder, McCormick & Esselman 1987), encouraging individuals to relate the words meaningfully to themselves and linking environmental context cues to the information during the encoding process. One reason for this may be that strong emotions arising from experience may reinforce or contrast
strongly with existing habit patterns or recent behaviour, aiding and altering knowledge recall from the memory (Aristotle c350BC; Anon 1820; Ebbinghaus 1885), and strengthening the association between stimulus, response and expected response (Tolman 1932; Hull 1943; Thorndike 1946; Mowrer 1947; Dickinson & Mackintosh 1979). Bar-Tal & Spitzer (1999) & Bar-Tal, Raviv & Spitzer (1999) argue that under threat individuals seek to reduce uncertainty and anxiety by constructing cognitive structures that filter out erroneous information. In effect the generation and testing of hypothesis is reduced (known as epistemic freezing). Likewise trait-based anxiety (a personality characteristic) and situation-related anxiety have been found to affect attention by placing constraints on attention spans thereby limiting cognitive processing abilities (Eysenck & Graydon, 1989, Eysenck & Bryne 1992; Eysenck & Calvo, 1992; Sternberg 2009). So according to Bar-tal et al. (1999) students under pressure seek to cut the amount of information being processed through cognitive structuring assuming they have the ability to do so. A lack of ability to structure appropriate cognitions increases stress levels driving other forms of coping. Festinger (1957) offers a variation on this explanation i.e. individuals are motivated to accept or reject their cognitions (thinking) when they experience discomfort (or dissonance) as a result of holding two cognitions that are psychologically inconsistent (Aronson, 1997). Such triggers are believed to encourage deeper levels of processing (Craik & Tulving 1975; Sternberg 2003) and richer encoding (Bellazza 1984). This offers possible insights into the reasons behind why students feel out of control with their money management. From the above discussion a student money management perspective might require:

- Acknowledgement that knowledge of the general world and personal experience impacts students’ money management behaviour.
- A basic understanding of money management concepts and principles (e.g. budgeting, saving, planning and risk management).
- Recognition that information is more readily recalled if:
  - linked to vivid sensations that create strong emotions that either support or contrast strongly with current behaviours;
  - students’ identify and reflect on their behaviour and match this behaviour against key financial concepts and principles (budgeting, saving, planning and risk management);
students’ are comfortable with and confident in money management. Environmental factors may also contribute towards how individuals assimilate these concepts and principles in the first place.

- An understanding that students’ ability to use certain financial concepts and principles is dependent on circumstances i.e. how much money is available to the students at the time.
- Students have in place mechanisms to ‘sense check’ and benchmark their actions such as external references and can process personal goals and outcomes.

Only some of these psychological aspects have been identified in current literature. For example Xiao et al. (2007) addressed and identified the presence of an extensive list of issues partly covered in the psychology literature explored above in relationship to money management. However being a quantitative study these authors were concerned about the presence of issues rather than how they were formed or fitted together in mental frameworks, or how they were retrieved. It can thus be observed that:

**Observation 8**

Whilst the points above concerning information processing and decision making may be generally understood, they have not been studied in a way specifically related to an appreciation of how students manage their money in depth - in particular, the connections between lifestyle and the drivers of lifestyle behaviour and the role of money in these. It is not evident in the literature how these aspects impact student ability to practically utilise relevant information and experience in decision making. Understanding how students manage their money therefore requires understanding the role of money in the creation of world views and the triggers that stimulate money management behaviour.

**Use of knowledge in decision making**

**Rational decision making**

Rational decision making proposes that information is manipulated to maximize the delivery of something of value, “whatever that something may be” (Sternberg 2003, p. 405). Neoclassical Economic Theory argues that money management decisions are
made to maximise economic value and that decisions will be an optimization of utility generated for the individual (Jensen 2003). Some of the cognitive psychology literature indicates that an optimization does in fact occur in human cognitive behaviour processes (Stenberg 2003). Since utility provision delivers satisfaction it follows that students will seek to maximise that which gives them most satisfaction. However what is not clear in the literature is the basis of decision-making in relation to student money management - do students make decisions based on subjective or objective criteria i.e. to avoid pain, maximise pleasure or for some higher reason?

Rationality assumes that individuals are fully informed regarding all possible options for their decisions and the outcomes of those decisions; infinitely sensitive to the subtle distinctions among decision options and fully rational in regard to their choice of options (Edwards 1954). “Informed judgement “implies that considerable thought goes into the money management decision process. The literature does not indicate clearly where students focus their attention in the money management decision making process and why i.e. which aspect of the money management process (problem/opportunity identification; option selection; option evaluation; decision; implementation) receives most attention.

Observation 9

The level of options and outcomes students consider in their decision making process needs to be more comprehensively explored.

Behavioural economists argue the classical economic view of rationality is unrealistic because it ignores the impact of several constraints on the decision making process (Simon 1997 (1957)) such as mental processing capabilities (the ability to identify and utilise management concepts and theories), how the problem is framed and the role of emotions (The Consumer and Financial Literacy Taskforce 2004).

As an early adult, students are unlikely to have extensive money management experience and knowledge to draw from. This may exacerbate common problems like an inability to identify and access appropriate information; lack of understanding of jargon, terminology and advice; failure to see the relevance of specific information to
needs and lifestyle; information overload and an inability to act on information in a meaningful way (The Consumer and Financial Literacy Taskforce 2004; O’Loughlin & Szmigin 2006). These factors contribute to low levels of awareness and knowledge of a person’s financial situation (Beal and Delpachitra 2003; MORI 2003; O’Loughlin & Szmigin 2006).

**Observation 10**

Do students believe that their decision making is flawed and open to distortions?
If so do they put in place strategies to minimise these risks or do they simply ignore them?

How the problem is framed also influences decision making. The marketing of products as ‘needs’ rather than ‘wants’ (as in the case of mobile phones), and the easy accessibility of credit to some students may encourage purchase without having to fully understanding the ramifications of their actions (Christie, Munro & Rettig 2001; Kempson 2002; The Consumer and Financial Literacy Taskforce 2004; Lebens & Lewis 2001; O’Loughlin & Szmigin 2006). Both academic and commercial literature provide ample evidence from America, United Kingdom and Australia to support these concerns (Dangar Research 2003; O’Loughlin & Szmigin 2006; Xiao et al. 2007).

**The impact of emotions and resultant thinking patterns on money management**

Early research showed students took “a tense, worrisome, unhappy view of money” (Wernimont & Fitzpatrick 1972). This is reflected in recent research showing a growing concern amongst students about their ability to make ends meet and avoid debt (Dangar Research 2003; O’Loughlin & Szmigin 2006; James et al. 2007). What are the impact and ramifications on students of not being able to make ends meet? There is evidence of feelings of embarrassment and humiliation which may increase isolation from family and friends making it difficult to discuss financial hardship (ANZ 2005b). The strategies that students adopt and how they cope with the associated anxiety has not been extensively explored in the literature on student money management. Earlier discussions about the impact of stress, anxiety and fear suggest that students may adopt coping mechanisms that both increase and decrease attention spans, which in turn impacts how
their knowledge is structured and utilised. This gap in understanding provides an opportunity to add clarity in this area.

**Observation 11**

*How students react when they cannot make ends meet and what actions they take and the implications of those choices need to be studied.*

Industry studies indicate the ongoing stress of paying off debts can leave individuals feeling “out of control” (i.e. overwhelmed) leading to a perceived lack of options; a sense of being trapped; lost opportunities; feelings of uncertainty and self-blame; mounting debt; relationship problems; concern about the present and a sense of hopelessness about the future (ANZ 2005b). Research shows that individuals feel least alone when the debt or hardship is perceived as being outside their control e.g. due to an accident, illness or death of a main income earner (ANZ 2005b).

These findings reflect earlier theoretical discussions suggesting that the ability to effectively process through “epistemic freezing” or to resolve tensions in cognitions was influenced by the perception of stressors and the ability to manage stress (see section 3.3).

Debt is also acknowledged as limiting ‘social life’ and ‘entertainment’ and increasing feelings of shame and isolation. These may be exacerbated by feelings of envy for those more heavily supported by their parents (O’Loughlin & Szmigin 2006). In severe cases, worry and anxiety about financial hardship lead to nausea, cold sweats, depression and a sense of disempowerment overall (ANZ 2005b). High levels of psychological and physical distress (MacFadyen, MacFadyen & Prince 1996; Lyons & Yilmazer 2005; Xiao et al. 2007) have also been linked to poor academic performance, (Lyons 2007b; Xiao et al. 2007; James et al. 2007) unhappiness (Slagel et al. 2006) and risky money management behaviour, particularly where credit rather than savings are used to fund lifestyle choices (Guvan 2008). This use of credit is aggravated by ‘have now, pay later’ attitudes which are often manifested by young people (Dangar Research 2003).
The decision to avoid certain emotions or decisions may result in the forgoing of benefits and an active preservation of the status quo, even when beliefs conflict with new evidence i.e. when cognitive dissonance occurs. They may become overly influenced by outside suggestions, overestimating their ability to learn from the past and predict the future i.e. they may become persistently and irrationally overconfident (Sternberg 2003) because emotion can bypass the reasoning part of the brain (e.g. Armony & Le Doux 2000; Le Doux 2000; Le Doux 1995). “People tend to hold on to their decisions, using supporting information to reinforce their views and discounting contrary information.” (Consumer Affairs Victoria 2006, p. 83; Festinger 1957).

**Observation 12**

*If student behaviour is predominantly driven by avoidance of negative outcomes or seeking of positive outcomes, what are the consequences? This needs to be explored in depth.*

So whilst some individuals believe they should adopt a more conservative money management approach, some do not do so, either because they see it as irrelevant, or because they are being ruled by unhealthy ways of thinking (ANZ 2005b).

**Observation 13**

*What strategies do students use to manage their money management and what are the implications of their decision?*

According to the literature (ANZ 2005b), strategies to manage constraints and limitations take three forms: Firstly, adoption of a pre-set personal criterion or decision; secondly, making short cuts, ignoring the constraints and thirdly, judging whether a decision is effective.

**Adoption of a pre-set personal criterion or decision making short cuts**

Strategies to manage these constraints and limitations include adopting pre-set personal criterion (known as ‘satisficing’) or decision making short cuts (Tversky 1972a, 1972b; Dawes 2000; Tversky & Kahneman 1971, 1973, 1993). This epistemic freezing (Bar-tal
& Spitzer 1999; Bar-tal et al. 1999) truncates the decision making process, reducing stress but also potentially weakening the quality of the decision making process (Todd & Gigerenzer 2000). The selection of inappropriate short cuts (heuristics) based on limited life and financial experience may corrupt and bias the decision making process.

**Observation 14**

The heuristics students use in their money management decision making need to be identified and the scope of these and their usage to help money management explored. This should lead to a better understanding of different combinations of heuristics and their impact.

**Ignoring the constraints**

Another approach utilised by students is to ignore the constraints, focusing all their energy on the day to day or week to week reality of getting by (ANZ 2005b; O’Loughlin & Szmigin 2006; James et al. 2007). In this situation students limit themselves to that which is feasible and within their control at the present time (Sartre 1946). Little thought is given to past or future finances, either because there is a sense of hopelessness about the future, or because the current overpowers any thought of the future. Thinking about financial pressures is postponed, or a disengagement from financial responsibility occurs because of not knowing how to cope or not understanding the personal consequences of not addressing financial difficulties. By not opening bills or ignoring debt collectors correspondence, not doing a budget, or moving house, individuals avoid confronting or thinking about their financial pressures and situations. Whilst this may temporarily manage the situation, the resultant feelings of stress remain (ANZ 2005b) because the student is unable to resolve the issue through effective cognitive structuring (Bar-tal & Spitzer 1999; Bar-tal et al. 1999) or through resolving different cognitions (Festinger 1957). This explains why this mode of behaviour is only partially effective. Further exploration is needed into how often students, who are identified as being a part of this at risk group (ANZ 2005a), use this approach.
Training, specific feedback and practice to overcome weaknesses

Training in skills and techniques that allow individuals to overcome weaknesses arising from lack of experience may be helpful. Specific feedback and practice can help individuals to manage information gaps and overload, environmental uncertainties and limited cognitive processing abilities. For example teaching students how interest accrues on credit card bills may help them in limiting their exposure to troubling debt. This suggests that learning plays an important role (Sternberg 2003).

Observation 15

Understanding how students compare and why they combine money management approaches would help to identify areas of potential weakness and therefore correction strategies.

Judging whether a decision is effective

Given the high number of negative psychological consequences of poor money management reported by students, a decision may be judged effective if it helps to reduce uncertainty or perceived unfavourable consequences i.e. if it helps to overcome feelings of being out of control and overwhelmed by information (The Consumer and Financial Literacy Taskforce 2004), fear, dissatisfaction (Gellerman 1968), unhappiness (Belk 2001), uncertainty (ANZ 2005b) and inaccessibility to the accoutrements of youth (Danger Research 2003).

Observation 16

Problem solving may be governed by automatic responses. If this is the case then problem solving effectiveness may be judged by the ability to create automatic responses that match contextual needs. It is not clear how this works in relation to money choices, lifestyle choices and student relationships.

The discussion above suggests that context as well as emotions and peer pressure play a significant role in student money management behaviour. From a student’s personal perspective, the financial and broader lifestyle management approaches described above are rational since they provide effective day to day coping mechanisms (see earlier...
discussions). However certain short term choices (which may appear “rational” at the time) are likely to lead to increased stress and missed opportunities in the longer term.

**The modification of knowledge through learning**

Behaviour modification is dependent upon the ability to deal with what is happening now in the light of past experience and future potential consequences i.e. “to draw down knowledge of the past to handle information in the present” (Sternberg 2003, p. 175) and to modify that behaviour in the light of experience (Mazur 2002). It assumes that individuals have the ability and motivation to transfer effective problem solving skills from one problem or kind of problem to another, but the literature indicates that this happens rarely (Eysenck & Graydon, 1989; Eysenck & Bryne 1992; Eysenck & Calvo, 1992; Sternberg 2009), particularly if the contexts are different. For example whilst students adopt a proactive money management approach when saving for a holiday they may feel unable to do this in order to save for larger goals such as moving out of home, even though the fundamental principle and strategies for saving in both cases remain the same. This viewpoint is consistent with findings from The ANZ reports (2003, 2005a, 2005b, 2008) and Dangar Research (2003) that the youthfulness of 18-24 year olds means they are generally unlikely to have developed high levels of expertise in financial management and so need help to transfer skills across content and contexts.

**Learning about money management**

Research already discussed suggests students tend to deal predominantly with the present, and less with the past and future (Dangar Research 2003; ANZ 2005b; O’Loughlin & Szmigin 2006;) indicating personal experience and influence from others as the preferred learning approaches. However little is known about how students acquire financial skills and literacy, nor how they improve their skills. Learning occurs most where specific feedback is provided and where new behaviour can be modelled as a means of gaining self-confidence (Sternberg, 2003). How does this happen for students? Understanding the level of student learning from observing and imitating others is critical to addressing the research question of how students manage their money. Recent literature (Dangar 2003, O’Loughlin & Szmigin 2006) into financial literacy, indicate students learn as much from the observations and lessons of others
(particularly peers and parents) as they do from personal experience. The current research shows that marketing, parental and peer pressure all stimulate and influence money management behaviour. Do students mainly imitate those they like, admire, respect, whom they feel are similar, or those whom they fear will punish them? Whom do students mainly admire and respect? Whom do they feel similar to or who do they fear will punish them? These aspects around learning and behaviour have been raised in the psychology literature discussed above.

Observation 17
Understanding who has the greatest influence over students’ money management behaviour helps in identifying who may subsequently help influence future behaviour. This area needs exploration.

Reflection on money management from a psychological perspective
Money management is a complex psychological task requiring knowledge of specific financial terms and concepts and how they interact. Financial skills have been linked to short and long term wellbeing, opportunity realisation, and the quality of interpersonal and family relationships (Fisher & Lyons 2006; Xiao et al. 2007).

Understanding the role psychological influences and processes play in money management enriches an understanding of how students manage money in the following areas. Firstly, how they assimilate and process knowledge; secondly, the impact of learning and experience on the knowledge assimilation process; and finally - the impact of emotions, thinking patterns and constraints such as information overload on money management i.e. how they reason. Language, ethnicity and peer group pressure (sociological influences) also influence these processes so patterns across the psychological and sociological sections exist.

Errors in the selection of key information and reasoning can lead to weak decision making. Errors may arise as a result of insufficient or inappropriate data collection and processing. A key question is whether recall of key money management concepts can be improved by helping students’ link consequences to action i.e. by illustrating how
certain behaviour patterns can lead to troubling money management situations. For example, continuing to spend excessively on the credit card and then repaying only the minimum amount leads to troubling debt. For students this means understanding how they learn money management concepts and whether these have been clearly articulated in behavioural terms that carry meaning for them. This is critically important since students are likely to have limited experience around managing money which increases the likelihood of them becoming overwhelmed by information or reverting to approaches used by others without due consideration of the consequences. Limited money management experience also reduces their ability to sense-check their behaviour against their goals. Effective credit education programs therefore need to find ways to change students' attitudes so they are more receptive to information on how to use credit responsibly (Xiao, Noring & Anderson 1995; Lyons 2004). Understanding the psychological influences impacting money management is therefore critical to understanding why and how students manage their money. A consequence of researching this area is to provide insights which help students manage their lives and money more appropriately.

3.4 Sociological considerations

There is strong research evidence to indicate that societal influences play an integral role in students’ money management behaviour (Dangar Research 2003; O’Loughlin & Szmigin 2006). Money management is seen by young adults as a distinguishing adult characteristic (Arnett 1997; Greene, Wheatley & Aldava 1992; Scheer & Palkovitz 1994) which some argue reflects strong parental pressure on individuals to seek independence and autonomy (Alwin 1998). At the same time there is a suggestion that extending education postpones full adulthood responsibilities (Giddens 2009). Despite this literature, little attention has been paid to this area (Arnett 1997), possibly because, as Giddens (2009) notes, the identification of ‘young adults’ as a ‘phase of the life course’ in developed societies is relatively new and therefore a systematic study of this stage is still being developed.
Observation 18
How a society views money and its management is central to understanding students’ views on money and its management, particularly as students perceive independent money management ability to be an expression of attaining adulthood.

Understanding student money management
Weber (1904) proposed that three types of understanding are acquired through social interaction - direct, explanatory and causal understanding (Haralambos et al. 1996). Direct understanding comes from observing others behaviour but explanatory understanding is needed to understand the meaning or motives behind that behaviour. Finally causal understanding illuminates what triggered the motives that lead to the behaviour, providing an insight into the structure and path of development. These forms of understanding align closely with the process of knowledge acquisition discussed in the cognitive psychological literature reviewed. The frameworks support the levels of inquiry adopted in the scope of the research question as to how university students manage their money, whilst providing a way to gain a deep understanding of student money management behaviour.

Direct understanding
Evidence of direct understanding can be seen in the current literature on students’ cash flow and debt management (Dangar Research 2003; ANZ 2005; AMP 2007; O’Loughlin & Szmigin 2006) indicating this is an important area.

Explanatory understanding
A central motive behind student money management is the drive for independence with peer interaction being a critical stage in that process (Sdorow 1998; Dangar Research 2003) but little exploration has been done into how and why students manage their money in this way.
Causal understanding

Research indicates that the influences behind student money management behaviour include the impact of environment (e.g. media and government influences, changing social circumstances), cultural expectations (e.g. parental, peer, work and school/university conditioning), personal experiences and personal psychological expectations (e.g. what it means to be an adult) (Greene, Wheatley & Aldava 1992; Scheer & Palkovitz 1994; Arnett 1997; Dangar Research 2003). These themes are explored below.

The impact of society on student money management

Sociological theories view the impact of society on individuals from two opposing perspectives. The first is that society dictates student behaviour (a structural perspective), the second that the individual directs their own behaviour taking into consideration societal influences (a micro, social action or symbolic interactionism focus) (Haralambos et al. 1996).

The structural perspective views student’s money management as being largely dictated by external societal structures (e.g. government, education institutions, financial institutions and family) which sit in alignment (consensus viewpoint) or in conflict (conflict viewpoint). The structural perspective is only partially supported by current research which indicates multiple factors at play, including students own proactive money management stance (Arnett 1997; James et al. 2007). Giddens (2009) states social structure and institutions reflect continuously changing social relations which arise from an individual’s need to protect themselves and create stability in their social life. This leads to a regulation in and repetition of patterns of behaviour which in turn become reflected in the structure of society, social systems and institutions.

In addition considerable debate exists between academics, social welfare groups and government over whether social structures (government, school/university, family) provide students with sufficient financial literacy and money management skills to successfully manage their increasing access to money (Dangar Research 2003; The Consumer and Financial Literacy Taskforce 2004; ANZ 2005b) and product complexity (The Consumer and Financial Literacy Taskforce 2004; Consumer Affairs Victoria
Therefore an understanding of the interaction of social structures is insufficient to explain student behaviour. Instead it is necessary to view student money management as a dynamic process where construction and transmission of meaning is achieved through individual and multiple group interaction (Cuff et al. 1979; Arnett 1997). Multiple viewpoints must be considered in order to gain insights as no one insight is ‘ultimately correct’ (Cuff et al. 1979). This favours a research approach that enables the exploration of individual money management behaviour as a result of the interaction with other societal groups.

**Observation 19**

*Understanding the level of influence of various social groups on student money management should be at the core of identifying and explaining the motives behind students’ money management behaviour. To gain a holistic understanding the influences of parents, friends on individual money management needs to be examined.*

**Observation 20**

*It is unclear how large a part peer pressure plays in shaping Australian students’ money management behaviour. What role does the media and society play in influencing interactions?*

**The role of parents in student money management**

Some studies indicate reckless money management behaviour may arise from parents sending mixed messages on money management behaviour e.g. promoting a conservative money management behaviour whilst not following it themselves (Dangar Research 2003; Atkinson & Kempson 2004; O’Loughlin & Szmigin 2006). They may be too tolerant of their offspring’s material demands, in compensation for inadequate time spent with them, a lack of family engagement and a desire to “be their best friends” (Dangar Research 2003; AMP Financial Services 2006). O’Loughlin & Szmigin (2006, p. 338) suggested that there is “a danger in such parental support encouraging deviant and somewhat irresponsible financial behaviour among students, which may not be in the person’s long term interest”.
According to O’Loughlin & Szmigin (2006), in some cases, “students were so strongly influenced by their parents that it directly affected their orientation and tempered their behaviour” e.g. encouraging the take up of credit or promoting the adoption of a more frugal approach (p. 339). Fathers have a particularly strong influence as they “represent key role models for students in terms of shaping student attitudes and behaviour in relation to spending, borrowing and saving” (p.339 ). Some students recognised this influence seeking to distance themselves “from their parents in terms of their orientation towards credit and debt and not [using] them as role models because they perceived their parents as either too impulsive or spendthrift and therefore poor at managing their finances” (O’Loughlin & Szmigin 2006, p. 340).

Leaving home encourages parents to re-evaluate prior expectations of child behaviour and their parental role in the light of the child’s new status (Aquilino 1997). Knoester (2003) however argues that this is not enough, “perhaps what is relevant in influencing the other generation’s feelings of well-being is not simply the occurrence of major problems and life transitions, but the interpretations of the significance of these events by both generations” (Knoester 2003, p. 1454).

The sociological literature suggests that adolescents’ preference for seeking information from personal contacts (The Consumer and Financial Literacy Taskforce 2004; O’Loughlin & Szmigin 2006) means that their values oscillate between those of their parents and those of their peers as they balance “childlike dependence and adult-like independence” (Sdorow 1998, p. 132) whilst they seek to “establish a relationship with parents as an equal adult” (Arnett 1997, p. 138).

**The role of friends in student money management**

Peer interaction (i.e. forming new partnerships and belonging to particular peer groups (Dangar Research 2003) is a critical part of the process of establishing independence from parents. This can create conflict with parents around the students desire to have the necessary accoutrements to enter particular social groups e.g. clothes or phones (Dangar Research 2003) which is often influenced by messages from the media (Dangar Research 2003) about what is needed to be part of the ‘in crowd’.
As with parents, students either “oriented themselves closely towards their friends and peers, or else distanced themselves from peer influence around them” (O’Loughlin & Szmigin 2006, p. 140). Those oriented closely to their friends often felt unable to resist the pressure to have a particular lifestyle, participating in socialisation and activities they couldn’t afford. Costs were funded through work, parental handouts or credit/debt (Dangar Research 2003; O’Loughlin & Szmigin 2006; Consumer Affairs Victoria 2006; The Consumer and Financial Literacy Taskforce 2004). Some students expressed resentment over being actively targeted by providers of financial products and services (Dangar Research 2003; Lyons 2004; Xiao et al. 2007; O’Loughlin & Szmigin 2006) as it encouraged spending, long term debt and dependency on others (Dangar Research 2003; James et al. 2007). Students’ dependency on others lead to considerable family stress and disagreement particularly if the debt was perceived as being due to indulgence or anti-social behaviour (Dangar Research 2003). To manage this some students made a conscious decision not to emulate or associate with those whose lifestyle was difficult for them to attain (O’Loughlin & Szmigin 2006).

The role of experience in student money management

Personal experience is assumed in the literature as having a substantial influence in money management, largely because it is acquired through trial and error (Consumer Affairs Victoria 2006) which assumes that students are able to identify “appropriate” money management behaviour at a time of crisis and modify their behaviour accordingly. This view sees present behaviour as an extension of past experience rather than as an engagement with the present.

Personal experience was cited in current literature as a key influencer of money management behaviour. For example ANZ (2005b) found that those people who had been through financial adversity learnt skills that acted as a catalyst for long term change. The authors suggested several reasons for this – surviving hardship give individuals self-confidence, increased their attention to detail, and gave them a better perception of what could be lost which motivated them to search for options. It resurrected dominant healthy financial behaviour (ANZ 2005b).
Evidence of behaviour modification and the use of financial instruments and agents included reducing expenditure by managing peer group interaction, and increasing paid employment to compensate for the fall in government funding (James et al., 2007) and the take up of higher parental financial support (O’Loughlin & Szmigin 2006).

O’Loughlin & Szmigin (2006) also noted that “there appeared to be a distinct difference between those students who had learned through their experiences, adjusted their attitude and the structures around them and tempered their behaviour and those who, while aware and reflexive about their financial situation, continued to engage in the same spending and borrowing behaviour” (p. 339). Geursen’s (1999) usage of bank statements for understanding behaviour provides a useful mechanism for exploring choices made relating to money management and the triggers for those choices.

The failure of students to learn from others and their own behaviour
One reason given for the failure to learn from self and others is the perceived normalisation of debt. For example the necessity for students to take out loans at university (e.g. to fund living or to gain independence from their family), can lead to a more tolerant attitude to debt that affected later behaviour (Davies & Lea 1995; Christie, Munro & Rettig, 2001). As a result, some students “look[ed] to a future where their student debt was paid off but where they incurred other debt [e.g. mortgages]” (O’Loughlin & Szmigin 2006). This normalisation of debt, particularly amongst 18-22 year olds, was also identified by ANZ (2005b) who found a number of cases where people had ‘adapted’ to ‘stable’ credit card balances ranging from $2,000 to $20,000, which they had carried for a number of years.

Observation 21

It is not clear that students are aware that there are different types of debt (i.e. asset generating debt, asset depreciating debt, reckless debt). How are these different types of debt conceptualised and benchmarked to meet personal circumstances?
Differences in female and male student money management

Current material also indicates subtle differences in female and male students’ financial situation and money management behaviour suggesting an argument for designing research that allows these differences to emerge. For example recent Australian research into students’ money situations found females particularly at risk financially and more likely to exhibit greater concern about finances than their male counterparts (James et al. 2007). They were also “more likely to be financially dependent on someone else, two to three times more likely to rely on assistance in the form of cash gifts and help with bills, more likely to rely on free or subsidized services provided by universities and student associations, and less likely to believe they could afford such services if they were not subsidized” (James et al. 2007, p. 2).

Research coming out of America indicates that females are likely to carry four or more credit cards and to get an emotional ‘high’ when using credit cards. But females are also more likely to think about the consequences of using credit (Xiao et al. 2007; Lyons 2008). This contrasts with older research from America which found female US students less likely to borrow from friends or relatives, more likely to have taken a personal finance course, to prepare a list when shopping, and to have had money used as a reward in their family (Lyons 2004). These findings suggest that gender issues may be an important underlying theme in this research even though the focus of this research is not on gender differences.

Choice of dominant sociological lens to study student money management behaviour

Cuff et al. (1979) use Blumer’s technology (1969) to refer to human beings as “interpretive social actors” who, whilst largely responding automatically to external stimuli, can initiate deliberate and creative lines of actions alone, and with others in the light of events. As such “knowledge is the product of human inquiry and is conditioned by the problems that human beings address and the reasons they have for addressing them” (Cuff et al. 1979, p. 146) i.e. “people construct their world based on individual perceptions of the world” (Benzies & Allen 2001, p. 542). Therefore understanding “the meanings (students) give to their circumstances is central to any explanation of why they act as they do” (Thomas cited in Cuff et al. 1979, p. 152). Mead’s differentiation of
the ‘self’ into a spontaneous ‘I’ and a socially determined ‘me’ representing the
expectations of others is a useful way to explain these differences in student money
management behaviour and the conflict arising as a result of the tension between these
‘I’ and ‘me’ aspects of ‘self’ (Benzies & Allen 2001). It thus follows that individual’s
money management behaviour is influenced by individual’s interpretation of money and
their behaviour towards it which is created, modified and changed through interaction
with the world around them. Money management behaviour is partially influenced by
role expectations which are often unclear and ambiguous leaving room for negotiation,
improvisation and creative action. Individuals modify money management behaviour in
the light of how they believe others perceive them, which in turn impacts their self-
image. Self-image is formed by how individuals interpret the context, language,
gestures, appearances and reactions of others.

Blumer (1969) argued that this diversity could not be captured though variable analysis,
requiring instead a more naturalistic approach to research which “seeks to learn about
the complexities of social life through careful and detailed studies of particular
situations and settings.” (Blumer cited in Cuff et al. 1992, p. 150). This approach
recognises a dynamic role interpretation and self-image construction (Blumer 1969) as
individuals interpret context, language, gestures, appearance and the manner of others.
In this setting truth is fluid with knowledge being continually tested in new situations
and its usefulness judged (Benzies & Allen 2001).

From this perspective, deeper understanding comes from adoption of an iterative
research methodology and qualitative approach which allows a multiplicity of
perspectives (in this case students, their parents and their friends) to be captured,
examined and re-examined against emerging findings and multiple sources to uncover
the student’s view of the money management process and to establish broad
generalisations (Malinowski cited in Cuff et al. 1979).

Symbolic Interactionism offers an appropriate lens through which to view micro-level
interaction and the way in which meanings are constructed as a result of multiple
influences and transmitted across the student group (Giddens 2009). It acknowledges
that student money management can be both deliberate and creative (in line with
Blumer 1969). It also provides a way to uncover a broader definition of rationality in what would otherwise be perceived as irrational beliefs and activities (Cuff et al. 1979). Symbolic Interactionism offers a way to explain differences in student money management behaviour e.g. lifestyle choices and how these are impacted by local or situational elements (ANZ 2005b; Consumer Affairs Victoria 2006).

Underlying assumptions and criticisms of Symbolic Interactionism

Benzies & Allen (2001) cite Blumer (1969) to explain the three basic assumptions that underpin Symbolic Interactionism: that people attach meaning to things and then act on that meaning; that meaning arises through interaction with others i.e. through viewing how others attach meanings to things; and finally that “meanings are assigned and modified through an interpretive process that is ever changing, subject to redefinition, relocation and realignments (Benzies & Allen 2001, p. 544). Thus “coming to know entails searching for ways to understand the meaning of a situation from the perspective of the individual and societal groups. Symbolic Interaction thus provides a theoretical perspective for studying how individuals interpret objects and other people in their lives and how this process of interpretation leads to behaviour in specific situations” (Benzies & Allen 2001, p. 544).

Whilst Symbolic Interactionism has been criticized for ignoring the constraining forces of power and societal structures on individual action (Kuhn 1964; Meltzer et al. 1975; Giddens 2009), Cuff et al. (1992) point out that a key theme of Symbolic Interactionism is the focus on process rather than on structure or system. To minimize such criticism, Benzies & Allen (2001) argue that researchers must be wise to the limitations of Symbolic Interactionism. This includes awareness of the constraining forces of power and societal structures on individual action. This limitation can be overcome by including multiple group perspectives and ensuring that power and structure constraints are exposed and made explicit during the research. “In the process of inquiry, researchers have an inescapable moral responsibility to be sensitive to the lives and circumstances of the people about whom they wish to learn” (Benzies & Allen 2001, p. 545).
Another major criticism is that the roots of Symbolic Interactionism lie in a philosophical approach to the examination of the empirical social world relying heavily on oral tradition which can result in imprecisely defined and inconsistently employed concepts (Benzies & Allen 2001). However Benzies & Allen (2001) argue that much work has been done in the past two decades to clarify assumptions and develop supporting theories.

Observation 22

Money management can be perceived as a social interaction because its meaning is modified by the behaviour of others. This is a complex interrelationship structure and there is no evidence in the examined literature that this has been explored in relation to money management. It therefore requires a research approach that is searching and comprehensive.

Conclusion

Individuals are not born with an inherent ability to manage money. Sociologists argue that an individual’s money management views and behaviours are influenced by the views, behaviours and experiences of the society of which he/she is a part. Likewise dysfunctional money management behaviour is likely to have been, at least in part, learnt from societal agencies.

The observations arising from a review of the sociology literature identify four areas of significant impact which are constantly changing: broad societal influences; individual background influences; general drivers and gender. Particular influencing agencies are family, childhood play, education institutions, peers, economic and political systems. These combine together to outline the roles and corresponding responsibilities that an individual is expected to adopt.

Despite the fact that the sociology literature suggests real insights are gained from placing oneself in another’s position, the majority of the current literature fails in this regard. Individuals are not viewed as “active, wilful parts of an integrated, complex and dynamic ecological system” (Benzies & Allen 2001). Symbolic Interactionism provides
a useful starting point to address this omission because it describes and defines money management in the light of students’ interactions with others and their environment. In this way students provide an overview of the dynamics and influences affecting them rather than these being deduced by third parties.

A side issue to this research is whether there are gender differences affecting how students manage their money. The literature suggests that women may be better at this than men, because they have to manage with less and therefore the consequences of poor money management may be greater than for men (AMP2007; Bexley et al. 2007). The author is interested in whether this holds true for students.

3.5 Economic considerations

Coase (1994) asserts that the application of economic theory is “essentially sound but only if it [is] accompanied ... by the description of the activities in which economists actually engage” (p. 35). Economic theory is thus important to the topic of this thesis as a component of a multidisciplinary discussion.

Economics is particularly relevant because it presupposes that wants exceed the capacity to satisfy them, forcing choices about resource usage (Baumol, Blinder, Gunther & Wicks 1991; Kirzner 1963). Economics is also directly concerned with the discussion of perception, opportunity and the effects of engagement in this area (Kirzner 1979). Further, the concepts of rational action, rationality and perfect information form one of the four pillars of neo classical economic theory. Therefore economic roots affecting student perceptions and behaviour are a critical aspect in the examination of the research question of this thesis.

This thesis is predominantly concerned with microeconomics as microeconomics is concerned with how the individual makes decisions and how individuals operate within contexts. However changes in the macro-economic system are also noted as they impact households, firms, groups and markets (Taylor & Noosa 2000) as illustrated by the

**The micro economic environment**

*Operating in an economically viable way at the micro economic level*

Functioning at a micro economic level requires managing scarcity and opportunity costs, thinking at the margin, and dealing with incentives, markets and their failure (Taylor & Frost 2009) in order to maintain liquidity. Liquidity refers to the ability to meet expenses as they fall due and in this study refers primarily to maintaining cash flow. Understanding how students manage their money therefore requires understanding how they make decisions about the usage of scarce resources to maintain liquidity.

*Macroeconomic influences on micro economic behaviour*

Australia may be viewed as a capitalist market economy impacted by market and global forces such as described by Kirzner (2007). Issues arising from market deregulation and the financial crises (Stiglitz 2002) including the Global Financial Crisis (GFC) are likely to have a direct bearing, according to supply and demand theory, on how students manage their money. This theory proposes that resource scarcity is reflected in the mechanism of price setting and availability of products/services/resources which in turn affects individual behaviour and choices. The theory assumes that governments intervene to allocate resources efficiently to meet society’s needs which may lead to resources being removed from one societal part (i.e. education institutions) to support another considered of higher importance (e.g. infrastructure development) (Kirzner 1963). The student must operate within the economic environment which impacts income and expenditure options. Changes in the economic system, government support mechanisms and the price of products/services/resources affect student behaviour and choices.
Observation 23

Student liquidity is affected by the implications of government policy, action and market price levels as these structures define the opportunities and boundaries of student behaviour.

Current material shows a deregulation of the financial market within the last couple of decades resulted in a growth in new finance operators offering innovative products and services (KPMG 2001; RBA 2003; Singh et al. 2005a, Singh & Shelly 2005b) e.g. credit cards. Coupled with internet technology developments this has resulted in greater variety, accessibility and usage of electronic financial products and services by students (KPMG 2001; La Cava & Simon 2003; Singh et al. 2005a, 2005b). In turn low inflation and interest rates have stimulated credit usage with credit cards in particular providing a convenient cash management system (KPMG 2001) offering both utilitarian (e.g. convenience and purchasing power) and hedonic (e.g. life status and lifestyle) benefits (Dangar Research 2003; O’Loughlin & Szmigin 2006). It is expected that high interest rates and job insecurity would act to dampen credit card usage, as appears to have happened as a result of the GFC (RBA 2009).

A further implication of the GFC is the impact on usage of credit & debt. The current global financial crisis may alter how buyers and sellers interact and therefore the patterns of usage of economic resources and consequent financial products and services available e.g. the growth in credit. A key question is therefore ‘what are the items most in demand by students and how has the credit crunch (as a result of the GFC) impacted students’ ability to obtain or gain access to these items?

Observation 24

The economic system is a key constraint or facilitator for how individuals interact with and manage their money. It provides context to decisions and identifies boundaries within which individual students operate.
**Resource scarcity and its causes in students**

Scarcity of resources (usually income and time) limits a student’s ability to satisfy their wants and needs and forces decisions around priorities (Taylor and Frost 2009, p. 23). In the process opportunity costs are incurred as one opportunity is given up for another (Landreth & Colander 2002).

Scarcity arises around having insufficient income to cover costs (Baumol et al. 1991; Kirzner 1963) and insufficient time to work (Baumol et al. 1992; Kirzner, 2007) which is relevant to students. Low job availability and rising prices create scarcity of money, forcing individuals to modify their views of what is valuable and stimulating a search for substitute products (Kirzner 1963). For example rising prices and unstable wages can decrease an individual’s demand for eating out, cars, movies etc., whilst increasing demand for substitute, inferior goods such as bus travel or generic no brand groceries. Changes in utility would lead to changes in an individual’s perception of what is of value. This could lead to a mental trade-off between choices and physical trades between individuals to increase satisfaction (Kirzner 1979). Scarcity also impacts individuals’ demand and resource usage patterns i.e. their spending, saving and borrowing patterns.

**The impact of life stage on resource scarcity**

Life stages are characterised by differences in access to money therefore the state of an individual’s liquidity will directly affect an individual’s access to resources. For example undergraduate students generally have low incomes and asset bases as they are at the start of their working lives. Cost commitments are higher than income levels as a result of housing, transport, entertainment, and education costs (Xiao et al. 2007, 2008). For Australian nationals the government offers a competitive loan scheme that helps students fund their education costs, thereby reducing the need for them to obtain credit from lenders, a problem faced by American students (Taylor & Frost 2009). Indeed some Australian students acknowledge that without government assistance (HECS-HELP and FEE-HELP), they would not be able to study. These students however criticised the levels of debt associated with these schemes (James et al. 2007).
**Costs at university**

In their research into Australian students, James et al. (2007, p. 22) identified for full time students, other key costs (as a percentage of total costs) as: living costs (rent/mortgage, food, household supplies etc.) 34.6%; transport (including vehicle and public transport) 21.4%; personal costs (including entertainment and holidays) 21.3% and credit/loan 7.9%. The latter percentage indicates a relatively low level of credit card debt compared to America and the United Kingdom although this percentage is on the rise (James et al. 2007). This may be partly due to a decline in “student expenditure between 2000 and 2005 by an average of 3% in real terms once CPI adjustments had been made” (James et al. 2007, p. 5), indicating more conservative expenditure patterns than students ten years ago. This reduction in expenditure has been partially achieved by students remaining at home to reduce living costs, working multiple jobs, and relying heavily on parental and/or institutional help (James et al. 2007). However the main reason for the narrowing of the gap between income and expenses is primarily due to students’ income rising faster than spending e.g. mean undergraduate student expenditure between 2000 and 2006 rose 14.8% whilst mean undergraduate income rose 28.1% in the same period (James et al. 2007, p. 5). The proportion of students in the workforce changed little between 2000 and 2006.

**Income and others support at university**

James et al. (2007) found most students received income from employment (74.6%). 70.6% of full time 2006 undergraduate Australian students worked an average of 14.8 hours per week and 14.5% worked more than 20 hours a week during semester. “Many students indicated they undertook substantial hours of work simply to afford basic necessities, transport, textbooks and other study materials” (James et al. 2007, p. 2). High level of studies, as indicated earlier, limits the time available for study. Because women generally had a lower level of overall income than their male counterparts, (Lyons 2004; AMP Financial Services 2007; James et al. 2007), being paid on average $7,060 less for part-time work in 2006, they were more likely to be dependent on others.

Whilst in the United States and United Kingdom a proportion of the above costs appear to be covered by credit cards (e.g. Lyons 2004; O’Loughlin & Szmigin 2006; Xiao et al.
2007), this pattern is not so apparent in Australia because of the high level of income and assistance from parents and relatives (46.5%) and spouse/partners (10.2%) (James et al. 2007, p. 18). This assistance is provided through meals 53.7%; free accommodation 52%; telephone 47.4%; computer 51%; clothing 20.1%; use of motor vehicle 28.3%; textbooks 25.4%; cash assistance 35% and assistance with bills 19.4%. (James et al. 2007, p. 18). Higher levels of cash and bill assistance were also offered to female students who in turn were more likely to have taken out a repayable loan in order to study and to have paid HECS or full-fees up front (James et al. 2007). In contrast male students took out fewer but larger loans.

A lack of sufficient income makes budget balancing difficult and increases dependency on others i.e. banks, parents, partners, friends. The levels of financial support from some of these sources may also have shrunk as a result of the GFC e.g. job insecurity for parents may lower their ability and willingness to provide to their student offspring. Also there is the question of how financial support may be used by support providers to exert power or influence over students. The literature is not clear on how these factors manifest themselves.

From the discussion above it can be seen that women are more likely than men to be dependent on others, to have lower incomes, to have budgets in deficit and to take out multiple loans but these loans are for smaller amounts than those taken out by men. In the American context female students have been identified as more likely to use financial management strategies but this has not been clearly established in Australia.

**Observation 25**

*A lack of sufficient income makes budget balancing difficult affecting financial behaviour and interrelationships. There are likely to be gender differences in the selection of an individual strategy selection.*

The high level of support demanded by students from parents/partners puts partners/parents under considerable pressure (James et al. 2007). O’Loughlin & Szmigin (2006) found that despite having part time jobs, not having to pay tuition fees and living at home, a number of Irish students still used a range of credit options and
found themselves in debt, some at similar or higher levels than their UK counterparts who paid tuition fees. One reason suggested for this is that by taking on government tuition support (i.e. in Australia called HECS), students develop a tolerance for debt and therefore take on other types of debt (O’Loughlin & Szmigin 2006).

Many emphasised their dislike of being in debt and their anxiousness to reach a stage in the future where it would be debt free. Interestingly, while many looked forward to a point in the future when their university debts would be paid off, the majority also imagined a situation as working professionals when they would be incurring more debt again. While the nature of the debt for many may change from student loans to mortgages and car loans, many students anticipated a future where debt would follow them through different life stages. For others, their conceptualisation of the future is one where debt may not just exist but will continue to dominate their lives, such as one who visualises a future of spending and borrowing and expresses certainly that debt will be always part of his future “I will always be in debt through” (Irish, male, final year) (O’Loughlin & Szmigin 2006, p. 339).

The concern is that patterns learnt as students will impact their ability to move successfully from one life cycle stage to the next. Lifecycle theorists recognise that low income and high costs mean that young people frequently save little and borrow heavily. Indeed many are not aiming for a house purchase until they reach their 30’s (AMP Financial Services 2007). Instead their future orientation is positioned in the more immediate time frame e.g. paying off debts, saving up for a special treat or travelling abroad (O’Loughlin & Szmigin 2006).

The final area of income support for 11% of Australian students was government subsidies (James et al. 2007 ) which includes help with education costs (discussed earlier) and living costs. However a student view is that Commonwealth support allowances (AUSTUDY and Youth Allowance) provided insufficient income support to meet fundamental living and study costs e.g. textbooks and transport (James et al. 2007) suggesting that they may be caught in a poverty trap.
Maintaining liquidity with others help

Research from Australia indicates that generally young people are able to pay their way out of debt, with the help of parents and partners (Dangar Research 2003). However with the changing financial crisis, the level of support previously available from parents and partners may not be so forthcoming as indicated by research in America, leading to a higher work load (more than 20 hours a week) and a rise of credit usage on college campuses (Shenk 1997; The Education Resources Institute and The Institute for Higher Education Policy 1998; U.S. General Accounting Office 2001; Asinof & Chaker 2002; Rohrke 2002; Lyons 2003, 2004). This may place low-to-middle income students at greater financial risk (Lyons 2004), which could be aggravated by lower availability of jobs due to market failure e.g. recessions. Those from lower socio-economic backgrounds are more disadvantaged because they are likely to have less supportive parents and support systems available to them. Despite a reduction in expenditure by students in Australia, the average expenditure for all undergraduate students still exceeds income by 8%, down from 21% in 2000 (James et al. 2007, p. 5). James et al.’s (2007, p. 18) research shows only 43.5% of students classified themselves as totally independent with 47.8% of all full time students having annual budgets in deficit.

James et al. (2007) note that a continuing deterioration in undergraduate students’ financial situation is likely to result in students seeking additional work, which is likely to impact their quality of education, damage their academic results and possibly limit future job attainment. Deteriorating student financial situations also encourages the take up of loans, which rose between 2000 and 2006 by 13.7% (from 10.7% to 24.4% for undergraduate students) (James et al. 2007). The average loan commitment rose from $3943 to $4720 (19.7 per cent). In terms of category of loans, the major increases were in bank loans (up by 71.3 per cent), credit cards (up by 42.1 per cent), parents (up by 48.6 per cent) and spouse (up by 46.3 per cent) (James et al. 2007, p.4). Average loans from government sources fell in size slightly. In addition, loan repayments as a category of expenditure doubled, from $650 per year for all undergraduates in 2000 to $1370 in 2006. For full-time undergraduates the rise was from an average $421 in 2000 to $1080 in 2006 (an increase of 156.7 per cent). (James et al. 2007, p.4). In summary this data indicated that:
• Taking out of loans more than doubled between 2000 and 2006.

• The level of loans being taken out by students has risen in the current economic crisis as jobs become less available and parental support shrank.

• A drop in Government loans and general costs rises appear to have caused a drop in government loans creating a greater dependency on debt/credit either from family, partner or institutions.

• The GFC affected the amount of credit available from banks to meet students ongoing and debt needs. This has influenced changes in spending and saving patterns.

The data also raises important questions/observations such as:

• Have falling government loans and rising general costs created a dependency on debt/credit either from family, partner or institutions?

• Issues not picked up by statistical data appear worth further explanation given that expenses have fallen, income has risen but students still can’t make ends meet.

**Thinking at the margin and the assumption of rationality**

“Thinking at the margin” theory refers to the decision making process. It assumes decision making is rational and that choice results in outcomes which deliver a marginal benefit at least equal to the cost of that choice. It is argued that incentives or disincentives encourage the choice of particular options (Bishop 2004; Taylor & Frost 2009). Incentives reward particular behaviour whilst disincentives, which may arise through market failure, place constraints on the number of viable options open for consideration. Developing the ability to handle these influences may arise from experience (i.e. trial and error) or through a more pro-active approach (e.g. learning and application of specific techniques) which may result in particular money management approaches.
Thinking at the margin assumes that options are weighed up based on the creation of a marginal benefit as a result of a particular option choice. Underpinning this decision making is the assumption (from orthodox classical economic theory) that individuals behave rationally and will choose one option over another when the extra (or marginal) benefit (or satisfaction) of doing so is at least equal to the extra (or marginal) associated cost (Landreth & Colander 2002).

**Observation 26**

*The ability of individuals to function economically is influenced by the need to make choices which in turn alter consumption patterns, attitudes, perceptions of value, and the willingness to trade to increase satisfaction and maximize utility.*

**Utility and the assumption of rationality**

In economics, satisfaction or the preference for one good over another is referred to as ‘utility’ i.e. the marginal utility a buyer expects to enjoy from the consumption of one good in preference to another (Bishop 2004). Traditional economic theory (utility theory) assumes these decisions are made in the context of the bigger picture. It is generally assumed in economics that individuals want as much utility as they can get but that the more they have the less difference an additional unit of utility makes i.e. there is diminishing marginal utility. Generally economists consider money as an inadequate measure of utility since, whilst it may help to satisfy demands, it does not necessarily increase satisfaction. Other factors such as marital status, lack of children, gender, race, education, employment and retirement may also contribute (Bishop 2004).

The underlying assumption is that individuals will seek to maximise their interests or goals within their constraints. Economic rationality also implies decisions are made without emotional, mental or financial skill limitations. Rationality therefore assumes all financial options and information are understood and taken into consideration when a money management decision is made. This includes budgeting, saving, planning and risk management strategies. How ‘rationality’ plays out for students is not clearly understood.
“Thinking at the margin” theory assumes that individuals make choices that lead to outcomes which deliver a marginal benefit at least equal to the marginal cost and that individuals seek as much utility (happiness) as possible. Money is a provider of things that deliver utility and therefore a determinant of utility available to an individual. Utility is flexible and can be extended if there are other opportunities for liquidity available e.g. family contributing. Utility requirements can also reduce the strategic decision of individuals to use or do less things or to move to activities which require a lesser financial resource or no money at all. Hence there is a link between financial requirement and the chosen utility mix and type.

Observation 27

What is not clear from the literature is what types of goals students set? Are they long or short term? Why? How do students decide if something is affordable? An individual’s utility is defined by their goals which may be economic, social or psychological.

The underlying assumption is that individuals predominantly make decisions about resource usage from a rational perspective i.e. that individuals “carry out a systematic comparison of the costs and benefits before deciding on a course of action” that appear to satisfy or maximise their interests or goals within existing constraints (Rohlf, 1999; Bishop 2004). They are then happy to give up one opportunity for another, thereby incurring an opportunity cost (Landreth & Colander 2002).

It is presumed that incentives or disincentives sway an individual’s decision making towards a particular option (Bishop 2004; Taylor & Frost 2009). Economists assume that decisions are not affected by sunk costs i.e. costs that people have already paid or committed to pay, and which cannot be recovered (Bishop 2004). However what is defined as an incentive is likely to be impacted by the outcome sought. Therefore it is necessary to understand the nature of outcomes sought. Whilst “thinking at the margin” assumes that individuals are unaffected by sunk costs this might not be as simple as the theory suggests, particularly for students who may continue a behavioural approach because they have already invested a considerable time and energy into this strategy. For example sunk costs are likely to play a big role in encouraging students to complete
their degree. Economics also argues that in change there is usually a switching cost (Williamson 1981, 1993). The cost of giving up one thing for another could be affected by substitution options.

Psychologists however propose alternative arguments to the economist’s rational utility maximizing assumptions. They propose that individuals generally compartmentalise information, often on superficial grounds. Choices are made in one particular mental compartment without considering the impact of that choice on other compartments. They therefore exhibit irrational economic behaviour where, under uncertainty, recurring biases are driven by psychological factors which influence the individuals’ choices. Prospect theory (Kahneman & Tversky 1979) assumes that people are more motivated by losses than by gains and as a result will devote more energy to avoiding loss than to achieving gain.

**Observation 28**

*Rationality and how it operates in student decision making needs to be explored as an interlocking dynamic system. A clarification of what constitutes rationality in students in relation to utility achievement needs developing.*

**Managing scarcity of money**

An important aspect of managing scarcity of money is maintaining short term cash flow/liquidity to meet expenses as they fall due. James et al. (2007, p. 2) found that 47.8% of full-time undergraduate students had annual budgets in deficit. Women in particular were more likely to have a budget deficit and less likely to have savings for an emergency (James et al. 2007). This suggests the value of using liquidity as a lens for examining behavior as maintaining short term liquidity assumes there is sufficient income to cover expenditures. Budgets in surplus or deficit have psychological and social impacts. Psychologically deficits increase worry and the ability to cope. Socially, a lack of liquidity increases relationship stress. Maintaining liquidity requires making informed decisions i.e. understanding one’s current financial position, and how to overcome the financial challenges that are likely to be faced in the short to medium term in order to achieve the individual’s goals.
Current research shows mixed evidence of students’ ability to maintain liquidity largely due to irregular and low income streams. For example O’Loughlin & Szmigin (2006) found examples of students who “exhibited high levels of clarity and knowledge of their exact financial situation, including a clear checklist of all their financial accounts and credit products across banks and their level of spending and debts” (O’Loughlin & Szmigin 2006, p. 338). This reflects research showing careful credit management by American students (Lyons 2004). Equally there is evidence of individuals not tracking their expenses, spending indiscriminately and living ‘day to day’ (Dangar Research 2003; The Consumer and Financial Literacy Taskforce 2004; ANZ 2005b; O’Loughlin & Szmigin 2006). It is therefore probable that both groups (and other variations) exist amongst Australian students. This raises a number of questions about student behaviour which need to be explored:

- Mixed messages exist in the literature as to the level of students’ current money management skills. Do students track financial incomings and outgoings? Why/why not?

- Many students are largely unable to balance their budget despite being able to track expenses and increased income – something else is missing so what is it?

- Given budgets are not being maintained, what impact does this have on the motivation to try to maintain a budget?

Scarcity of resources and inadequate money management skills raise concern over students’ ability to cope on a day to day and long term basis. Irregular employment and savings raise students stress levels (around half according to James et al. 2007) forcing students to operate on a day to day or week to week basis. (ANZ 2005b; O’Loughlin & Szmigin 2006). These factors introduce money management challenges which are compounded by the growing “abstractness of money” and the growing complexity of knowledge needed to balance the budget.

“It is felt by parents, realistically or not, that past rules for managing money were easy and not least because money was cash, not an abstract, which facilitated an understanding of what was personally affordable. Today, they argue, the whole
question of money management is more complex given the emphasis on credit in terms of coping with lifestyle management and investment, versus savings, as a means of getting ahead. The significant majority agree that kids are not well equipped in knowledge about handling money and many think that young people would be fairly resistant anyway to sensible planning although a few have taken the trouble to communicate some home truths” (Dangar Research 2003, p. 30).

Credit cards in particular challenge old cash management approaches as no physical money is exchanged and the purchase is separated from the payment process. This encourages cognitive dissonance and the belief over time for those with unhealthy thinking patterns that credit is ‘my money’ (ANZ 2005b). Cardholders accept unsolicited card limit increases because they don’t understand the financial implications of accepting these increases (ANZ 2005b; Anglicare cited in Consumer Affairs Victoria 2006); or believe the provider wouldn’t offer them an increase if they didn’t think they could afford it (ANZ 2005b; Jindara cited in Consumer Affairs Victoria 2006). When the trouble sets in credit surfing may occur. This is where increased limits on one card are used to pay the minimum repayments on other cards (Chant Link cited in Consumer Affairs Victoria 2006). No specific research was found to verify if this was a general occurrence amongst Australian students although it seems, at the moment, that there is a relatively low dependence on credit card usage to make ends meet. In addition for most students budgeting is likely to be self-taught (ANZ 2005b) and requires discipline (The Consumer and Financial Literacy Taskforce 2004).

Observation 29

*What, if any, are the uses of budget approaches used by students and where are these learnt?*

Students have been identified as predominantly non savers because of either a ‘hand to mouth’ existence or ‘have now, pay later’ approach (Dangar Research 2003). This may account for the fact that of 3500 adults surveyed in Australia in 2005, 26% of those aged under 24 felt out of control with their finances (ANZ 2005b, p. 219).
Learning to manage liquidity

As has already been identified in the psychological section, financial ability may be developed through experience i.e. trial and error learning, or from a more proactive analysis approach i.e. using financial literacy skills to plan, budget, save and control expenditure. It has been argued that these skills are likely to be fairly underdeveloped in 18-24 year old undergraduates because they have had limited opportunity for financial exposure and little need to adapt to changing environmental conditions (The Consumer and Financial Literacy Taskforce 2004). Transitioning to independence brings students increased income and increased expenditure. Therefore students may not see the present as an extension of the past. In addition their lack of a significant asset base makes them particularly vulnerable to circumstantial influences e.g. losing a job. How effective they are at managing their money is therefore dependent upon them successfully dealing with these variables.

There is already evidence of some students having adopted an accommodating style i.e. getting by on less (ANZ 2005b). This is evidenced by them shrinking their lifestyle (cutting out entertainment or food items). For example James et al. (2007, p. 2) found in their research that one in eight students (12.8 per cent) indicated they regularly went without food or other necessities because they could not afford them.

There also seems to be evidence of students adopting a more attentive mode i.e. focusing on debt management and how to resolve their situation (ANZ 2005b). This mode requires them to have a bigger picture of their financial lives, have an overall macro outwards perspective and to focus most of their energy on managing their debt (ANZ 2005b). As has been already noted over the last ten years Australian students appear to have tightened their expenditure and are closer to balancing their budget than earlier students. It is also clear that some students remove credit cards from their wallet, cut them up or do without in order to avoid temptation (O’Loughlin & Szmigin 2006). It is unclear whether students are also starting to juggle bills i.e. prioritising bills by due date, “rotating bill payments e.g. gas this month, electricity the next or delaying those bills perceived as having the most flexibility in payment, which tended to be utility bill payments although the rise in credit and debt is likely to encourage this behaviour”, or
paying utilities on a fortnightly payment plan (ANZ 2005b, p. 57). However if the students are living at home they may not have these bills to pay.

It is also unclear whether students are using balance transfer products or personal loans to reduce interest, phoning up the financial institution to close their credit card account or planning ahead for holidays and Christmas expenditure (ANZ 2005b). Evidence of other money management behaviours that will be sought in this research are the switching from a mobile plan to a pre-paid mobile plan, paying with cash for items rather than credit, having a loose budget (written or otherwise), learning about savings by experience and getting ahead.

Interestingly it should also be noted that for some students, although they are aware of their situation and are self-reflective about it, they may not learn from previous lessons, choosing to continue excessive spending and borrowing behaviour (O’Loughlin & Szmigin 2006). The research shows that there are some key differences in money management behaviour along gender and ethnicity lines. These differences in findings are also reflected in Australian research. For example ANZ (2005a, p. 19) found that 56% of those who stated they were out of control with their finances were in the lowest two levels of financial literacy, levels dominated by 18-24 year olds. ANZ (2008, p. 2) also noted that those completing a degree (particularly a business major) had significantly higher mean financial literacy scores than the average. This supports other literature findings on students from the United States and United Kingdom (e.g. Beal & Delpachitra 2003), however no indication was provided as to whether those with higher financial literacy scores managed their money more closely.

The inability of young people to manage their finances is of particular concern because Australia, in line with the OECD countries, has made “a decisive shift toward consumer responsibility for savings, credit and investment management” (The Consumer and Financial Literacy Taskforce 2004, p. 16). This emphasises the need for students to have good financial literacy and money management skills in place early in order to reduce their risk and exposure to the accumulation of troubling debt and the resultant stress, lack of confidence and stigma that goes with it.
Observation 30

What strategies are students using to balance their budgets e.g. shrinking lifestyles, being more attentive to expenditure, juggling bills, using balance transfer products, increasing loans, using cash, or doing nothing? What are students’ perceptions of risk management and how are these reflected in the strategies they adopt?

Observation 31

Do student treat debt from different parties differently i.e. loans from parents or partners do not need to be repaid?

For students therefore successful money management may mean getting out of debt or managing existing debt. A key aspect of risk management is the ability to compare products and negotiate the best deal in order to protect assets (The Consumer and Financial Literacy Taskforce 2004) or minimise debt. Having a working knowledge of the different ways in which goods and services can be paid for and their strengths and weaknesses is an essential element of good money management (ANZ 2005b). Students need to understand the key attributes of lending products and be able to manage their debt so that in the long term their wealth is enhanced, not destroyed (The Consumer and Financial Literacy Taskforce 2004). With easy access to credit and ‘buy now, pay later’ retail offers (The Consumer and Financial Literacy Taskforce 2004), students need to understand that credit is debt (Consumer Affairs Victoria 2006) and that debt can be divided into three types – good debt (that used to buy appreciating assets), bad debt (that used to buy depreciating assets) and potentially disastrous debt (debt used to fund lifestyle) (The Consumer and Financial Literacy Taskforce 2004). Some research (ANZ 2005b; O’Loughlin & Szmigin 2006) shows that young people have particular challenges that need to be addressed and that certain financial skills, services and products are not as well understood or utilised as they should ideally be. As has already been discussed this understanding can be learnt through study, experience, copying or following others advice. Many students will receive insufficient consumer education at school resulting in a limited understanding of their consumer rights and responsibilities (Consumer Affairs Victoria 2006) which is compounded by companies’ ability to offer credit without explicitly pointing out the responsibilities and pitfalls (Dangar Research
Money management therefore has three aspects – firstly, financial products cover a wide range of new products and services, secondly, these financial products must be managed using management processes, and thirdly, the management processes previously used may no longer be applicable and may need to be altered. The research to date does not indicate how students evaluate the effectiveness of their decision making process.

**Observation 32**

*It is not clear how students manage their money to meet their goals. An in depth understanding of what these goals are and how students approach attainment is not yet evident in the literature.*

It is likely that for students, making an effective economic decision is dependent on making ends meet on a day to day basis; minimising debt; completing their degree and quickly gaining employment in their chosen area after degree completion. It is perhaps not surprising to learn that some students, given their concern about making ends meet and the level of debt incurred at university, are questioning whether studying for a degree is worth it (James et al. 2007).

There appears to be little research into the long term consequences of poor money management among youth. Dangar Research (2003) note that amongst Australian youth, debt begins at around 16 years and climbs steeply between 18 and 24 years. This is particularly evident amongst those from lower income and education brackets, a pattern also found by others. For example, Lyons (2004) observed that those most likely to get into debt were from families with lower incomes and those most at risk of not being able to repay their debts after university were those with a lack of financial experience, a lack of funds and a tendency to misuse and/or mismanage credit after graduation. As already noted, those from families of low income may have fewer support systems, less supportive parents, lower personal confidence and existing debt problems and may use debt as a coping mechanism (Dangar Research 2003; Lyons 2004).
3.6 Comparison between the psychological, sociological and economics literature

In general, empirical research on student financial behaviour is limited with mixed research from the UK and the USA with regard to the extent of over-borrowing and financial debt (O’Loughlin & Szmigin 2006). The literature review so far, in line with O’Loughlin & Szmigin (2006), found evidence of economic, demographic and attitude or psychological factors influencing how money was managed. In much of the literature students were described as being predominantly present or future oriented. Those who were present oriented were less willing to defer gratifications and often used freely available credit to support overspending (O’Loughlin & Szmigin 2006). Aggressive marketing tactics, freely available credit and parental influence aggravated the situation by socialising students into a borrowing culture (O’Loughlin & Szmigin 2006).

Whilst James et al. (2007) found Australian students generally appeared to be conservative in their expenditure, they, in line with other researchers, noted a dramatic increase in the level of debt and credit usage (O’Loughlin & Szmigin 2006) to fund both education, general living and lifestyle costs. This suggests that students’ relationship with debt and credit may be driven by circumstances (Lebens & Lewis 2001; O’Loughlin & Szmigin 2006) and outside of the students control (ANZ 2005b). For example falling Commonwealth support and the impact of the Global Financial Crisis on work opportunities and parental/partner support may drive more students to a ‘credit’ dominated approach, longer working hours, living at home or forgoing essentials like food and textbooks. The added stress of these decisions and changes in lifestyle are likely to continue to have an adverse effect on students’ finances, studies, personal relationships and psychological state. In conclusion what may be used to judge an effective decision may include economic, sociological and psychological considerations.

The implications of this rise in debt remains unclear but researchers agree that it is troubling, particularly as there is ample evidence of a lower level of awareness and knowledge among students of their own financial situation (MORI 2003; O’Loughlin & Szmigin 2006), their financial ability, the differences between alternative financial instruments (Atkinson & Kempson 2004; O’Loughlin & Szmigin 2006) and the
consequences of borrowing (Lebens & Lewis 2001; O’Loughlin & Szmigin 2006). This raises questions about a core assumption underpinning economic theory i.e. that individuals behave in a rational way. A key focus of this research is to try to gain a deeper understanding of what ‘rational money management decision making’ means from a student’s perspective.

The central theme across all three discipline areas is the impact of external influences on money management decision making and behaviour. The differences between disciplines lie in the shape these influences take. See figure 3 for a summary of the key themes arising from the psychology, sociology and economic literature review.

**Figure 3 - Summary of key themes arising from the literature review**

1. **Psychology**
   a. **Knowledge and processing**
      i. What processes are used to reach decisions (reasoning approach)?
      ii. Declarative and procedural knowledge is needed to understand financial words, concepts and relationships.
      iii. Language and ethnicity (age groups) affect how information (schemas) is/are put together.
   b. **Processing errors & experience**
      i. Errors in understanding lead to poor recall and decreased quality decision making.
      ii. Bias and poor usage of heuristic arise due to lack of experience.
      iii. Low experience means help is needed to transfer knowledge across content and contexts.
   c. **Learning**
      i. Past experience and learning influence money management.
      ii. One key area of learning is from the observation and imitation of others.
      iii. Pressure from marketing, parents and peers impact behaviour.
      iv. Maximising economic versus utility value.
      v. How the information provided and the concepts taught affect ability to use.
      vi. Can recall be improved by linking concepts to impact on behaviour?
      vii. Higher education may modify behaviour.
2. **Sociology**

   a. **Impact of society on individual**
      
      i. The views of society impact individual views.

      ii. Individual norms are set by societal norms so there is a need to understand societal systems norms/values e.g. family, economy, education, political systems.

      iii. How individuals behave can only be appreciated by understanding the broader economic structure of society.

      iv. Individuals’ interpretation of money is modified through interaction with the world and others expectations of their behaviour.

      v. What money means to an individual is influenced by those around them, which in turn influences how they manage their money.

      vi. Social reality (meaning and usage of money) comes from the societal group and context, which may change.

   b. **Drivers of Behaviour**
      
      i. What are the drivers of behaviour i.e. fear of consequences, punishments/rewards, influential others?

      ii. Dysfunctional behaviour may remain intact because of strong peer or parental influences.

   c. **Understanding behaviour**
      
      i. ‘Putting oneself in others shoes’ helps understand their motives and the source of those motives.

   d. **Impact of background**
      
      i. An individual’s background dictates expectations about money usage and availability.

      ii. An individual’s attitude towards money may be set by parents, modified by education and influenced by subgroups.

   e. **Gender issues**
      
      i. Limited research has been undertaken into how women manage money. Women’s ability may be better than men’s because they have to manage with less and the consequences of poor management may be greater than for men, assuming no other support.

3. **Economics**

   a. **Impact economic system on behaviour**
      
      i. The neo-classical economic viewpoint sees economics as part of a wider whole.

      ii. The economic system impacts how students utilise and interact with money.
iii. How has the credit crunch impacted students’ scarcity of items and their spending/saving/resource usage patterns?

b. Rational decision making

i. Students’ decision making is more likely to follow behavioural rather than neoclassical rational thinking lines.

ii. What does utility mean for students today? What are their goals (economic, social, and psychological)?

It is argued that to understand how students manage their money, psychological, economic and sociological influences must be taken into account as their interactions form the basis of money management outcomes. Within the literature these influences have been classified into three types - those that predispose individuals to a certain behaviour pattern (predisposing influences); those that increase the dominance of a particular way of thinking (accelerating influences) and those that moderate these influences (moderating factors) (ANZ, 2005b). Predisposing and accelerating influences include individual variables, family and personal relationship characteristics, social and market variables, and circumstantial factors. Moderating factors influence how knowledge about these variables is processed and thus can influence the severity of an individual’s financial situation i.e. how financial pressure are perceived and experienced which in turn may determine the severity of financial hardship experienced. These aspects combine to shape an individual’s money management behaviour, providing a useful backdrop to the development of research propositions and a theoretical model.

3.7 Development of research propositions and theoretical model

In this section the key observations arising from the review of psychology, sociology and economics literature will be discussed and compared in order to extract insights that will deepen understanding of student money management behaviour.

The research propositions

Factors affecting how students may manage money have been identified in the psychological, sociological and economic literatures as well as in the commercial and
other reports examined. The purpose now is to use the observations to develop research propositions explaining how an individual thinks about and manages their money. From conceptual modelling perspectives money management can be viewed as individuals operating within a contextual environment. The individual selects conceptual and operational knowledge which is then utilised by them in their money management behaviour. An individual’s contextual environment is defined by the economic and social systems in which they live but how this operates is not well understood (Observations 1, 8).

The economic system and the economic culture of a particular environment establish the context and possible behavioural options (Observations 23, 24). The economic system and culture dictate the parameters of an individual’s money management activities by outlining how money is acquired and used (Observation 25). Income arises from work, subsidies or loans from others and is used to cover education and living costs (Observation 30). These insights indicate that the economic environment sets the parameters of a student’s money management approach leading to proposition 1:

**Proposition 1: The economic environment sets the parameters of a student’s money management approach.**

From a sociological perspective, money management may be viewed as a social action where meaning (i.e. interpretation) is set and modified by interaction with the society at large (Observation 18, 19). The societal system therefore defines the value placed on and the meaning associated with various aspects of money management (Observation 22).

Since language is the vehicle of communication in a society, it will reflect a society’s view about money and its management (Observation 4). The value and meaning of money also reflects an individual’s status (e.g. family position in society) and position (e.g. societal role such as parent) as these are associated with particular financial roles, behaviours & attitudes (Observations 17, 18,). Status and position also influence expectations of financial support from societal groups e.g. parents, partners, peers and banks (Observations 2, 19). There are also social consequences associated with not
fulfilling particular roles and behaviours e.g. exclusion from peer groups because of an inability to fund the associated lifestyle costs (Observation 12).

Parallel ideas can clearly be seen between the psychological and sociological perspectives in several areas. Both literatures acknowledge the role of the societal background in how individuals form their ideas about how they should interact with money. Both note that learning from others has a key role to play and that experience modifies behaviour. Linking learning to behaviour outcomes both for the individual, and for those around appears to impact behaviour. Finally an inability to cope as a result of factors arising from social status (e.g. low income) can lead to information overload and a reduction in cognitive processing ability (Observations 14, 17).

These factors indicate that a student’s past and current socialisation experiences influence how money management is perceived and therefore what is seen as being acceptable money management behaviour (Observations 17, 18). This leads to Proposition 2:

 Proposition 2: A student’s past and current socialisation influences how money management is perceived and therefore what is seen as being acceptable money management behaviour.

The sociology and economic literatures recognise the impact of the environment on an individual’s views and behaviour i.e. societal views and the economic system (Observations 17, 23, 24, & 26). Both highlight the need to understand perspectives of a society in order to understand individual behaviour (Observation 23). Whilst economics is interested in the economic value as identified in the flow of money and resources between individuals and business (Observation 24), sociology explores how societal structures influence an individual’s money management behaviour (Observations 19, 20). Understanding how students manage their money might therefore take into account the interaction between the economic system, the economic values of the individual and the degree to which a person is susceptible to peer group pressure and societal influence (Observation 5).
The economics literature acknowledges that lifecycle stage is likely to influence resource (and money) usage (Observation 26) whereas the sociology literature notes that individuals’ interpretation of money and its use is modified as a result of their interaction with the world and others (Observation 22). An individual’s social reality therefore arises from the societal group and the context, so both need to be understood if insights into students’ money management behaviour are to be achieved.

Finally there is an interplay between economic, social and psychological considerations - the decision making process is driven by economic gain but is challenged by the need for individuals to feel part of a societal group which may override economic considerations at times or vice versa (Observation 22). How individuals interpret their contextual environment is therefore based on their knowledge of facts, their interrelationships and their physical world. An individual’s conclusions drive how money management is applied. Hence Proposition 3:

**Proposition 3: The external economic and social environments are interpreted by the student, derived from their knowledge of facts, universal principles, their interrelationships and whether these can be applied in context.**

The ability to identify and use tools is learnt through both formal and informal processes but how this works has not been extensively explored (Observation 8). Learning is important as students seek to maximise the utility of their money management decision making (Observation 5). Formal processes incorporate learning from, for example, school or university. Informal processes can come from personal experience and watching others. The literature is not clear on how students acquire money management skills i.e. how they track and modify that behaviour; whether they use heuristics; whether they feel they are managing their money successfully (Observation 14).

So whilst a number of influences have been identified in the material, these have been dealt with in a fractured manner (Observation 1). For example the psychologically focused material has looked at the influences on how individuals think about their behaviour; the sociological material on the impact of societal structures (i.e.
government, school, university, family, friends) on shaping individual behaviour; the economic material on market forces defining the parameters of human behaviour (Observations 2, 3, 15, 16, 17, 19, 27).

Recent material has been commercial and focused on satisfying particular goals, or academic and focused on illuminating specific money management aspects. The author was unable to find any academic literature encompassing in detail the intersection of psychological, sociological and economic aspects (Observations 1, 8). Therefore gaining greater understanding into the formal and informal processes by which students develop their conceptual understanding and their motivation to use particular money management tools and instruments, will deepen the answer to ‘how undergraduate students manage their money?’ This leads to the formation of Proposition 4:

**Proposition 4: Students’ conceptual understanding of and their motivation to use money management tools, are learnt through both formal and informal processes.**

The economics and psychological literature largely assumes that money management is a rational process. However the meaning of “rationality” for economics, sociology and psychology is different. Economics is based on gain and utility as a definable set criteria (Observations 24, 26), whereas for sociology the gain is in terms of social and societal interfaces (Observations 18, 22). Both of these perspectives are founded on external viewpoints. Psychology in contrast considers gain from the perspective of the individual based on their internal viewpoint (Observations 6, 7, 12,). This implies that multiple options are considered and evaluated with the desired outcome being to increase utility (and resultant happiness). Key questions revolve around what an informed and effective decision looks like for a student (Observation 13), what motivators drive money management behaviour in students, and what money management outcomes are sought?

This view of “rationality” assumes complete knowledge and infinite cognitive processing and storage capabilities, a fact that behavioural economics acknowledges is unrealistic (see economic discussion). Behavioural Economics and psychology suggest that individuals, particularly those with inexperience, shorten or simplify the decision
making process using heuristics (Observation 14) and as a result of feedback (Observations 5, 6, 9).

In addition “utility”, in its broad economic sense, refers to profit as any gain for an individual. For example, university students seek to gain admission to a desired group (sociological outcome), which incurs stress which needs to be relieved to attain intellectual goals e.g. a degree (psychological outcome). So it is unclear how options and outcomes are considered in the decision making process particularly when compared to traditional economic thinking (Observation 8). The outcomes sought by students may be influenced by previous education and learning (Observation 5); assumptions, incomplete information (Observations 7, 4, 3, 1); prior influences (Observations 20, 22); and perceived ease and confidence in ability to achieve them (Observations 10). Others perceptions of outcomes being sought may also help to define the criteria by which decision success is judged. Whether a student manages their money in a ‘rational way’ is therefore disputed, with evidence being presented on both sides for “impulsiveness” and a “considered” approach. Therefore it is unclear how rationality plays out in the context of students’ money management behaviour. This results in Proposition 5:

**Proposition 5: It is unclear how “rational thinking” plays out in the context of students’ money management behaviour.**

Money, and its management, significantly defines students’ lifestyles. Whilst the impact of money management decisions can be moderated by behavioural modification such as increased working, shrinking expenditure and increased borrowings, many students struggle to maintain liquidity (Observations 23, 24, 25 & 30). Concerns were raised in the literature earlier in this review (sections 3.2, 3.3, 3.4) over the level of debt incurred, the causes of that debt and students’ acceptance of it. These concerns were reflected in the observations, particularly those derived from the discipline literatures (Observations 19, 20, 21). Managing money to provide utility is complex because money management is dynamic in nature, forcing ongoing interpretation and response to changing internal and external factors whose interaction is not clearly understood (Observation 1). For example, whilst increased financial products and services offer students more choice, it
increases the complexity of their decision making whilst challenging existing
traditional/more conservative money management approaches and roles (Observation
30). It is unclear how these factors impact students’ money management thinking and
behaviour (Observations 3, 5, 8), nor how students are adapting to meet these
challenges. One suggested approach for gaining insights is to place oneself in the
students’ shoes by eliciting detail of how they identify and explore the factors identified
above. Whilst every individual’s experience of life is unique, there are likely to be some
key influencing drivers. This research seeks to identify new drivers and clarify existing
drivers (Observations 12, 13, 14, 15, 16). This leads to proposition 6:

\textit{Proposition 6}

Traditional or more conservative money management approaches do not
appear to consider the economic, social and psychological challenges facing
students today thus failing to address the possibility that resources may be
used for applications other than that for which they were originally intended.
The conceptual model arising from this research seeks to provide deeper
insights into individual money management behaviour by identifying new and
clarifying existing drivers of behaviour.

From the literature reviewed it is clear that university students are in a transitionary
stage in life. This has not been treated holistically in the literature but how the different
elements combine and interact is critical to understanding the thesis topic. Whilst it is
recognised that students incur debt to build skill sets, it is not clearly understood how
this impacts students’ life quality. Increased psychological and social pressures such as
worry and anxiety may damage self-esteem, personal relationships and also contribute
to poor academic results. It is unclear how students manage such factors e.g.
(Observation 30). From the literature it is clear that students often struggle to maintain
liquidity raising concerns about life-long cycles of debt.

The literature identifies social influences (e.g. media, government, peers, partners and
parents having financial, social or emotional impact); economic influences (e.g. the
economic system and Global Financial Crisis) and psychological influences (e.g.
emotions and bounded rationality). How students manage these factors as part of their money management behaviour, has not been holistically explored (Observation 32).

The transition from teenager to adult is often a difficult one with life inexperience hampering an individual’s ability to identify and apply appropriate concepts and management strategies (Observations 27, 28), placing them at considerable risk. In order for parents, financial services providers and policy makers to assist students to transition successfully to adulthood, a deeper holistic understanding of how students make decisions about and manage their money is needed (Observations 17, 22). Whilst it is anticipated that the research for this dissertation will provide insights and material beyond these propositions, this cannot be predicted at this stage but is likely to emerge in the final chapter of this dissertation under further research opportunities. Therefore Proposition 7 encapsulates the complex dimensions under study:

**Proposition 7**

*The area of study is concerned with a transitionary phase of student life. It thus identifies dynamics, initiatives and behaviours which may set the basis for future behaviours. As the literature explored has not been able to explain holistically common dynamics and their interaction, it is likely that the research undertaken for this thesis will identify new frameworks for identifying and analysing behaviour in addition to those found and discussed in the literature.*

### 3.8 Development of a preliminary conceptual model to capture cross-disciplinary findings

In discussing the propositions, a need was identified in the literature to develop a preliminary conceptual framework to integrate the multi-discipline influences on student money management behaviour. This chapter therefore ends by conceptualising the propositions into an overall conceptual framework. The purpose of this preliminary framework is to capture key findings from the literature review into broad topic areas
and to suggest possible ways in which these topic areas may interact. As such its role within the research process is tentative and subject to modification and development in the light of this study’s research findings. In developing this framework other literature is discussed, dealing with how environmental stimuli are processed cognitively and how these cognitions influence behaviours.

McMullin (2000) uses the different models of Ellis (Ellis & Harper 1961, 1975; Ellis 1991) and its extension (Ellis 1988a, 1996) to construct a linear cognitive-semantic model, useful in exploring the relationship between event, thought and action. Ellis’ theory when applied to students, suggests that students’ approaches to money management will be influenced by attitudinal responses that translate into emotions and behaviours to particular environmental stimuli. These emotions and behaviours are ultimately influenced by an individual’s cognitions, beliefs and attitudes about the situation and the resultant thoughts, images, imaginations, perceptions, conclusions and interpretations that arise. This relationship is conceptualised as follows:

![Figure 4 - Ellis/McMullin cognitive semantic model](image)

In figure 4 above:

‘A’ represents the activating event or environmental stimuli experienced by the student.

‘B’ stands for the student’s cognitions, beliefs and attitudes about the stimuli. These include the student’s thoughts, images, imaginations, perceptions, conclusions and interpretations about ‘A’. McMullin (2000) further describes ‘B’ as the students brain,
responsible for taking in the raw information about ‘A’ and moulding it into patterns, schemata, themes and stories (p. 11) which the student then makes decisions about.

‘C’ stands for the student’s resultant emotions or behaviour.

In selecting this linear model as a provisional framework it is recognised that within the psychological literature are major debates concerning the dynamic interaction between stages ‘A’, ‘B’ and ‘C’ - for example the Canon-Bard versus James Lange debates concerning the role of emotions in decision making (see Cannon 1927; Bard 1934; Weiten 2010; James 1994; Lange 1885). Although these debates are acknowledged here, a detailed analysis is outside the parameters of this research process. Such debates raise issues about the relationship between beliefs, values, attitudes and behaviours, some of which may emerge during the research process. This presents a research opportunity to better conceptualise or model the dynamic interactions between environmental stimuli, cognitive processing and student behaviour in relation to money management.

From the literature seven propositions were developed to group possible relevant variables (see table 5). This conceptual framework is used as a structure to interrelate the research of the various aspects of this thesis and to explain the dynamics of students’ money management behaviour. From the literature seven propositions were developed (see table 5). These propositions are then assessed by mapping then against the model. Figure 5 incorporates the propositions into the Ellis Cognitive Semantic model framework for the theoretical conceptualization of the dynamics of how students manage money.
### Table 5 - Summary of propositions for Ellis' model

<table>
<thead>
<tr>
<th>Proposition No.</th>
<th>Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposition 1</td>
<td>The economic environment sets the parameters of a student’s money management.</td>
</tr>
<tr>
<td>Proposition 2</td>
<td>A student's past and current socialisation influences how money management is perceived and therefore what is seen as being acceptable money management behaviour.</td>
</tr>
<tr>
<td>Proposition 3</td>
<td>The external economic and social environments are interpreted by the student based on their knowledge of facts, universal principles, their interrelationships and whether they can be applied.</td>
</tr>
<tr>
<td>Proposition 4</td>
<td>Students’ conceptual understanding of and their motivation to use money management tools are learnt through both formal and informal processes.</td>
</tr>
<tr>
<td>Proposition 5</td>
<td>It is unclear how rational thinking plays out in the context of students’ money management behaviour.</td>
</tr>
<tr>
<td>Proposition 6</td>
<td>Traditional or more conservative money management approaches are inadequate for managing the economic, social and psychological challenges facing students today because they fail to address the possibility that resources may be being used for applications other than that for which they were originally intended. The conceptual model arising from this research seeks to provide deeper insights into individual money management behaviour by identifying new and clarifying existing drivers of behaviour.</td>
</tr>
<tr>
<td>Proposition 7</td>
<td>The area of study is concerned with a transitionary phase. It thus identifies dynamics, initiatives and behaviours which may set the basis for future behaviours. As the literature explored has not been able to explain holistically the interaction and common dynamics of what is occurring, it is likely that the research undertaken for this thesis will identify new structures in addition to those found and discussed in the literature.</td>
</tr>
</tbody>
</table>

### Figure 5 - Conceptual model of the dynamics of how students manage money

- **P1 Economic environment**
- **P2 Social environment**
- **Activating event**
- **Cognitions, beliefs, and attitudes about stimuli**
- **Resultant emotions or behaviours**
- **Identifying outcomes and consequences**
- **P3 student interpretation of P1 and P2**
- **P4 learning through formal and informal processes**
- **P5 Rationality**
- **P6 Identifying and clarifying existing drivers of behaviour**

---

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3.9 Conclusion

This chapter identified and explored the current academic and commercial literature from Australia, the United States and the United Kingdom on issues relating to young peoples’ money behaviour. Based on the existing literature it emerged that this area had not been studied holistically. The chapter then used the literature of key discipline areas (sociology, psychology and economics) to gain a contextual insight into the topic. From this literature a series of observations were made. Propositions were then formulated on the basis of logic supported by the observations from the different sections of the literature. McMullen’s’ (2000) version of Ellis’ cognitive semantic model was used as a framework to bring these propositions together into a basic structure for the thesis and to address the task of this thesis which is to explore how 18-24 year old university students manage their money.
Chapter 4
Research Methodology

4.1 Introduction

This chapter discusses the research approach and processes required to address the research questions and research propositions. The chapter identifies options for research methodologies, choices made and implication of these choices on examining how students manage their money. It describes the research philosophy and the issues inherent in the method selection. Its purpose is to argue for research methods appropriate to developing the data on which the argument of this thesis will be based (Sigglekow 2007, p. 23).

Scientific method requires that a study’s methods are documented to a level that it can be repeated or findings compared to other studies for the purpose of theory development, particularly in early theory building research (Hunt 1991). The chapter addresses this requirement by providing an extensive and detailed record of each component of the research process. The choice of research method significantly sets up the limitations of research (Geursen 2000) so the chapter concludes by addressing this issue.

4.2 Background to research approach

The task of this thesis is to comprehensively examine how students manage their money. The literature search indicated a small body of academic and industry research which identified particular aspects of student behaviour in relation to the topic. However this literature left an unclear picture of the factors influencing student money management behaviour and how their interrelationships and interactions affect student behaviour relating to money management. The purpose of this research is therefore to gain a clearer holistic understanding of the topic and to build an initial body of theory of
how university students manage their money. In other words its intention is to explore a problem in a preliminary stage of exploration as indicated by Babbie (1989). This is formative theory building rather than theory testing and therefore requires an exploratory approach (Eisenhardt 1989; Mintzberg 1979; Denzin & Lincoln 2000; Neuman 2003; Eisenhardt & Graebner 2007; Bansal & Corley 2011).

The research approach chosen uses case study method to go beyond previous observations and gain fresh perspectives on the research task as indicated in the research literature (Eisenhardt 1989; Mintzberg 1979; Neuman 2003; Yin 2003). In this context, case study refers to the methods and techniques used to develop theory about topics (Yin 2003; Eisenhardt & Graebner 2007).

The research purpose is therefore to conceptualise how different aspects of student money management behaviour fit together, which is an initial step in theory building (Mintzberg 1979; Eisenhardt 1989). This thesis closely follows Mintzberg (1979); Eisenhardt (1989); Yin (2003) & Eisenhardt & Graebner (2007).

4.3 Research philosophy for this thesis.

Every research design is guided by a particular theoretical perspective or paradigm which comes with its own sets of beliefs, assumptions and limitations (Guba & Lincoln 2005). These paradigms dictate the focus of the research question, the data collected and how it is interpreted (DeCuir-Gunby 2008).

Qualitative versus quantitative approach

Research paradigms can be divided into two types: those that seek to explain phenomenon through a series of logical explanations i.e. to deduce (Hunt 1991); and those where explanations emerge from the research and are shaped by the researchers experience i.e. inductive (Hunt 1991; Creswell 2007). The literature review chapter showed current research utilising both paradigms with a heavy focus on deductive methodologies (i.e. quantitative methods using statistical analytical analysis and modelling techniques) rather than empirical, inductive (i.e. qualitative studies) to
uncover fundamental patterns, trends (see tables 1 to 4). The literature selected generally indicated what Hunt (1991) describes as a positivist approach to method and research. Whilst the preliminary conceptual model developed in Chapter 3 appears to suggest a basis for a quantitative research approach, such a choice would undermine the ability of the researcher to uncover new understanding. For example a quantitative approach assumes that the information captured within this model (which is derived from existing literature) adequately explains student money management behaviour and the relationship between the components influencing that behaviour (Gelo, Braakmann & Benetka, 2008). This central assumption treats students and their money management as objects and facts that can be quantified and measured. The current focus on deductive research in the existing literature limits the ability of the researcher to identify new areas and objectively confirm existing understanding. There was therefore a need to adopt a constructivist approach to investigate praxis rather than existing theory in order to reflect reality in its totality (Horkheimer 1937 cited in Bottomore 1984). The selection of a qualitative methodological approach with its focus on understanding the individual rather than looking for universal laws, provides a more appropriate mechanism in this situation to explore and weave together the “conceptions of various disciplines into [the] right pattern or given situation” for understanding the individual behaviour of the research participants (Horheimer 1937 cited in Bottomore, 1984). There is therefore a need for exploratory and inductive research methods to capture as much reality as possible whilst at the same time questioning prior underlying assumptions and emphasising the discovery and development of theories (Yin 2003, p. 98; Denzin & Lincoln 2005, p. 11; Eisenhardt & Graebner 2007). This approach follows Strauss & Corbin (1998) and Hunt (1991) who argued that evolving relationships or hypotheses from data requires interpretation and deduction. These authors and others further contend that to evolve new ideas, induction is required (Hunt 1991) and therefore qualitative approaches are called for (Strauss & Corbin 1998; Eisenhardt 1989; Eisenhardt & Graebner 2007). A constructivist qualitative approach was indicated for this thesis because it was more likely to uncover initial intellectual territory (Denzin & Lincoln 2000, 2005) and the complex relationships constituting money management (Eisenhardt & Graebner 2007). Ongoing interaction of multiple data sources (from literature, students, parents and friends) i.e. multiple cases at different stages of the research process enabled cross-validation of findings and the questioning of existing
research concepts and frameworks in line with Eisenhardt 1989; Stake 2000; Creswell & Plano Clark 2007.

The philosophical approach underpinning this study therefore adopts an ontological and epistemological position that assumes and allows for the ongoing interaction between multiple realities (derived from the literature, material, research approach and participants) whilst recognising and addressing axiological assumptions about ethics and values (Guba & Lincoln 2005). This continual dialogue between the literatures on the phenomena being studied, the research approach and primary data from the phenomena provides a richness and comprehension to the research journey and outcome (Geursen 2000).

**Choice of case study approach**

Five qualitative approaches were reviewed as possible for this study – narrative research; phenomenology, grounded theory; ethnography and case study (Creswell 2007). Narrative, phenomenological and ethnological methodologies were rejected because of their focus on understanding the lived experiences of those under study (Creswell 2007) which does not support the theory generation aspect of this study. In contrast case study methodologies provide for the uncovering and development of new theory in an iterative way (Mintzberg 1979; Eisenhardt 1989; Cresswell 2007). On closer review, a pure grounded theory approach was rejected for several reasons - a lack of detailed epistemology (Miller & Brewer, 2003); a glossing over of meanings in respondents stories as a result of fracturing of the data during analysis (Conrad 1978; Riessman 1993; Charmaz 2000) and the inappropriateness of grounded theory as a way to make knowledge claims about an objective reality (Suddaby 2006). The focus of grounded theory on theory forming made it inappropriate to the theory building research focus of this thesis (Suddaby 2006).
4.4 Methodological considerations

Every research method comes with a set of beliefs, assumptions and limitations which can threaten methodological validity and result reliability (Hunt 1991). In particular Eisenhardt & Graebner (2007) identified questions raised by the positivist school of research around the validity of case study research as a legitimate theory building approach. These can be classified into four key challenge areas. Firstly, that case study is not a methodology (Miles 1979); secondly that theory building from cases is less precise, objective and rigorous than large scale hypothesis testing (Miles 1979); thirdly that theory derived from a case study approach cannot be generalised to the broader community (Miles 1979; Eisenhardt & Graebner 2007); and fourthly, that theory generated will lack parsimony and ultimately require multiple studies using a range of methodologies to develop higher level or ‘grand’ theory (Eisenhardt 1989, Eisenhardt & Graebner 2007; Miles 1979). Each challenge is addressed below.

Challenge 1: Is case studies a research approach or a methodology?

“Methodology is the study of principles that guide students of any field of knowledge … in deciding whether to accept or reject certain propositions as a part of a body of ordered knowledge in general or in their own discipline (science)”. (Machlup 1978, p. 54)

“As Although methodology is ‘about’ methods, it is not ‘a’ method, nor a set of methods, nor a description of methods. Instead it provides arguments, perhaps rationalizations, which support various preferences entertained by the scientific community for certain rules of intellectual procedure, including those for forming concepts, building models, formulating hypotheses, and testing theories” (Machlup 1978, p.55).

“The ultimate purpose of empirical research is not to test hypothesis, but to test conceptual frameworks, models or theories!” (Hofer & Bygrave 1992).
Following this reasoning case studies are a methodology because they provide arguments and rationalizations that support generally accepted rules governing the formation and testing of conceptual frameworks, models or theories.

Eisenhardt (1989) notes three reasons supporting a case study methodology; firstly that it is likely to generate novel theories; secondly the emergent theory is likely to be testable with quantitative methods since the method produces measurable constructs; thirdly “the likelihood of valid theory is high because the theory-building process is so intimately tied with evidence that it is very likely the resultant theory will be consistent with empirical observations” (p548). Case studies therefore facilitate the development of inductive theory by considering a real-life phenomenon (how students manage their money) from multiple contextual aspects (psychological, economics and sociological) and from multiple viewpoints (students, parents and their friends) (Yin 2009). A case study approach therefore supports the definition of methodology above as well as supporting the research aim to gain an “in-depth understanding of how, why and in what context certain phenomena occur; and what impacts upon or influences such phenomena” (Carson et al. 2001, p .66) i.e. to form theory from propositions using multiple empirics as recommended by multiple authors (Eisenhardt 1989; Eisenhardt & Graebner 2007; Siggelkow 2007; Gelo, Braakmann & Benetka 2008).

In conclusion theory building from case studies provides for a holistic approach, drawing on rich empirical evidence from multiple data sources to yield midrange theory offering new insights into complex social processes (Miller & Brewer 2003; Eisenhardt & Graebner 2007; Sigglekow 2007; Edmondson & McManuss 2007). “The theory is emergent in the sense that it is situated in and developed by recognizing patterns of relationships among constructs within and across cases and their underlying logical arguments” (Eisenhardt & Graebner 2007, p. 25). It therefore offers a viable approach for researching how students manage their money.

**Challenge 2: The quality of theory built through case studies**

To ensure robustness of the emerging findings, triangulation of data method and sources was practiced throughout the research stages in compliance with Eisenhardt (1989);
Stake (2000); Creswell & Plano Clark (2007). In this way the emergent data was used to test the evolving theory i.e. inductive theory building from the cases produced new theory from the data which was then tested using deductive theory techniques in line with Eisenhardt & Graebner (2007).

Additionally, findings were compared across multiple data sources (from literature, students, parents and friends perspectives), multiple data types (focus groups, interviews, bank statements) and multiple analysis techniques (cross-case and thematic analysis) in line with Siglekov (2007); Yin (2004); Eisenhardt & Graebner (2007); & Gelo et al. (2008). Cases were interpreted individually and on a cross-case basis in line with Glaser & Strauss (1967). These triangulation approaches increase the likelihood that the theory developed will have “important strengths like novelty, testability, and empirical validity, arising from the intimate linkage with empirical evidence”. (Eisenhardt 1989, p. 548). The interplay of knower and respondent co-creates new understandings (a subjectivist epistemology) thereby capturing multiple realities (a relativist ontology) (Mintzberg 1979; Denzin & Lincoln 2005). In addition the constant, continual, iterative dialogue between the literature, material, research stage and the phenomena (Eisenhardt 1989; Mintzberg 1979; Geursen 2000) ensures an ongoing review and updating at each research stage of the model construct and assumptions.

A-priori constructs (propositions) indicated tentative areas of exploration and were not guaranteed a place in the final theory (Eisenhardt 1989). This allowed for the generation and construction of new meaning and theory differing from the traditional, purely sequential research models which exclude this iteration between literature, research process and findings (Geursen 2000).

**Challenge 3: The generalisability of the theory developed from case study**

The purpose of multiple case study research, as per Eisenhardt & Graebner (2007) is to provide an insight into an issue or to redraw a generalization i.e. to develop theory, not to test it (p. 27). In the theory building process “meticulous attention to …… issue choice, triangulation, experiential knowledge, context and activities” was observed (Denzin & Lincoln 2005, p. 444).
Challenge 4: Extent and level of theory from case studies

The predominant focus of case study theory (as described by Eisenhardt 1989) is to produce mid-range viable theory (Mintzberg 1979; Stiggelkow 2007) i.e. “theory that consolidate[s] otherwise segregated hypotheses and empirical regularities” (Merton 1957, p. 280). A wealth of data useful for theory progression can be collected at the initial formative theory stage or the secondary material. This mid-range theory can then be extended into “grand theory” (that provides an overall explanation of phenomena in a particular discipline or realm of experience) through multiple studies that combine theory building and theory testing empirical studies. In this way the scope, application and implications of earlier theorists are extended. For example Brown & Eisenhardt (1998) and Davis, Eisenhardt & Bingham (2009) developed earlier theory constructs provided by Eisenhardt (1989). Bartunek, Rynes & Ireland (2006) developed theory constructs provided by Eisenhardt & Graebner’s work (2007). It is therefore argued that this research approach is more likely to produce formative theory which is of interest to others researching money management behaviour. As Siggelkow (2007, p. 22) observes “research involving case data can usually get much closer to theoretical constructs and provide a much more persuasive argument about causal forces than broad empirical research can.”

Rigour and objectiveness in case study method used in the data for this thesis.

Rigour and objectiveness in case study is addressed through the use of a reputable case study approach (Eisenhardt, 1989), which allows for repeat studies. The focus of case studies “on developing constructs, measures, and testable theoretical propositions makes inductive case research consistent with the emphasis on testable theory within mainstream deductive research” (Eisenhardt & Graebner 2007, p. 25). The use of multiple cases is a “powerful means to create theory because they permit replication and extension among individual cases” (Eisenhardt, 1991, p.620).

The collection of distinct propositions into a preliminary, exploratory and central theoretical framework is a key element of the research process as it structures areas of interest for interview contact and later analysis. In line with Carson et al. (2001, p. 63), prior theory is used to guide or loosely frame the research whilst recognising that “the
research is not about testing this prior theory; instead it is about ‘seeking an actual reality in a specific situation’.

Table 6 outlines the case study steps proposed by Eisenhardt (1989), used as a basis for this research. However these steps have been subsequently adapted (see the discussions on triangulation) to enhance robustness. The first column identifies the research stage (or step). The second column outlines the specific activities associated with that research stage customised to this study and the third column, the reason for that stage and activity.

Eisenhardt’s approach ensures triangulation across theory, methodology and data areas thereby increasing the validity and reliability of the emerging theory (Carson et al. 2001; Yin 2003). In this study theoretical triangulation comes from comparing theories from the economics, sociology and psychology literature against the research’s findings. Methodological triangulation results from the use of a range of qualitative approaches (focus groups, interviews and document analysis) and analytical approaches (pattern matching, logic models, cross-case synthesis and explanation building). Data triangulation is achieved by comparing data drawn from the literature analysis, interviews with groups and individuals (both students and parents) and analysis of students’ bank statements. Dyadic interviews are used to enrich perspectives on how students manage money (Eisikovits & Koren 2010) by viewing the money management process from a parent, offspring and ‘friend of offspring’ perspective.

The convergence of data from multiple approaches sets up chains of evidence between the questions asked, the data collected and the conclusions, identifying different realities within which people live (Stake 2005), strengthening the emergent theory (Carson et al. 2001; Yin 2009) and increasing trustworthiness (Lincoln & Guba 1985) through triangulation (Denzin, 1989). This approach ensures that the empirical data is more objective and less subjective allowing the researcher to provide “grounds for validating both the observation and the generalization” (Stake 2005, p. 456). Capturing the findings in a multi-dimensional case study database (table 7), provides a third party with sufficient data to “trace the steps in either direction (from conclusions back to initial research questions or from questions to conclusions)” (Yin 2003, p. 105) thereby strengthening the research findings.
### Table 6 - Process of building theory from case study research (from Eisenhardt 1989)

<table>
<thead>
<tr>
<th>Step</th>
<th>Activity</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Getting started</td>
<td>Definition of research question. Identification of a priori constructs to guide research process but flexible to accommodate research findings.</td>
<td>Focuses efforts. Provides better grounding of construct measures and retains theoretical flexibility.</td>
</tr>
<tr>
<td>Selecting cases</td>
<td>Specified population. Theoretical, not random sampling.</td>
<td>Constrains extraneous variation and sharpens external validity. The cases interpreted are individual. Focuses efforts on theoretically useful cases i.e. those that replicate or extend theory by filling conceptual categories.</td>
</tr>
<tr>
<td>Entering the field</td>
<td>Overlap data collection and analysis, including concept maps covering key findings. Flexible and opportunistic data collection methods.</td>
<td>Speeds analyses and reveals helpful adjustments to data collection. Allows investigators to take advantage of emergent themes and unique case features.</td>
</tr>
<tr>
<td>Analysing the data</td>
<td>Within-case analysis. Cross-case pattern searching using divergent techniques.</td>
<td>Gains familiarity with data and preliminary theory generation. Forces investigators to look beyond initial impressions and see evidence through multiple lenses. Sets up second level triangulation across demographics.</td>
</tr>
<tr>
<td>Shaping hypotheses</td>
<td>Iterative tabulation of evidence for each construct. Replication, not sampling, logic across cases. Search evidence for “why” behind relationships.</td>
<td>Sharpens construct definition, validity and measurability. Confirms, extends and sharpens theory. Builds internal validity.</td>
</tr>
<tr>
<td>Enfolding literature and material</td>
<td>Comparison with conflicting literature and material. Comparison with similar literature and material.</td>
<td>Builds internal validity, raises theoretical level, and sharpens construct definitions. Sharpens generalizability, improves construct definition, and raises theoretical level.</td>
</tr>
<tr>
<td>Reaching closure</td>
<td>Theoretical saturation when possible.</td>
<td>Ends process when marginal improvement becomes small.</td>
</tr>
</tbody>
</table>

Source: Eisenhardt (1989)
<table>
<thead>
<tr>
<th>Steps in research process (using Eisenhardt’s steps 1989)</th>
<th>Type of data held</th>
</tr>
</thead>
</table>
| **Step 1 - Getting started** | Chapter 1 outlining the reason for the research.  
Chapter 2 outlines key definitions.  
Chapter 3 constitutes analysis of literature and material. Observations derived from analysis of literature and material in three discipline areas (including relevant academic journal articles, source documents and reports) are grouped into tables around existing and emerging themes. These are then used to develop guiding propositions which are then grouped together into a guiding framework for questioning participants. |
| **Step 2 – Selecting cases** | Identification of desired participant profiles.  
Tabling of interview participants profiles.  
Development of interview structures. (Outlined in Chapter 4) |
| **Step 3 - Crafting instruments and protocols** | Review of research methodology (captured in Chapter 4).  
Preparation of methodology guidelines.  
Development of ethics clearance documents outlining interview protocols and initial interview questions for interviewees based on chapters 1 to 3 (Appendices 1 to 4).  
Development of initial interview question concept maps. |
| **Step 4 - Entering the field** | Taped recordings of focus groups/interviews. Transcriptions of recordings and assigning of unique identifier for each interviewee. Identifiers code list (kept separate from transcripts). Initial coding of transcriptions to identify key themes and to inform ongoing data collection. Modified interview question concept maps in light of interview generated information. Interviewer’s case study notes outlining reasons for changes in concept maps as a result of interview generated information. |
| **Step 5 – Analysing the data** | Detailed coding and analysis of transcriptions using NVivo. Preliminary finding tables. (Appendix 5). |
| **Step 6 – Shaping hypotheses** | Search for evidence of propositions – Research stage 1 & 2 (Chapter 5).  
Cross-case comparisons – Research stages 1 & 2 (Chapter 6).  
Detailed analysis of the dyadic and triple dyadic interview findings – Research stage 3 & 4 (Chapter 7). |
| **Step 7 – Enfolding literature and material** | Comparison of findings with literature and material (Chapter 8). |
| **Step 8 – Reaching closure** | Development of conceptual models (Chapter 9). Conclusion (Chapter 10). |

Source: Eisenhardt (1989)
Building case study theory

“Case study theory building is a bottom up approach such that the specifics of data produce the generalizations of theory” (Eisenhardt, 1989, p.547) i.e. generalisability is derived from the analytical process (Yin, 2009). The question of generalisability of results is therefore a key consideration and handled by Eisenhardt (1989) through clear methodological description to sharpen “the limits to generalizability of the focal research” (Eisenhardt, 1989, p.544). In this regard Eisenhardt (1989) adopts several approaches:

1) Selection of an appropriate population to control extraneous variation and define the limits for generalising of the findings (Eisenhardt 1989, p. 537).

2) Inclusion of multiple cases within each category to allow findings to be replicated within categories (Eisenhardt 1989, p. 538).

3) Sequential analysis to allow the researcher to become intimately familiar with each case as a stand alone entity and to allow “unique patterns of each case to emerge before investigators push to generalize patterns across cases” (Eisenhardt, 1989, pp. 540-541). This approach also aids cross comparison.

4) Examining literature which conflicts with the emergent theory to deepen insights into the underlying causes for the conflict sharpening understanding of both the emergent theory and the literature (Eisenhardt 1989, p. 544). Eisenhardt (1989) argues further that this reconciliation “raises the theoretical level and generalizability of the results” (p. 55) by tying together “underlying similarities in phenomena normally not associated with each other” (p. 544). The appearance of previously identified constructs in the research findings sets up strong triangulated measures grounding the emergent theory (Eisenhardt 1989), and increasing the likelihood that the theory closely mirrors reality (Eisenhardt 1989; Geursen 2000). This increases the empirically validity of the theory because the data is less likely to be affected by a summation of individual error probabilities (Eisenhardt 1989; Geursen 2000).This, Eisenhardt argues (1989 p. 544), results in theory with “stronger internal validity, wider generalisability and higher conceptual level” because “others [cases] ha[ve] similar findings in a very different context” (p. 544). Using this approach, generalisability is therefore analytically and empirically based (Yin 2009).
These approaches, Eisenhardt (1989) argues, adopts a positivist view of research that is directed “toward the development of testable hypotheses and theory which are generalizable across settings” (p. 546).

**Internal validity**

Internal validity in this study was addressed by seeking only to identify relationships between sociological, economic and psychological factors rather than to establish the incidence of these occurring within a population. This approach limits the study by preventing results or any incidence of particular findings being projected to a population. The purpose of this study is therefore to identify factors influencing student money management behaviours and how these may manifest in an individual student’s situation. Comparison between student situations might suggest the importance of these factors in context. The study is based on a small convenient sample of students across several universities in Melbourne. Hence generalisation to any wider student cohort must be treated with caution.

**Ethical considerations**

Ethical issues were minimised by following Australian university guidelines (Ethics Approval No. 2008/078 – Appendix nos. 2 and 3) on how to prevent harm to those involved i.e. the university, the researcher and participants. Malhotra (1996) identified possible ethical issues arising from inappropriate usage of research techniques, inappropriate interaction with participants, inappropriate analysis and reporting of findings. These are addressed in table 8 below and are explained in more detail later.

The ethics clearance application form explained how research participants were recruited, informed and their data collected, handled and protected. The ethics committee approval assured that any ethical issues in the themes being explored had been considered.
Table 8 - Potential ethical issues in this thesis and approaches used to manage them

<table>
<thead>
<tr>
<th>Ethical issue area</th>
<th>Approaches used in this thesis to address the ethical issue area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inappropriate usage of research techniques</td>
<td>Academic justification of research approach taken. This is outlined in Chapter 1 and 3 of this thesis.</td>
</tr>
<tr>
<td>Inappropriate interaction with participants</td>
<td>Adherence to ethical requirements as set out by The Australian University Ethics environment and the paradigm and research approach adopted in this thesis. This is explained below.</td>
</tr>
<tr>
<td>Inappropriate analysis and reporting of findings</td>
<td>Setting up of propositions and conceptual model to guide research. Justification of choice of analysis tools in line with research proposition requirements. Use of triangulation in multiple areas to test and validate emerging theory. All are outline in this chapter.</td>
</tr>
</tbody>
</table>

Source: Malhotra (1996)

In line with the ethics approval participants were asked to complete consent forms agreeing to the recording of their interviews and for non-identifiable data to be used in this thesis and subsequent publications. Participants were offered the option of obtaining a summary of the final report. The consent form was explained verbally before all interviews.

A small honorary compensation of $20 was provided to each participant in line with university practice (Fry, Ritter, Baldwin, Bowen, Gardiner, Holt, Jenkinson & Johnston 2005). This growing practice, particularly in the area of medical research, contributes towards the financial costs incurred by individuals in participating (Dickert & Grady 1999; Grady 2005; Fry et al. 2005).

In the process transcription process, individuals’ were de-identified and their names replaced with unique numbers. Likewise bank statements provided by individuals had all individual, company or organisational information removed. The owner’s name on the bank statements was also replaced by a unique number. These desensitized statements were then used for later analysis.

All paperwork e.g. consent forms, bank statements, transcripts, identification material, code list linking individuals names to a unique code were locked away at an offsite storage. Details were not retained on an individual computer where access could be hacked. Electronic transcripts and research were instead stored on the investigator’s computers (university and personal) both of which are password protected. Backup
copies of electronically stored information were burnt to DVDs and stored securely at the investigator’s home in a locked filing cabinet.

As required by university ethics approvals access to collected data was only available to the Swinburne University Ethics committee upon written request. It is an ethics committee requirement that after completion of this study, original tapes are destroyed. The next section provides a more detailed description of the research process adopted in this study.

4.5 Research process adopted for this dissertation

The research process adopted for this dissertation is captured in figure 6 below. This process follows Eisenhardt’s eight step approach (1989) which was used as the underpinning framework (table 6 above). Each step (i.e. getting started; selecting cases; crafting interview protocols; entering the field; analysing data; shaping hypothesis; enfolding literature and reaching conclusion) is explained below (figure 7).
Step 1 - Getting started

During this preliminary step a priori constructs (propositions and a conceptual model) were developed after a broad literature scan across three discipline areas (economics, sociology and psychology) and current published materials and reports (industry and government) material. This developed the researcher’s understanding of the study’s context enabling the selection of key issues and appropriate case study focus (Stake 2005).

In line with Eisenhardt (1989) and Carson et al. (2001), specific relationships between the constructs were not examined closely so that research findings had the freedom to influence the emerging theory on how students manage their money. This provided a triangulation of developing insights.
Step 2 - Selecting cases

**Defining the participant group:**
The research question and literature review informed the participant selection process. Observations arising from the literature and material were used to set the criteria for selecting cases (e.g. 18 to 24 year old undergraduate students studying across multiple areas at multiple stages in their course; those working and not working; those living at home or not living at home; international versus local students) and crafting appropriate instruments and protocol to gain a deeper understanding of how students manage their money.

Defining the population from which the cases are to be selected is crucial for two reasons. It identifies the entities from which the research sample is to be drawn which in turn limits and controls variations whilst defining the limits of generalisability of the findings (Eisenhardt 1989).

**Sampling approach:**
In line with the case study approach and to strengthen the theory building process, theoretical sampling was used (Yin, 1994) i.e. informants and cases were chosen that were likely to lead to the “opportunity to learn” (Stake 2005, p. 451) through the “revelation of an unusual phenomenon, replication of findings from other cases, contrary replication, elimination of alternative explanations, and elaboration of the emergent theory” (Eisenhardt & Graebner 2007). By juxta positioning contradictory or paradoxical evidence, creative insights and therefore the generation of novel theory is more likely (Eisenhardt 1989). Sample size was therefore driven by the need to have sufficient cases to yield robust findings through comparison (Yin 2009). Sampling was deemed complete “when categories [were] saturated” i.e. when no new information [was] uncovered (Strauss & Corbin 1998, p. 214).

Additional cases were added to illuminate, explore or negate particular aspects or rival explanations. ‘Polar types’ (where extremes of a particular contrasting pattern are sampled) allowed contrasting patterns in the data to be more easily seen, reducing the convergence of bias and the development of narrow idiosyncratic theory (Eisenhardt &
Graebner 2007) e.g. those students exhibiting troubling credit card debt and those not utilising credit cards at all.

The resultant use of focus groups and in depth interviews with students, parents and students’ friends provided a diverse range of views and triangulation of data allowing relationships and logic to be explored across the constructs (Malhotra 1996; Neuman 2003).

**Recruiting the participant group:**
Since the lead researcher was employed by Swinburne University, Australia, full time undergraduate students were largely recruited from within Swinburne University. Students were recruited across all disciplines and from three of Swinburne University’s campuses. Additional student referrals were elicited on the basis of participant characteristics reflected in the research framework e.g. to address the quest to support or challenge emerging findings. This resulted in the addition of a small group of students from other Melbourne universities.

Recruitment of Swinburne university students was via flyers placed around the university’s campuses, through notices on the students online study platform (Blackboard), student union websites and word of mouth. In addition parents of undergraduate students were recruited through a general university staff e-mail circulation list and through staff referrals.

**Research stage 1 - Focus groups:**
Eleven focus groups were set up to find evidence of, explore and test the relevance of the propositions (constructs) (Eisenhardt 1989). They encompassed a mix of participants with the following characteristics to ensure cross verification of findings. These characteristics were drawn from the literature and material review.

1. Living arrangements: at home/not living at home
2. Work: full or part time /not working
3. Student type: Domestic/International
4. Time in degree e.g. 1st or 2nd, 3rd or 4th year
5. Type of degree
6. Campus/ type of accommodation.

Table 9 shows the structure of the focus groups.

<table>
<thead>
<tr>
<th>No.</th>
<th>Participant No. (type)</th>
<th>Age</th>
<th>Degree (Bachelor of)</th>
<th>Year</th>
<th>Where living</th>
<th>Hours working</th>
<th>Living with friends</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group 1</td>
<td>1</td>
<td>19</td>
<td>Accounting</td>
<td>1st</td>
<td>Sharing</td>
<td>4 hours</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>24</td>
<td>Business</td>
<td>1st</td>
<td>Home</td>
<td>16-20 hrs</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>23</td>
<td>Accounting</td>
<td>3rd</td>
<td>&quot;</td>
<td>5-10 hrs (term)</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>19</td>
<td>Accounting</td>
<td>2nd</td>
<td>&quot;</td>
<td>11 hours</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 2</td>
<td>1</td>
<td>22</td>
<td>Design</td>
<td>3rd</td>
<td>On Campus</td>
<td>IBL</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>21</td>
<td>Design</td>
<td>2nd</td>
<td>&quot;</td>
<td>12-16 hrs</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>19</td>
<td>Design</td>
<td>3rd</td>
<td>&quot;</td>
<td>None</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>19</td>
<td>Design</td>
<td>3rd</td>
<td>&quot;</td>
<td>None</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 3</td>
<td>1 (int)</td>
<td>22</td>
<td>eCommerce</td>
<td>3rd</td>
<td>On Campus</td>
<td>9 hrs</td>
<td>Yes</td>
<td>Students from a partnership university in China</td>
</tr>
<tr>
<td>2 (int)</td>
<td>21</td>
<td>eCommerce</td>
<td>3rd</td>
<td>&quot;</td>
<td>9 hrs</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 (int)</td>
<td>21</td>
<td>eCommerce</td>
<td>3rd</td>
<td>&quot;</td>
<td>10 hrs</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 (int)</td>
<td>21</td>
<td>eCommerce</td>
<td>3rd</td>
<td>&quot;</td>
<td>None</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 (int)</td>
<td>21</td>
<td>eCommerce</td>
<td>3rd</td>
<td>&quot;</td>
<td>6 hrs</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 (int)</td>
<td>22</td>
<td>eCommerce</td>
<td>3rd</td>
<td>&quot;</td>
<td>12 hrs</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 (int)</td>
<td>22</td>
<td>eCommerce</td>
<td>3rd</td>
<td>&quot;</td>
<td>None</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 (int)</td>
<td>21</td>
<td>eCommerce</td>
<td>3rd</td>
<td>&quot;</td>
<td>None</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 4</td>
<td>1 (int)</td>
<td>21</td>
<td>Design</td>
<td>4th</td>
<td>Home</td>
<td>18 hours</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>22</td>
<td>Design</td>
<td>4th</td>
<td>Home</td>
<td>8-10 hrs</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>22</td>
<td>Design</td>
<td>4th</td>
<td>Sharing</td>
<td>3-6 hrs</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 5</td>
<td>1 (int)</td>
<td>22</td>
<td>Engineering</td>
<td>3rd</td>
<td>Out of home</td>
<td>None</td>
<td>Yes</td>
<td>Exchange student from a partnership university in Malaysia</td>
</tr>
<tr>
<td>2</td>
<td>19</td>
<td>Psychology</td>
<td>2nd</td>
<td>Home</td>
<td>Job pending</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>19</td>
<td>Psychology</td>
<td>2nd</td>
<td>Home</td>
<td>None</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group 6</td>
<td>1 (int)</td>
<td>?</td>
<td>Business</td>
<td>1st</td>
<td>Out of home</td>
<td>None</td>
<td>Yes</td>
<td>Exchange students from a partnership university in Hong Kong</td>
</tr>
<tr>
<td>---------</td>
<td>--------</td>
<td>---</td>
<td>----------</td>
<td>-----</td>
<td>-------------</td>
<td>------</td>
<td>-----</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>2 (int)</td>
<td>?</td>
<td>Business</td>
<td>1st</td>
<td>&quot;</td>
<td>None</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 (int)</td>
<td>?</td>
<td>Business</td>
<td>1st</td>
<td>&quot;</td>
<td>None</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group 7</th>
<th>1</th>
<th>19</th>
<th>Social Science</th>
<th>2nd</th>
<th>Home</th>
<th>9hrs</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>18</td>
<td>&quot;</td>
<td>1st</td>
<td>&quot;</td>
<td>New job</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>18</td>
<td>&quot;</td>
<td>1st</td>
<td>&quot;</td>
<td>None</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>19</td>
<td>Psychology</td>
<td>1st</td>
<td>&quot;</td>
<td>6 hours</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>20</td>
<td>&quot;</td>
<td>1st</td>
<td>&quot;</td>
<td>20-25 hrs</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>18</td>
<td>&quot;</td>
<td>1st</td>
<td>On campus</td>
<td>12 hrs</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group 8</th>
<th>1</th>
<th>20</th>
<th>Social science</th>
<th>2nd</th>
<th>Out of home</th>
<th>72 hours</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>18</td>
<td>Business</td>
<td>1st</td>
<td>Home</td>
<td>12 hours</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>18</td>
<td>Social science</td>
<td>1st</td>
<td>Home</td>
<td>None</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>19</td>
<td>Social science</td>
<td>1st</td>
<td>Home</td>
<td>None</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>24</td>
<td>Social science</td>
<td>1st</td>
<td>Home</td>
<td>6 hours</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Group 9 was made up of members from Group 8 because this particular cohort offered an opportunity to extend emergent theory and to fill theoretical gaps (Eisenhardt 1989). This provided a richer and deeper understanding of these emerging themes.

<table>
<thead>
<tr>
<th>Group 9</th>
<th>From Group 8 (4)</th>
<th>19</th>
<th>Social science</th>
<th>1st</th>
<th>Out of home</th>
<th>None</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From Group 8 (3)</td>
<td>18</td>
<td>Social science</td>
<td></td>
<td>Out of home</td>
<td>None</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>From Group 8 (1)</td>
<td>20</td>
<td>Social science</td>
<td>2nd</td>
<td>Out of home</td>
<td>72 hours</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>From Group 8 (5)</td>
<td>24</td>
<td>Social science</td>
<td>1st</td>
<td>Out of home</td>
<td>6 hours</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group 10</th>
<th>1 (int)</th>
<th>22</th>
<th>eCommerce</th>
<th>3rd</th>
<th>Out of home</th>
<th>8 hours</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2 (int)</td>
<td>22</td>
<td>eCommerce</td>
<td>3rd</td>
<td>Out of home</td>
<td>Working</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>3 (int)</td>
<td>22</td>
<td>eCommerce</td>
<td>3rd</td>
<td>Out of home</td>
<td>Working</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>4 (int)</td>
<td>22</td>
<td>eCommerce</td>
<td>3rd</td>
<td>Out of home</td>
<td>Working</td>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group 11</th>
<th>1</th>
<th>20</th>
<th>Film</th>
<th>3rd</th>
<th>Home</th>
<th>7 hours</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>24</td>
<td>Film</td>
<td>2nd</td>
<td>Out of home</td>
<td>16 hours</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>20</td>
<td>Film</td>
<td>3rd</td>
<td>Out of home</td>
<td>None</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>4 (int)</td>
<td>22</td>
<td>Communication</td>
<td>2nd</td>
<td>Out of home</td>
<td>20 hours</td>
<td>No</td>
</tr>
</tbody>
</table>

**Key**

Int = International

**Research stage 2 - In depth interviews:**

In depth interviews with students, parents and friends were used to gain a deeper understanding of the issues and to achieve triangulation of evidence i.e. to confirm, extend or fill in gaps in the emerging theory or to provide examples of polar types in line with Eisenhardt’s recommendations (Eisenhardt 1989, p. 537). Polar types are
“transparently observable” cases that exhibit extreme or highlight areas of interest (Pettigrew 1988) e.g. the selection of students with troubling credit card debt or who live predominantly off government funding and/or scholarships.

**Student interviews**

All students for the in depth interviews came out of the main recruitment process. Participants were contacted in the same way as for the focus groups and were selected along the same mix of characteristics as for the focus groups. Students who had finished their degree were not selected because they were entering a new stage of life.

Six of the seven participants (student interviews 2 to 6) were new i.e. had not been part of the focus groups and therefore were uncontaminated by those discussions. The seventh participant (student interview 1) was drawn from the first focus group as an example of a ‘polar type’ (she was the only student presenting with a high level of credit card debt) which offered the potential for valuable insights into Propositions 5 to 7 (Eisenhardt 1989).

Five of the seven in depth student interview respondents provided bank statements which were used within the interview as triggers to identify times of financial stress and coping mechanisms. Where bank statements were not available, students were asked to identify particular times of financial stress, what led to that situation and how the situation was dealt with. Full details of the characteristics of the in depth interviews are provided in table 10.
Table 10 - Characteristics of students undertaking in depth interviews

<table>
<thead>
<tr>
<th>Student Interview No.</th>
<th>Age</th>
<th>Degree (Bachelor of)</th>
<th>Year</th>
<th>Where living</th>
<th>Work per week</th>
<th>Statements provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>SI 1 – Domestic</td>
<td>24</td>
<td>Business</td>
<td>1st</td>
<td>Home</td>
<td>16-20 hours</td>
<td>Copy not provided but original viewed</td>
</tr>
<tr>
<td>SI 2 – International</td>
<td>22</td>
<td>Tourism</td>
<td>1st</td>
<td>Lives on own</td>
<td>14 hours</td>
<td>Yes</td>
</tr>
<tr>
<td>SI 3 – Domestic</td>
<td>24</td>
<td>Engineering</td>
<td>2nd</td>
<td>Lives with partner</td>
<td>11 hours</td>
<td>No</td>
</tr>
<tr>
<td>SI 4 – International</td>
<td>22</td>
<td>Design</td>
<td>1st</td>
<td>Living with partner</td>
<td>None – before 22 hours</td>
<td>Yes</td>
</tr>
<tr>
<td>SI 5 – Domestic</td>
<td>23</td>
<td>Accounting</td>
<td>3rd</td>
<td>Home</td>
<td>12 hours</td>
<td>Yes</td>
</tr>
<tr>
<td>SI 6 – International</td>
<td>24</td>
<td>Entrepreneurship</td>
<td>2nd</td>
<td>Living on own</td>
<td>None</td>
<td>No</td>
</tr>
<tr>
<td>SI 7 – Domestic</td>
<td>20</td>
<td>Social Science</td>
<td>1st</td>
<td>Home</td>
<td>None</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Note: Student in bold is ‘polar type’ (Eisenhardt 1989).

International students’ information is provided in italics.

Parent interviews:

Parents were recruited through a general announcement distributed through the internal Swinburne University staff email system. This was a convenience sample, selected on the basis of whether they had offspring children of 18 to 24 years of age who were, or who had recently been (within the last 3 to 6 months), university students. Parent interviews were an important triangulation tool, necessary in the analysis to assess convergence of the propositions and students insights (Yin 2003) e.g. whether students’ perception of their ability to manage their money matched those of their parents.

The purpose of the parent interviews was to provide an opportunity for the researcher to gain an understanding of the level of support provided to students by their parents, both financially and through money management advice. James et al. (2007) identified parental support as a critical factor in students’ money management behaviour. The parent interviews allowed a cross checking of issues arising from the student focus groups and interviews to gain additional insights. Whilst some parents had student offspring who had completed their studies, they were still in a position to reflect on
what had just happened. The respondent profiles for the parental interviews are shown in table 11.

**Table 11 - Characteristics of parents undertaking interviews**

<table>
<thead>
<tr>
<th>Parent Interview No.</th>
<th>Offspring</th>
<th>Age</th>
<th>Degree</th>
<th>Year of degree</th>
<th>Where living</th>
<th>Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>PI 1</td>
<td>Girl</td>
<td>22</td>
<td>Music</td>
<td>Just finished</td>
<td>On own</td>
<td>Yes</td>
</tr>
<tr>
<td>PI 2</td>
<td>Boy</td>
<td>18</td>
<td>Computing</td>
<td>1st year</td>
<td>Home</td>
<td>No</td>
</tr>
<tr>
<td>PI 3</td>
<td>Girl</td>
<td>20</td>
<td>Social sciences</td>
<td>Just finished</td>
<td>Home</td>
<td>No</td>
</tr>
<tr>
<td>PI 4</td>
<td>Girl</td>
<td>20</td>
<td>Biology</td>
<td>2nd year</td>
<td>Home</td>
<td>On university exchange in UK</td>
</tr>
<tr>
<td>PI 5</td>
<td>Boy &amp; girl</td>
<td>20 &amp; 24</td>
<td>Bachelor of ?</td>
<td>Just finished</td>
<td>Home/away</td>
<td>Yes</td>
</tr>
<tr>
<td>PI 6</td>
<td>Girl</td>
<td>20</td>
<td>Real Estate</td>
<td>1st year</td>
<td>Home</td>
<td>Yes part time</td>
</tr>
</tbody>
</table>

**Research Stage 3 - Dyadic interviews:**
In research stage 3 dyadic interviews were carried out with parents and students (their offspring, all of whom were current or very recent university students) to explore the role of parents in the development of students money management. This reflects the importance of parents in students’ money management as indicated in the literature and in the findings from the research stages 1 to 3. Parents for the dyadic interviews were recruited at the same time as those for the general parent interviews. The respondent profiles for the students of the parents interviewed are shown in table 12.

**Table 12 - Characteristics of parents and student offspring undertaking in depth interviews**

<table>
<thead>
<tr>
<th>Parent Interview No.</th>
<th>Offspring</th>
<th>Age</th>
<th>Degree</th>
<th>Year of degree</th>
<th>Where living</th>
<th>Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>PI 1</td>
<td>SI 1</td>
<td>18</td>
<td>Computing</td>
<td>1st year</td>
<td>Home</td>
<td>No</td>
</tr>
<tr>
<td>PI 2</td>
<td>SI 2</td>
<td>20</td>
<td>Social sciences</td>
<td>Just finished</td>
<td>Home</td>
<td>No</td>
</tr>
<tr>
<td>PI 3</td>
<td>SI 3</td>
<td>20</td>
<td>Biology</td>
<td>2nd year</td>
<td>Home</td>
<td>On university exchange in UK</td>
</tr>
</tbody>
</table>

**Research Stage 4 - Triple dyadic interviews:**
In research stage 4, triple dyadic interviews between parents, students (offspring, all of whom were current university students) and friends were undertaken. This additional
research stage was added to address gaps in understanding of the interactions between students, parents and friends. Participants for this stage were recruited through personal contacts. The respondent profiles for the students of the parents interviewed are shown in table 13.

Table 13 - Characteristics of parents, student offspring and friends undertaking in-depth interviews

<table>
<thead>
<tr>
<th>Parent Interview No.</th>
<th>Offspring</th>
<th>Age</th>
<th>Degree</th>
<th>Year of degree</th>
<th>Where living</th>
<th>Working</th>
<th>Offspring’s friend</th>
</tr>
</thead>
<tbody>
<tr>
<td>PI 4</td>
<td>SI 4</td>
<td>19</td>
<td>Teaching</td>
<td>2nd year</td>
<td>Home</td>
<td>Yes</td>
<td>SIF4</td>
</tr>
<tr>
<td>PI 5</td>
<td>SI 5</td>
<td>19</td>
<td>Biology &amp; Commerce</td>
<td>1st year</td>
<td>Home</td>
<td>Yes</td>
<td>SIF5</td>
</tr>
<tr>
<td>PI 6</td>
<td>SI 6</td>
<td>22</td>
<td>Biomedicine</td>
<td>3rd year</td>
<td>Out of home</td>
<td>Yes</td>
<td>PIF6</td>
</tr>
</tbody>
</table>

Step 3 - Crafting appropriate instruments and protocol

Propositions were used from the literature review “to shape the initial design of the theory building research” (Eisenhardt 1989, p. 536) i.e. to identify the structure, collection and analysis approaches to be taken to research the propositions (see table 14). This systematic approach helps mitigate questions of validity concerning qualitative research methods (Mintzberg 1979; Denzin & Lincoln 2005).
Table 14 - Relevant data collection approaches used to address propositions

<table>
<thead>
<tr>
<th>Proposition</th>
<th>Data handling approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) The economic environment sets the parameters of a student’s money management</td>
<td>Observations from literature and material. Focus groups, interviews. Case studies.</td>
</tr>
<tr>
<td>2) A student’s past and current socialisation influences how money management is perceived and therefore what is seen as being acceptable money management behaviour</td>
<td>Observations from literature and material. Focus groups, interviews. Case studies.</td>
</tr>
<tr>
<td>3) The external economic and social environment is interpreted by the student based on their knowledge of facts, universal principles, their interrelationships and whether they can be applied.</td>
<td>Observations from literature and material. Focus groups, interviews. Case studies.</td>
</tr>
<tr>
<td>4) A student’s conceptual understanding of, and their motivations to use money management tools are learnt through both formal and informal processes.</td>
<td>Observations from literature and material. Focus groups, interviews. Case studies.</td>
</tr>
<tr>
<td>5) It is unclear how rationality plays out in the context of students money management behaviour</td>
<td>Focus groups, interviews. Case studies.</td>
</tr>
<tr>
<td>6) Traditional or more conservative money management approaches are inadequate for managing the economic, social and psychological challenges facing students today because they fail to address the possibility that resources may be being used for applications other than they were originally intended for. The conceptual model arising from this research seeks to provide deeper insights into individual money management behaviour by identifying new and clarifying existing drivers of behaviour.</td>
<td>Observations from literature and material. Focus groups, interviews. Case studies.</td>
</tr>
<tr>
<td>7) The area of study is concerned with a transitional phase. It thus identifies dynamics, initiatives and behaviours which set the basis for future behaviours. As the literature explored have not been able to explain holistically the interaction, common dynamics of what is occurring it is likely that the research undertaken for this thesis will identify new structures in addition to those found and discussed in the literature.</td>
<td>Observations from literature and material. Focus groups, interviews.</td>
</tr>
</tbody>
</table>

Both focus groups and interviews were used in the pursuit of new knowledge. In research stage 1, focus groups were used to explore and extend the areas identified in the research through anecdote and rich description, in line with Mintzberg (1997). Carefully structured focus groups allowed for flexible and interactive data collection in a non-threatening environment (Malhota 1996), yielding deeper insights than that available through individual depth interviews. Specific strategies to avoid the development of bias in focus groups are outlined and described in table 15.
Table 15 - Strategies to handle potential bias in focus group research approach

<table>
<thead>
<tr>
<th>Potential bias</th>
<th>Approach adopted in this study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poorly constructed questions (Yin, 2003)</td>
<td>Questions only provided as a prompt to the interviewer allowing immediate modification in the light of emerging theory (Eisenhardt 1989).</td>
</tr>
<tr>
<td>Response bias (Yin, 2003)</td>
<td>Moderator training to recognise response bias in respondent and to manage it by probing.</td>
</tr>
<tr>
<td>Inaccuracies due to poor recall (Yin, 2003)</td>
<td>Construction of each focus group to include friend to aid recall and triangulation.</td>
</tr>
<tr>
<td>Reflexivity when the interviewee gives what they think the interviewer wants to hear (Yin, 2003)</td>
<td>Adopt a naive stance, asking open ended questions that focused on the “how” of money management. According to Yin (2003) this allows individuals to take more of an informant role.</td>
</tr>
<tr>
<td>Contamination by the interviewer as a result of a desire to moderate the group</td>
<td>Having a clear interview theme protocol and keeping a focused outlook to help with moderation.</td>
</tr>
<tr>
<td>Contamination by the interviewer as a result of a desire to guide the findings</td>
<td>The resulting insights were compared against others insights for validation at all steps and stages of the research process (Eisenhardt 1989; Yin 2003).</td>
</tr>
</tbody>
</table>

In research stage 2, in depth interviews were used to explore in detail key themes arising from the focus groups. For some of the student interviews, bank statements were used to check actual behaviour against perceived money management behaviour. This is particularly important since research has shown that attitudes alone are not usable predictors of behaviour and are fundamentally flawed (Geursen 2000). Parent interviews were included as a way to gain a deeper understanding of the dynamics surrounding the development of their offspring’s money management behaviour e.g. students.

In research stage 3, six interviews were held with parents & students (their offspring) to explore the influence of parents on money management development. Although these interviews fielded relevant insights around student money management, analysis of the findings from the first three research stages indicated insufficient understanding about the dynamics between parent, student and friend. Subsequently three triple dyadic interview sets (parent, student, friend) were added to address this and for triangulation purposes (Neuman 2003). In research stages 3 and 4 the existing parent and student interview instruments were used as guidelines.
To ensure that the research protocol remained true to the central line of inquiry (Yin 2003), overarching thematic questions and a concept map were developed to reflect the multiple aspects and dynamics of student money management identified by the literature review and captured in the propositions. These thematic ‘open’ questions and concepts maps acted as “reminders regarding the information that need[ed] to be collected” (Yin 2003, p. 74) (see appendix 1), keeping the investigator on track as the data collection proceeded but also allowing for specific questions to be modified and adapted in line with emerging themes (Mintzberg 1979; Eisenhardt 1989). This approach encouraged respondents’ to talk freely about what they felt was relevant and important thereby providing a rich account of their experiences, knowledge, ideas and impressions (Alvesson 2003).

Step 4 – Entering the field

Eleven student focus group discussions and thirteen interviews (parents and students) took place in September-October, 2009 at a campus and time convenient for the interviewees. Six parent and offspring interviews were held in March 2010 and nine additional parent, offspring and offspring friends’ interviews were held in October 2011. Focus groups and interviews were set up as soon as possible after initial contact in order to capitalise on the interviewees’ initial interest. To compensate for drop outs, 6 to 8 people were invited to each focus group and were encouraged to bring or refer the research to friends.

Focus groups and interviews took between forty minutes and one hour to complete and were recorded on two tape recorders to allow for mechanical failure and to ensure that every one’s voice was heard. All participants were invited to stay on after the groups/interviews had formally finished. General discussion issues raised during the groups/interviews were continued at this point, and were valuable in contributing additional material (in line with Geursen 2000). This process was facilitated by the provision of food and beverages at each meeting.

As per good interview practice, the first focus group acted as a pilot to test the interview protocol and instrument which was then modified in the light of that experience (Litosseliti 2003). In line with a case study approach, the number of focus groups and
interviews undertaken was dictated by theoretical saturation (Eisenhardt 1989) i.e. interviews were stopped at the point when incremental learning was minimal for the researcher (Glaser & Strauss cited in Eisenhardt 1989).

Modified dyadic interviews between parents, their student offspring, and the offsprings’ friends provided a mechanism to check alignment and differences and understanding between the groups. In early piloting both parents and students expressed concern about being interviewed together so a deliberate strategy was adopted that separated parent interviews from those of offspring. This meant that a standard dyadic structure had to be sacrificed. However given the attitudinal issues, the sacrifice was necessary.

As per Eisenhardt (1989) data collection was overlapped with data analysis so that the data collection protocol could be modified in order to maximise the opportunity to gain new theoretical insights (see next section for more detail). For each focus group or interview a concept map was used to visually capture links between questions and responses and to identify emerging themes (Yin 2003, 2009). The concept maps acted as field notes, being modified and extended in the light of emerging findings to inform and modify the protocol for subsequent interviews. In this way the researcher was able to deepen understanding by continually reflecting on what was being learnt and how this supported or differed from previous concept maps. Comments on cross-case comparisons and hunches about relationships were also noted on these concept maps.

Students undertaking in depth interviews were also encouraged to bring copies of their bank statements to the interviews (in line with Geursen 1999). Bank statements provided a useful mechanism for exploring different approaches to money management and the triggers for those choices.

Concept maps and bank statements allowed for ‘transition point behaviours’ to be picked up i.e. to identify similarities between those transitioning from work back to university or international students transitioning to living in Australia. These transition points yielded interesting findings (Eisenhardt 1989), deepening the understanding of how context impacted student’s money management behaviour.
Tapes of focus groups and interviews were immediately transcribed and a preliminary thematic coding (Strauss & Corbin cited in DeCuir-Gunby 2008) was undertaken so that additional insights not picked up on the concept maps could be included. This coding was drawn from the themes identified in the interview protocol.

Insights were then included in the evolving data collection instruments (Eisenhardt 1989). “If a new data collection opportunity arises or if a new line of thinking emerges during the research, it makes sense to take advantage by altering data collection, if such an alteration is likely to better ground the theory or to provide new theoretical insight” (Eisenhardt 1989, p. 539).

This iterative approach linking literature, research method and investigation of the phenomenon (through interview protocol, concept maps and transcriptions) better grounds the emergent theory and theoretical insights (Eisenhardt 1989; Yin 2003, 2009).

**Step 5 – Analysing data**

In this step the researcher sought to gain familiarity with the data and to generate preliminary theory. By overlapping data collection and analysis across multiple cases and through multiple lenses, rival explanations were thoroughly investigated to explain findings (Eisenhardt cited in Huberman & Miles 2002). This facilitated ‘multiple levels of analysis within a single study’ enabling the researcher to focus on ‘understanding the dynamics present within a single setting” (Eisenhardt 1989, p. 534). “Interconnected interpretive methods” were therefore used to address weaknesses arising from underlying assumptions and limitations in the case study approach following Denzin & Lincoln (2005, p. 21).

To avoid data overload, several approaches were adopted in line with Eisenhardt (1989). The transcriptions of the interviews and focus groups were uploaded to NVivo, a software analysis program that allows qualitative data to be analysed in multiple ways and from multiple perspectives. The use of NVivo in this thesis supports the use of pattern matching and its subset analysis tool of explanation building, logic models and cross-case synthesis (Yin 2009). However there is also a danger that subtleties in the
data are overlooked as a result of coding without adequate reflection on what is important (Welsh 2002; Johnston 2006; Yin 2009). New users can also be susceptible to modelling their theory on thematic trees arising in the NVivo coding process. Therefore in line with Yin, (2009), Welsh (2002) and Johnston (2006) care was taken to “step back from the data and think logically about how to build and develop the results of searches into an iterative series of steps” (Johnson 2006) i.e. to sense check each stage of the computer assisted analysis against original documents and theoretical propositions to ensure the integrity of the research process is maintained.

In line with the iterative approach adopted, transcriptions were coded in multiple ways to ensure familiarity with the data. First transcriptions were manually coded around the themes identified in the interview protocol. Next they were coded using NVivo around themes arising in the transcripts. A comparison was then made between the two coded versions to identify similarities and differences. Differences were then reviewed and a decision was made around whether changes to the final coded document (that would be later used for analysis) needed to be made. This decision was driven by whether the coding differences yielded additional insights, in which case changes were made to the final working document.

Using Nvivo print outs and the demographic profile of each participant, a spread-sheet was then developed to enable comparison between specific participant types and their responses on the research topic areas. This spread sheet was then used to compare cases across themes. For example how students generally classified needs and wants or how first year students classified needs and wants and whether this was different to second and third year students. This facilitated cross-case comparison whilst capturing the diversity of perspectives arising in the data. It enabled the investigator to go beyond initial impressions by providing a number of structured and diverse lenses through which to view the data (as per Eisenhardt 1989). It reduced the potential danger of reaching premature or false conclusions as a result of information-processing biases such as leaping to conclusions based on limited data; being overly influenced by vividness or dropping disconfirming evidence. Where evidence conflicted the researcher returned to the data sets to more deeply probe the meaning of the differences (Eisenhardt 1989).
Both cross-case analysis and within case analysis were undertaken in this study. Cross-case analysis involved looking for patterns across the multiple cases whilst within case analysis sought to gain a deep understanding of particular cases and therefore to generate new insights (Eisenhardt 1989, p. 17). In this study preliminary cross-case analysis was used to search for evidence of the propositional elements and to explore differences amongst respondents (i.e. case groups) in this study. “Within case analysis” was used to explore perceptions within particular cases e.g. differences between international and domestic students or differences across age groups. A record of preliminary findings was developed for later in depth analysis.

Step 6 - Shaping hypothesis section

The purpose of this step of the data analysis was to test whether patterns in the data collected fitted the propositions and conceptual model initially developed i.e. “to develop strong, plausible and fair arguments that are supported by the data” (Yin 2003, p. 137). “A close fit is important to building good theory because it takes advantage of the new insights possible from the data and yields empirically valid theory” (Eisenhardt 1989, p. 20). This step requires “examining, categorizing, tabulating, testing or otherwise recombining both quantitative and qualitative evidence to address the initial propositions of the study” (Yin 2003, p. 109). In this way multiple sources of evidence are used to test the validity of the original study propositions which sought to gain a greater understanding of the money management environment (activating event), how money management is interpreted and learnt (cognitions, beliefs and attitudes about stimuli) and how these factors combine to lead to resultant emotions and behaviours (see figure 4). “Explanation-building analysis” (Yin 1994) was used to construct a qualitatively ‘rich’ explanation about how students manage their money and the dynamics at play. “Explanation-building is …a form of pattern matching, in which the analysis of the case is carried out by building an explanation of the case. Explanation-building is an iterative process that begins with a theoretical statement, refines it, revises the proposition, and repeat[s] this process from the beginning.” (Tellis 1997). The research conceptual model (developed in step 1 of the research process) was used to maintain the focus of the researcher on influencing factors likely to impact how students manage their money (Tellis 1997).
Case study participants are expected to be influenced by contexts, so contexts need to be described, even if evidence of influence is not found (Stake 2005). The inclusion of alternative explanations for behaviour adds robustness to the findings in line with Sigglekow (2007). To assist in this process the tables developed in the previous section were used to test the relevance of the propositional elements (Chapter 5) and to look for differences between case groups (in line with Eisenhardt 1989). The relevance of the propositions to each respondent was not tested since the iterative nature of the interview protocol is likely to result in some of the propositional areas not being covered by each individual. The focus of this part of the analysis was to uncover the dynamics underlying the relationship i.e. why something was, or was not happening (Eisenhardt 1989). Evidence statements were developed after analysis of each research stage to capture key findings (see chapters 5 to 8).

In addition, in chapter 5, literature findings were utilised selectively to contextualise and transition the theoretical propositions into working propositions appropriate for the Australian context. This supports the iterative nature of this research which is to explore, build upon, confirm and extend existing knowledge at each step and stage of the research process (Geursen, 2000).

The extensive use of tables and visual diagrams summarised the depth and detail of case evidence allowing emerging theory to be captured in multiple ways. At the end of the analysis, process systems diagrams using the software tool ‘Vensim’ (Sterman 2000) were developed to capture the dynamics underpinning student money management behaviour (chapter 10). Evidence statements were compared against each key thematic area to confirm the relationships in the system models. In this way theory and data were “pattern matched” for alignment and conflict identification.

The inclusion of Chapter 10 (on modelling) follows the overall approach used by Eisenhardt over two decades to develop theory in her own strategy work. In her initial paper Eisenhardt (1989) used case study to establish her initial theory of strategy by simple rules. Brown & Eisenhardt (1997, 1998) extended the case numbers (over 100) and thus the depth of the theory. Eisenhardt then went on with others to build an
extensive number of papers covering different dimensions of the theory thus enriching it. Davis, Eisenhardt & Bingham (2009) used simulation from these extensive cases to establish the theory as robust and very substantive. Taking the number of cases and data in this thesis to a level where simulation is possible is beyond the scope of this thesis, however the first step in simulation is the preparation of “influence models” to establish the connections and influences present (Sterman 2000). This system influence modelling has been used in Chapter 10 to provide the conceptual material useful in future research with the option of simulation or other empirical research approaches required in the establishment of substantive or “grand theory”.

Step 7 – The enfolding literature section
The emergent concepts, theory and propositions were then compared with extant literature in line with the iterative approach adopted in order to identify similarities and differences (Eisenhardt 1989). This was done by comparing the original observation statements against the evidence statements to identify overlaps and contributions. While the linking results to literature is important in most research, “it is particularly crucial in theory building research because the findings often rest on a very limited number of cases” (Eisenhardt 1989, p. 545).

Supporting literature strengthens the theoretical scope and validity of the work by linking it to the extant literature (Eisenhardt 1989). Likewise the “juxtaposition of conflicting results forces [the] researcher into a more creative, frame breaking mode of thinking than might otherwise” not have been achievable (Eisenhardt 1989, p. 541). This prompts a deeper insight into the emergent theory and how it conflicts with existing theory and sharpens the limits to the generalisability of the focal research (see section 4.4). This step is documented in chapter 8.

Step 8 Reaching closure
Closure was reached when saturation was reached i.e. at the point where incremental learning was minimal (Glaser & Strauss 1967). This applied both to the addition of new cases and to the completion of the analysis section. This step is documented in chapter 11.
In conclusion validity in this research is achieved through a clear case study protocol using multiple sources and analysis methodologies to ensure chains of evidence and robust theory development. This approach continued the iterative process outlined by Eisenhardt (1989) and Geursen (2000) thus strengthening the reliability and validity of the resultant theory.

4.6 Limitations

**Generalisability**
The primary limitation of this study is geographic location and scope of its respondents which affects the ability to generalise the theory developed by this thesis. Given that the respondents were university students, friends and parents predominately from one university in Melbourne, some caution is required in generalizing from Melbourne to Australia without wider respondents’ locations to validate this generalization. Whilst theory developed in this thesis, or aspects of it are likely to apply in other countries, great caution is required for wider generalization. This is because different countries offer different considerations from those in Australia e.g. different student loan support mechanisms and influencing causal structures. Thus international generalization cannot be claimed without further research in those countries.

**Other limitations from method**
Although the combined purposive and convenience sampling achieved a diverse group of respondents and enabled response saturation on the variables of interest, the inclusion of more dyadic interviews and polar type interviews would have added robustness through triangulation to the primary findings (Eisikovits & Koren 2010).

The choice of a case study approach and a convenience sample also prevented the development of theory generalisable to the broader student population. Quantitative surveys (drawn from these research findings) would enable the research findings to be tested in the wider university student community (i.e. within and outside Australia) to establish their broader applicability (Creswell & Plano Clark 2007).
Compensation could also be seen as a limitation. The growing trend towards compensation increases the likelihood of a broader representation of students as it treats all equally and fairly compensates them for their time (Dirkert & Grady 1999; Russell et al. 2000). Compensation is also likely to attract students managing money under stress. However, the decision to pay or not to pay is particularly fraught with difficulties as limited specific guidelines are provided by ethical committees (Fry et al. 2005).

The decision to pay participants may also impact response quality by attracting only those most in need of compensation (Russell et al. 2000). This potentially introduces bias into the sample set by attracting only those most in need. Paying participants also increases the cost of research, which was self-funded, thus reducing the number of participants that could be recruited (Russell et al. 2000).

A limitation of focus groups is that they can encourage individuals to respond in a way that they believe is socially acceptable to the group and investigator. This limitation was addressed through the use of multiple focus groups and the ability to validate views expressed by collecting data using multiple means (focus groups, individual depth interviews, dyadic interviews, and hard documentation evidence). This approach helps to offset the data risk for the material of this thesis but does not eradicate this aspect.

Another limitation arises as a result of using a qualitative approach. The introduction of multiple data collection techniques generates large amounts of data. Overlapping collection and analysis, whilst increasing triangulation opportunities, adds a layer of complexity to the analysis process, increasing the potential for data overload and misinterpretation. The use of NVivo and detailed field notes helped to minimise this aspect. Further research is needed in this area to validate the initial findings found.

The use of a priori propositions, whilst helping to set the parameters of the research, may have limited and constrained the emergence of new findings. Future research in this area should therefore adopt a number of other methodological approaches to validate the theory proposed in this research.
Future studies should endeavour to examine more closely the potential interaction between environmental and psychological factors on how and why students manage their money in particular ways.

4.7 Conclusion

This chapter began by introducing the various paradigm based research approaches and then argued the relevance of an iterative qualitative methodology. Triangulation across discipline insights from the literature review, case selection, data collection, interpretive methods and theory creation were used to establish evidence, logic and validity. The research method chosen enabled the building of theory that, whilst acknowledging existing research, stood independent from it so that a clear picture could be developed of how students manage their money. Such a picture is necessary for new formative theory to be developed. Case study methodology was chosen because its iterative approach facilitates the constant checking of formative emerging theory against literature, and findings in the research process. The chapter concluded with an explanation of the steps in the research journey and recorded the details which might be required for future repetition and comparison with other studies, as is good scientific method (Hunt 1991).
Chapter 5

Findings of research stages 1 & 2
The relevance of the propositional elements

5.1 Introduction

The literature review identified a number of influences that were collected into propositions and captured in table 5. The Ellis model purported that activating events arise from influences in the economic and social environment (Proposition (P1 & P2). These trigger cognitive responses (P3 & P4) which lead to particular emotions and/or behaviours (P5, P6 & P7).

This chapter first examines activating events and how they are influenced by the economic and social environments. Secondly it examines how cognitive beliefs and attitudes arising from these stimuli are interpreted and acted upon through formal and informal processes. Thirdly, emotions or behaviours are explored from the perspective of “rationality” as viewed by students within their specific context. Fourthly the chapter identifies elements of the process underpinning the Ellis model and the influences acting upon it. At each stage evidence statements (E) have been set up to highlight key findings.

The stage one focus groups were used to explore the propositional elements whilst the stages two in depth interviews were used to clarify and extend understanding. An important purpose of this chapter is to demonstrate that the insights drawn from the literature are appropriate for the Australian context so that the validity of the propositions is established for the other stages of the research. Therefore selective references back to the literature have been made at key areas of contrast or confirmation within the findings.

The chapter concludes by identifying the face and context validity of each proposition in the light of an overall conclusion that students manage their money in response to
changing situational needs within their environment rather than in a predetermined manner.

5.2 Activating Events

The conceptual model proposes that a student’s money management is influenced by activating events arising from their economic and social environments. The economic environment defines the physical parameters of life i.e. access to income, products and services, the social environment the societal norms driving money usage. The first of the two propositions tested in this section is:

*Proposition 1: The economic environment sets the parameters of a student’s money management*

**Macroeconomic environmental influences (Proposition 1)**

The underlying assumption in proposition 1 is that the range of lifestyle choices options open to students is defined by the economic environment in which they live. The macro environment sets the level of income and expenditure opportunities open to students and therefore their ability to generate sufficient income to meet their lifestyle costs as they fall due i.e. ensuring liquidity. Income options include types of job and job levels, level of societal support (scholarships, government support), available financial instruments (products and services) and range of goods and services available for purchase. Therefore changes in the macroeconomic environment significantly impact how students’ manage their money, particularly as the jobs they generally compete for are unstable, casual, low skilled labour jobs (e.g. shop and restaurant work) highly susceptible to market changes.

The unfolding of the Global Financial Crisis (GFC) created a particularly interesting environment in which to view student money management behaviour as it presented an opportunity to clarify the level of impact of the macro environment on student money management behaviour.
An additional consequence of the GFC was the secondary fall out on students of reduced third party support (government, parents and scholarships). Some parents were forced to cut back on support. Other parents complained of increase stress in providing support. Both raise stress levels for students as parents provide critical income streams to most students. In addition there was a marked reduction in the number and length of university work placements and broader availability of employment for students. This was particularly worrying for those studying design (Design students) seeking to recuperate some of their course costs through work.

The quotations below demonstrate the discussion above, in particular: concern for job availability, job insecurity and increasingly irregular wage payments, overall challenges arising which result in fluctuating income patterns.

**Competition for jobs**

*There are so many people looking for jobs like I went to a good job interview at ...... the other week and I reckon 85% of the people were Indians over 25 and the rest of us were like school age and there are so many people looking for jobs. These places they don’t treat their employees properly because if you do leave they can find someone who is willing to work for that job for that wage. (Respondent FG7.2L)*

*They prefer the young people, they’re cheaper ... they rather hire two of them rather than hire me so in the holiday I don’t have many shifts, then it’s kind of hard. (Respondent FG10.4PI)*

*When I am at uni I get loads of shifts and then when holiday starts I barely get any because all the school kids are doing nothing all day. Holidays, it’s all school kids. (Respondent FG10.5P)*

**Governments, recessions and the GFC**

*I think the new government (has made getting jobs more difficult). (Respondent FG8.3L9.2)*
I think the recession has cost the jobs to be cut and I think it is harder to find a part time job. (Respondent FG5.4H)

I don’t work anymore because of the GFC – they (coffee shop owners) said when it picks up again they’ll just have to hire everyone back, they couldn’t afford to pay anyone. (Respondent FG10.3P)

I try and get as many (work shifts in the holiday) but usually I just make sure I just get enough when it’s not holidays. (Respondent FG10.5P)

The film industry is suffering because the Australian Dollar is doing so well. People aren’t coming here to make films because it’s not cheaper for them anymore. I get a monthly pay but now it’s stretching out anywhere between 5 to 6 weeks between pay. (Respondent ID6L)

Impact of GFC on IBL and parental support
I get to finish my placement earlier... because of the financial crisis. They said they didn’t get enough projects. (Respondent FG4.1PI)

My father used to work in the advertising – they said we cannot afford your salary so he just quit. I have to think about working here to cover my bill and stuff but I have to think further than that because I have to save money for the tuition fee as well. (Respondent FG10.4PI)

My parents do complain that they are not earning that much but they still provide us with essential money. (Respondent FG2.4PI)

Respondents were concerned over the economic stability of Australia and its ability to sustain long term support to students through community grants, scholarships and government support. This is of particular concern to those from economically disadvantaged families who do not have parental financial safety nets to fall back on, raising the numbers of issues that they must deal with.
The GFC had a mixed impact in other ways. International students benefitted from more favourable currency exchanges as the value of the Australian Dollar fell (stage 1 data collected 2009). Equally domestic students gained a one off stimulus package payment. The net result for both was higher income. However much of these gains were offset by increasing cost of goods and services (particularly food) resulting in an overall reduction in liquidity and the need for reprioritisation of needs.

**Advantages of the GFC**

*Yeah the stimulus package was fantastic - it was good for me personally.*

*(Respondent FG5.3H)*

*It helped us quite a bit because the currency went up.* *(Respondent FG5.4H)*

**Disadvantages of the GFC**

*Everything is going up, the price of products and food oil everything is going up so it affects a lot.* *(Respondent FG10.4PI)*

*I used to drive a car but I decided to sell it because gas and petrol prices, insurance and grocery prices had gone up.* *(Respondent FG2.1P)*

These examples support proposition 1, i.e. that macroeconomic influences play an important role in impacting the opportunity of students to function effectively at a day to day (microeconomic) level.

**Microeconomic environmental influences (Proposition 1)**

Instability in the macro environment aggravated a number of issues associated at the student microeconomic level of student life, providing an opportunity to examine student money management under particularly stressful conditions.

**Key challenges facing undergraduate students**

The literature has highlighted the challenges students face around balancing education, work and financial commitments. These findings were reflected in this research but the situation was aggravated by the uncertainty caused by the GFC.
Education, whilst seen as an investment in the future, constrained students’ ability to work and therefore their ability to service costs associated with their lifestyle choice. This situation was aggravated by the GFC because it impacted students’ ability to secure and maintain work. As a result students sought to increase income through more work or other sources. Then students traded study time for work, often working several jobs to ensure income security. This carried a psychological and social cost (see section 6.4).

Pressures were exacerbated by falling, inadequate or increased restrictions regarding government support. Low income also reduced the ability to deal with unexpected costs that might threaten liquidity e.g. costs associated with cars, health, family or unplanned social events. These factors raised the complexity and sophistication of money management decisions students faced forcing hard money management choices.

**Impact of university**

It’s an investment at the moment. There’s not really a way around it, it’s my career and career is money. (Respondent ID2P)

It’s hard because you want to invest time in your social life. My friends are all working so the hardest thing is that none of them have actually gone to uni so I don’t think they can appreciate the difficulty of studying full time, working part time and managing all your finances but they respect me a lot and vice versa. (Respondent ID4L)

I have to make the balance between studying and working – if I don’t work I don’t get money for paying that stuff and if I work much my study goes down so it’s really hard. (Respondent FG10.4PI)

**Government support mechanisms**

I do (university work) placement I still get Centrelink (government support) but I only get like $30 a fortnight because most of my income is from university job placement. (Respondent FG2.1P)
You can’t actually earn over a certain amount before Centrelink (government support) start taking your payments off you. (Respondent FG8.5L9.4)

Work commitments
I’m failing my classes because I don’t have time to get my assignments done because I have to work. (Respondent FG8.1L9.3)

I work for a company (over the internet) in the UK so I work at night a lot. I also work for Company X which do scooter advertising in the city. (Respondent FG10.2P)

Management strategies
Students adopted a number of strategies to cope, including securing multiple income sources (work, parents, friends, government, university, community) and tracking finances closely using a wide range of budgeting techniques, digital technologies and offline strategies. They showed an entrepreneurial approach to resource shortage. For example, social networking sites (e.g. ‘Facebook’) were used to reduce mobile phone costs; online savers accounts limited impulse buying; goal setting was used to stimulate savings; income division to protect money for needs from money for wants and fear of not having enough to stimulate conscientious money management behaviour.

Multiple income sources
I get Centrelink (government support) and the two scholarships. (Respondent FG10.3P)

I have two sources of income first of all a scholarship from the government and secondly from my family. (Respondent FG10.2P)

I run my own business, there’s not a pay cheque every week, I kind of rely heavily on Centrelink (government support) to pay my rent and bills and other little bits and pieces. (Respondent FG2.2P)
Money management approaches

I must be in control of my budget plan. I calculate each week, month. If I spend too much this week then I deduct from the next weeks plan. (Respondent FG6.1HI)

You have to prioritise with what you buy so you need to think do you really, really need that. I don’t buy many things that I actually want and don’t need. (Respondent FG5.3H)

I’ve got a few different accounts. I’ve got money sitting in different accounts and I try and balance it. (Respondent ID2P)

You can track it online. You can go and find out how your money has disappeared. (Respondent FG8.3L92)

I use a diary and phone reminders. The bank send you a notification by email and then I just put it in my phone when the date is due. (Respondent CI2)

My phone bill has gone down heaps the last couple of years because of Facebook cause I can send a couple of text messages or just message in my Facebook if you’re holding an event. (Respondent FG1.2L)

I try and put as much away as I can and I can’t access that unless I get online. (Respondent FG4.2P)

I make a list of the advantages and disadvantages. I make a list of what I can do if I achieve that amount of money and what will I have to face if I don’t achieve it. The list with what I can achieve make me decide, make me work hard and the other list make me scared, it help me. (Respondent ID1LI)

Another strategy popular with first year domestic students was to remain at home, thereby limiting their exposure to the higher costs of independent living. This decision was both one of necessity (few had savings) and one of choice (wanting to maximise
their opportunity to experience their new adult life) but it often increased travel time and constrained social activities.

**Living at home**

1st year, 1st semester I was catching the train to the city and still living at home, obviously not having to pay for rent or food because my mum gave it to me and having to travel a lot longer. Now I’m having to pay a lot more but I’m closer to uni so it’s still balanced. (Respondent FG2.1P)

Parental support for transport, rent or study costs was also used by a number of students to protect their liquidity through the minimisation of costs. Generally students felt it inappropriate to ask for support for entertainment, peer communication or lifestyle choice costs, showing an awareness of their liquidity responsibilities and a desire to establish independence from the family. At times this desire for independence resulted in inadequate planning leading to shock at the level of expense and liquidity issues. For many, these experiences were a key contributing factor in learning how to manage liquidity better.

**Parental support**

They (parents) pay for all the car stuff except the petrol. (Respondent CI3)

It is quite normal for (Indian) parents to pay your education and your costs when you are here. (Respondent ID3PI)

We pay all essentials. (Parent Respondent PI2)

Chinese parents generally pay for tuition. (FG3L)

When you (offspring) are studying you are still dependent on us and we are still willing to get you through your studies. After you finish the rules change. (Parent Respondent PI3).
Costs students see as theirs

You usually pay your own social stuff. (Respondent CI1)

I don’t like to ask parents. I like to feel independent. I don’t like taking stuff off my parents. (Respondent CI3)

Learning from experience

I just want my own place. It seems exciting until you have to pay all the bills. (Respondent CI3)

I think that every student must at least go through one type of bankruptcy – so [they think] I need to change the way that I spend my money. For example my mum will give me $50 so I will try to survive on it for the whole week. When I finish it I need to find a way to survive so once I go through ‘Oh I don’t have money’ I will regret the way that I spend money previously then I should change the way that I use my money so I will improve myself to manage my money even more. (Respondent FG5.5HI)

When I had a job I was pretty impulsive. If I got another job I don’t think I’d go back to that as much. I don’t think I would be as impulsive I think I would set aside money each week. (Respondent CI3)

Most students were wary of debt and credit cards, despite its ready availability, indicating significant fiscal self-control and wariness despite considerable marketing pressure encouraging them to act otherwise. This differs significantly from the literature on American student behaviour (Lyons 2004; Lawrence et. al. 2003; Xiao et. al 2007) where students receive little to no government support for university education. This raises concerns about the consequences of falling government support which was mentioned earlier.

Debt and credit

I got a loan for my braces so that was $6000 so I owe like $3-4000 on that. (Respondent FG1.2LID6)
I was amazed how quickly I got accepted – 15 minutes – I got a credit card for $3000 but I put it back to $1000. (Respondent FG2.1P)

As soon as the kids turned 16 the bank factors this in and sends them a credit or debit card enrolment form. Unfortunately my daughter got hold of one before I got to the mail it was addressed to her, I was very angry with the bank because at that time it was a very difficult time for our relationship and you know teenagers being teenagers they like to prove you wrong and she caused quite a lot of angst and anxiety about ‘I need a credit card, I want a debit card’ all of that sort of stuff and I blame the bank for that. I blame us too because we use them all the time but I don’t think they should be allowed to do that. (Parent Respondent PI6)

Another pressure, also identified in the literature, was the growing availability of complex financial instruments. Whilst students readily adopted a number that gave them greater control over their money management, parents were concerned about students’ ability to manage these pressures appropriately.

**Growing complexity of money management**

Well I think that 16 to 19 year olds really aren’t that capable of managing that sort of thing, that’s what I mean by high risk factors and that’s my gravest fear in all of this, kids signing up for something that they are too naive about and then having a lifetime or one or two years contract hanging over their heads at a crucial time when they are perhaps trying to save up for houses, getting married all that sort of things. (Parent Respondent PI6)

She actually had bought an iPhone or something reasonably expensive on a plan. The phone broke – it was not operating very well right from the start and she reported it to the company, they agreed that it was broken and they agreed to replace it and supplied her with a new one. It was still under contract. Unbeknownst to her the very small writing within the contact said that if the phone is replaced you start up a new contract so she only had a couple of weeks
to go before the end of her contract, she thought she was paid out so she bought a new phone and went with another company and lo and behold she got this huge $1000 bill from the company so my husband fought that on her behalf. We actually went to the telecommunications ombudsmen and they agreed and we got a full refund or she got a full refund. (Parent Respondent PI6)

It is argued, on the basis of the analysis and evidence provided above that proposition 1 is supported and valid for the further stages of this research. Students’ comments clearly indicate that the macroeconomic environment has a significant impact as it controls access to jobs, parental income and the pricing of products and services. Likewise how students respond to these macroeconomic influences at a microeconomic level is a key influencing factor on their ability to manage their money, particularly in the early stages of living out of home. The economic environment therefore sets the parameters of a students’ money management.

Key evidence statements (nos. 1-9) relating to Proposition 1 were:

Evidence statement 1: The broader economic environment (macro environment) sets the scene for the range of income and expenditure options available to students e.g. types and job levels, societal support (scholarships, government support) and available financial instruments (products and services).

Evidence statement 2: Macroeconomic changes occurring during this thesis included a new government, the Global Financial Crisis (GFC) and cheaper labour options. These reduced job availability, job security and regular wage payments threatening income from work and third party support mechanisms. This created liquidity challenges for some students.

Evidence statement 3: The GFC had mixed effect. Increased spending occurred as a result of the Australian government’s stimulus package and favourable currency rates. Decreased spending occurred as a result of job insecurity and rising goods prices which lead to a reprioritisation of needs and wants.
Evidence statement 4: Key challenges for students arose around balancing education and work. Whilst education was seen as an investment, it placed severe constraints on lifestyle, ability to work and liquidity. This situation was exacerbated by increasing restrictions around government subsidies and support.

Evidence statement 5: Liquidity issues drove the need to work several jobs which impacted quality of study.

Evidence statement 6: Complex employment patterns and liquidity issues raise the sophistication of management decisions students now face.

Evidence statement 7: Students money management behaviour indicated significant fiscal self-control, evidenced by the adoption of a number of multiple strategies e.g. securing multiple income streams, tracking finances, minimising costs by living at home or accepting family support for transport, rent or study costs.

Evidence statement 8: Parents were particularly concerned about availability and complexity of financial products available to students.

Evidence statement 9: Remaining at home to reduce costs carried a social and psychological price.

Sociological influences
The ability of students’ to manage their money independently of others, raises the question of the role of others in influencing a student’s money management approaches and is the focus of the next proposition:

Proposition 2: A students’ past and current socialisation influences how money management is perceived and therefore what is seen as being acceptable money management behaviour
This proposition assumes that students’ money management perceptions are influenced by their social environment and background i.e. the broader society, school, university, work, family, partners and friends. Establishing the validity of this assumption is important because of the previously indicated dependence many students have on others and their tendency to be highly social at this stage in their life.

Evidence relating to the impact of students previous socialisation on money management (Proposition 2)

Students’ views about previous social influences on their current money management behaviour were mixed. Formal school lessons, where offered, were felt to have had little to no effect on preparing students for money management. Whilst many domestic students recalled with fond memories playing finance games at school, many felt the sophistication of the games, which often involved quite complex social interactions around financial principles, were beyond the sophistication of the age group to which they had been introduced. In contrast international students reported receiving no formal schooling in money management. This raises questions about the type and purpose of current formal education being provided in Australian schools to stimulate money management awareness.

Impact of school on learning money management

*I think high school is very important cause that is where it should be engrained into you.* (Respondent ID4L)

*It probably would have been a help at the time if I could remember, it was probably good to be exposed to it.* (Respondent ID2P)

*I had my own business, I had little cronies coming around it was fantastic, it was when ‘Cave’ magazines were really popular and we were told to go out and buy mortgages for 100 or whatever the currency was and we’d bring them back and I sold them for like $120 each and made a tidy profit. It was very clever that way. I wasn’t the strongest business in the whole thing but it was something that*
people took really seriously for like an entire year and even got to a point where some people were buying the fake money with real money it was really crazy like I’ll give you this much real money for this much fake money just so they’d have more money which was really good cause if nobodies getting into it, it just wouldn’t function. It became a really big thing. (FG7.4L)

In Vietnam culture if you are student the only thing you have to know is study, you don’t care about the other thing … some people don’t even know anything about social life they just focus on their study and the family will take care of the rest, so money you don’t have to worry about, your parents will take care of it so you actually don’t have a good chance to think about money when you are in school. It’s different here because here is kind of an individual culture so you have to learn these things since when you were young. It’s one of the things I learn from here too. (Respondent ID1LI)

A more significant source of learning at schools, particularly for those attending private (or fee paying) schools, was the observance of the money management behaviour of those peers from richer families. These observations generated strong feelings, forcing the observers to reflect upon their own money management options and values. This suggests that observing others behaviour, particularly when this generates a strong emotional response aids learning.

School provided another potentially strong source of social influence – friends. A number of these friendships were carried into university to become an ongoing part of a students’ adult life (see later discussion on peer group). This suggests the possible introduction of a longer term influencing dynamic.

**The influence of friends**

I just found like I used to go to private school and like a few of my brother’s friends, their parents have a fair amount of money, like they are fairly rich and stuff so they get like $30 a week put into their bank account and they’re kind of like really spoilt and I kinda had this idea that they’re spoilt and they probably
don’t know how to manage their money and they just get like given everything.
(Respondent FG7.5L)

Similarly, university was felt to offer little to no formal money management training and few used the limited informal psychological and financial support provided through student services. University was instead more useful as a place to extend intellectual abilities and social skills.

The influence of university on money management
I did go to student support service but not for money, for academic skill but in orientation they also say a lot of things that we can say and do to manage our study and life - you know where you can go to get help when you need it.
(Respondent ID1L)

You’re not concerned with the cost of uni, the focus is so much on what you want to study. (Respondent FG1.2LID6)

In contrast family upbringing was seen as a significant and important contributor to early learning about fiscal responsibility i.e. cash management through pocket money, banking through children accounts, and budgeting through goal setting and saving.

Family upbringing
Parent: It’s not a role it’s a responsibility. As a parent you are always trying to make sure that you are instilling some good values in your children, morals all that sort of thing and I think that that comes into it because just your own personal ethical stance is to make your own way in the world and not rely on hand outs. (Parent Respondent PI5)

Parent: I think it is probably inbred quite early. From 7 to 14 (years) are probably critical financial responsibility ages. (Respondent PI6)
Pocket money and bank accounts

Yes my parents start to give me pocket money since I was in ‘Secondary 1’ (school) and then I remember in the first few months I don’t know how to manage well and sometimes I will run out of money yes but after a few months I start to plan how much is the necessary expense and how much is my income and then I can better plan my money. (Respondent FG6.1HI)

Goal setting and saving

Right from when they were very young, (we told them) if you have got any spare money put it into your kiddies account and I think that has done wonders into brainwashing kids into having a bit of respect. (Parent Respondent PI3)

It’s almost in our blood. Back home families are in business so they are talking business at home. You kind of know how it works. Your accounts are pretty strong even if you’re not doing accounting. My family is a business family. I know how to manage money automatically and your parents teach you ‘don’t overspend’, you save this much so it’s kind of built in. You don’t spend $1000, you at least save $100. (Respondent ID3PI)

The impact of current socialisation on students’ money management perceptions and acceptable behaviour (Proposition 2)

Whilst the influence of the family on money management perceptions and behaviour continued into students’ adult life, it was impacted by students’ growing awareness and interaction with other influences e.g. the media, work, university, peer and partners. Conflict arose when values established in childhood came into contact with those of others.

Ongoing parental help, training and advice took many forms (fiscal and non-fiscal). Money was provided to cover shortfalls (see previous section) but only in clearly defined areas helping students to develop an understanding of their personal roles and responsibilities.
**Parental help, training and advice**

*Right from the start (we have said) you are going to get through your degree if that is what you want to do and we will pay.* (Parent Respondent PI3)

*They will help me out with my schooling – they have always pushed me to finish as high a qualification as I choose.* (Respondent FG4.3P)

*I’ve like learned off my mum I know cause when she was little, she used to live in Malaysia and I know they had it really hard like her and her siblings would get like one dish to eat and often for them that was all they had for the whole day so I know like working really hard is really important and making sure that you have money for emergencies when you need it cause like life goes in really weird ways cause like sometimes you need that money there and you can’t ask or you don’t want to ask family when you need help you don’t want to ask you want to like support yourself so I have like learnt that from my family.* (Respondent FG10.5P)

Ongoing parental training included exposing students to the cost of everyday living, helping them to draw up budgets, formulating saving plans, understanding contractual obligations and developing their understanding of financial principles.

*They’ve heard our discussions about what happens if... how can we do that... what we have to do .... I’ll say that we have to pay for it somehow oh I will do some extra teaching .... so they know that money is to be earned and doesn’t grow on trees so I think they have a healthy respect on the money side of things.* (Parent Respondent PI3)

*When my dad sat me down for a sit-down son talk (general laughter) we pencilled up something. He basically said work out what your expenses are what your needs are and adapt that but that’s pretty much the best way that you can do it and you know I took it to heart and you know I could do a lot better at sticking to it but I’m not really spending anything on anything crazy.* (Respondent FG7.4L)
My parents are very big on the investment side of things, they’re very much influenced me ... not so much investing in terms of getting a return but investing in putting away the money for a car or putting the money away from deposit on a house don’t just squander and it has sort of rubbed off in that I know that I could just go out and buy something right now like a $100 thing or whatever and I’ll probably be like entertained by that for a week or a month but eventually it would just get dull whereas if I go out and save my money for something bigger and long term it serves a much greater purpose and far much enjoyment out of having that for a long period of time. (Respondent FG8.2L)

I write the contract with my parents saying I loan this amount of money from them, after I graduate within 5 years I have to pay back. (Respondent FG2.4PI)

I always talk to my parents. They have given me good principles and fundamentals. (Respondent ID4L)

The impact of other influences forced an evaluation of parental advice with students frequently making an active choice about whether or not to follow it – a source of frustration for parents.

My parents have been influential but I’m a lot stricter with money than my mother is so I’ve learnt something from my mother then I’ve gone beyond it. (Respondent FG5.3H)

Parents frequently spoke of the difficulty in finding ways to influence their off springs' money management behaviour as they transitioned into adulthood and other influences came into play, a fact confirmed by students.

The interplay of multiple influences
Wanting to advise her about things and because teenagers are teenagers they don’t listen so I guess all you can do is hope and do what you have been doing.
It's really too late because they have absorbed all their instincts about managing money I think quite early. (Parent Respondent PI6)

I reckon your upbringing is like 60%, you are still an individual and you still have these own ideas and your friends still influence you and you still go through a crazy teenage period when you spend lots of money and you are stupid. How your parents perceive it all is a big part of it definitely. (Student Respondent CI3)

You assume friends are going to judge you more than your family. (ID2P)

I was a bit proud when I was 18. I took a large personal loan and my parents advised me not to but they were like you are over 18 now you can make a decision for yourself. I guess I was a bit proud. (Later) I realised that from the insight that your parents and the people who are older than you have you can learn a lot from that and you need to listen to it. (Respondent ID4)

In response many parents moved from a directive approach to a more supportive, passive approach e.g. encouraging their offspring to take on more bills. This suggests students’ preference for experiential learning and a willingness to demonstrate conscious money management choices.

Learning through experience

Money was coming to her so I figured if she gets these payments she needs to be a bit better to understand self-sufficiency rather than just tacking it in the bank and then getting interest, she has actually got to start paying for her own stuff. (Parent Respondent PI4)

Student: "You are probably always going to learn more when you do it yourself". (Respondent ID2P)

Students also acknowledged this conflict with parents, often putting this down to parents’ poor grasp of their situation due to generational differences in lifestyle,
environmental influences, money management approaches and understanding. This raises questions as to the extent that parents can adequately prepare their offspring for today’s complex environment.

**Generational differences in money management**

They (parents) were pretty much ‘we live within our means, we don’t want to redraw on the house and we want to make sure that we pay off those debts’. The generation has changed now, my parents don’t understand that debt is good as well. It’s taken them a while to grasp that but they ingrained into my life that paying off bills when they are due is good and paying no interest on your credit cards is good and making sure that you are limiting your spending is actually a good thing, not a bad thing. (Respondent ID4L)

My mum assumes that we just save every penny that we can because I guess that’s how she grew up having to save everything but I don’t. I’ll go on the occasional splurge and I’ll buy something that I don’t need. (Respondent FG9.1L)

Debt is normal in our generation. (Respondent FG8.2L)

I don’t think others understand how little money we live on. (Respondent FG8.1L9.3)

If you are using debt for investments I see that as good debt depending on what you are investing in. I learnt good debt [from working] in the bank, I learnt credit card debt from my parents, that it is not necessarily bad having a credit card, it’s just how well you manage it. But yeah the debt around home loans and stuff like that and debt for investing I did learn from the bank. (Respondent ID4L).

Another significant influence on students’ money management behaviour was the media and technology. The media, showed students what was available, drove what was valued within their social group and told them what money management behaviour was
expected to be considered an independent adult. This directly feeds into the need of students to establish themselves as independent adults.

**The influence of media on money management**

*Media* definitely plays a big role in society, especially younger generation

*(Respondent FG7.5L)*

*TV influences how we spend a lot of our money. It tells you what not to buy.*

*(Respondent FG8.5L9.4)*

*Not a necessity but society tells you that you need to have this to be in the group.*

*(Respondent ID9.3L)*

*I read that little thing in Intel magazine and there was a thing about maturity there and it said $20 was like the minimum amount of money a grown man should have in his wallet. Ok maybe I should carry $20 now.* *(Respondent FG7.4L)*

Technology increased accessibility to products and services (e.g. global products and services access, ease of online searching, ordering, payment and access to electronic payment instruments) as well as giving access to useful financial money management tools (see earlier discussion). In this respect it could be argued that although students are better technologically skilled to use these tools, they lack money management experience making them vulnerable to others unethical money management behaviour, a source of concern for parents (see earlier discussion).

**The influence of technology on money management**

*Internet has the magical ability of showing you things that you never even knew you needed and you have to have it.* *(Respondent FG8.1L9.3)*

*You don’t have to do anything, you just click and it comes to your door.* *(Respondent FG10.2P)*
I play music so I buy a lot of rather expensive music stuff. For that sort of thing I will buy online and search for the best price and order it over the internet. (Respondent FG1.3L)

A growing social acceptance of debt as a legitimate payment mechanism appeared to aggravate the situation.

**The acceptance of debt as a legitimate payment mechanism**

I think every person, even though they know like they have heard the story of a mate that got a credit card and got all this debt and stuff. I know I have had a few friends like that I think went out and got one. I think everyone is going to go out and get a credit card because they don’t want to scrape by sometimes they want to have that luxury. (Respondent CI3)

A small number of students spoke of the powerful influence of work on money management behaviour. These students worked in industries (e.g. banking) where they were exposed to others poor money management decision making or misfortune. In one instance this had stimulated the individual concerned to seek out a mentor to enhance his money management skills.

**The influence of work on money management**

I work in customer service so I deal with a lot of clients who borrow for personal loans so unsecured debt I see. I get to see overall how well they are managing their money as well and then I see maybe in their 30s, 40s, even 50s who have not got out of that consumer debt, and they are just continually topping up their non-secure loans It shows me that I don’t want to be like that. (Respondent ID4L)

I think mentors are very important in all areas of your life like if you don’t have a mentor you don’t really have a guideline, you don’t have that guidance and wisdom imparted into your life, so I think yeah its very, very important to have a financial mentor who can show you based upon their experience. (Respondent ID4L)
The other significant influence on students’ money management behaviour was peer group. This influence was complex, multi-dimensional and complicated by contextual drivers and influences. For example one student with credit card debt found Spring Racing Carnival time (a major social event) particularly challenging because of peer group pressure to buy tickets to attend and the need to wear designer clothes. Whilst she could choose not to go, this would mean missing out on a peer group experience that was part of the social ties that kept the group together. She was not prepared to do this indicating the power of social and psychological influences over economic influences.

**The influence of peers on money management**

I’m going to the races in two weeks. I spent $475 on a dress, don’t know why. Total impulse, I just loved it (the dress). I had to have it on the card. It’s an investments its Lisa Ho so it’s like ‘Oh I could always sell it on eBay it will hold its value’. Probably won’t but you know the races are something that you splash out on. Ticket was $285 and includes drinks and food so it will just be money to put a few bets on. Oh I bought a hat and shoes and a bag. I think it worked out about $1000 to $1200 which is close to my monthly pay which is totally ridiculous. I totally get that, you know I’m not completely stupid. It’s sort of a ‘do now think later’ approach. I am trying. I cancelled my road trip with my girlfriend. When we decided to cancel it I thought I might as well go to the races now. My friends are going out and I want to go too. (Respondent FG1.2LID6)

Other sources of peer pressure which complicated money management decisions came from the need to have the latest up to date communications technology and clothes, a key indicator of credibility within a number of social groups.

*She is in a property management course and I don’t think there are very many girls in that course. She likes to be up there with the boys and their toys (I-Phones) so it’s moving from a social big buy to almost a pseudo professional necessity. (Parent Respondent PI6)*
A lot of my friends are into, like we do like designer stuff but then it comes back to budget and like people who are more concerned with their money can budget and get cheaper things that still look as good as the more expensive stuff, but it just comes back to how people care about their money, whether they are careless about it or whether they do stick to a budget. (Respondent FG2.1P)

Sometimes students developed a sense of right to certain products on the basis that the rest of their peer group already had them and there was evidence of students adapting their money management to accommodate changing socialisation.

**Needs and wants**

You see them doing that and you want to do that too. (Respondent FG10.5P)

Clothes and things are usually wants unless for a specific purpose like an interview, then it’s a need. (Respondent ID3PI).

If I was in India I wouldn’t think before I spend, I just go spend. Money was never a topic discussed it was always there and you kind of blew it off. Here it’s a little different because everybody is thinking about it so you think a lot more. (Respondent ID3)

The more careful and motivated students adopted strategies to manage their socialisation e.g. like alternating meeting at each other’s houses with going out together. This allowed them to satisfy the need for a social event, whilst also addressing economic and psychological pressures.

**Strategies to manage money**

We go playing games or sports or we go clubbing at times but not that often, we have get-togethers at home, play cards or that sort of thing. We try to manage it that way. If you say ‘no I can’t come today’, nobody pressurises you. Usually we meet up at either my friends’ house or my house, so it’s really not that expensive as such, so there is no pressure. (Respondent ID3PI)
Another key driver of money management behaviour was students’ desire to be part of and yet independent from the group. Discussions around money management were often filtered through a social acceptability filter. This meant that, for example, they were prepared to talk about general money management issues with their friends (e.g. income level, how much they had spent), but in depth discussion about complex money management issues (e.g. debt levels) was reserved for close friends in a similar position.

**Desire to be part of, yet independent from the group**

Yeah occasionally (I will talk about money) in the following context - I have been spending it to go to parties, or I have a new car stuff like that, or how much I am earning. (Respondent CI2)

My best friend and I are probably both in the same boat, we’re both students, both living at home, very similar lifestyles and we kind of just get on the phone and whinge about it (credit card debt) and then we just tell each other ‘oh well we only live once, at least we’re having fun’ and kind of justify it to ourselves that way. I’m worried about it when I get the bill, when I’m talking to my friend, but then after a while it’s like ‘oh well, who cares, just live with it’. (Respondent FG1.2L)

The reason for only talking to close friends was due to feelings of shame, guilt and embarrassment, associated with not being able to function independently without others help.

A few of my friends they don’t want their parents to know how much debt they are in, definitely. Linked to a little anxiety and a bit of shame as well. (Respondent CI3)

Partners were also a significant influence recognised by students’, who often chose partners with similar money management values. This indicates a prioritising of economic considerations over social interactions.
**The influence of partners on money management**

*I take my boyfriend shopping with me. He holds my wallet and then if I’ve been looking at something he’ll let me get it because I’m saving.* (Respondent FG8.4L)

*My boyfriend is pretty much the same as me, he’s a uni student, he works a little bit, he gets Centrelink and he’s really good, he’s not a complete tight ass but he watches his money pretty closely. His attitude influences mine as well.* (Respondent FG2.2P)

*It’s very important we want the same sort of things, without that we couldn’t be focused with how the money is being spent.* (Respondent ID2P)

Circumstances could alter these social dynamics. For example international students were more pragmatic about seeking advice on money matters, particularly when first moving to Australia. College and university staff, friends and foster parents were often instrumental in guiding their early adjustment to managing money in Australia.

**Seeking advice from others**

*I think (I learnt most) from the past when I had bad experience. So it’s from my own experience then from advice from teachers, from friends, yeah from my family.* (Respondent ID1LI)

However once these patterns were set and the risk of making uninformed money management decisions fell, in depth conversations about money management became infrequent.

*I very rarely ask for advice from anyone. I don’t like disclosing my financial situation.* (Respondent FG7.4L)

*It’s something that I am very private about, I don’t normally ask my friends.* (Respondent ID7L)
From the above it can be seen that social influences are key shapers of students’ money management behaviour, particularly true for this age group as they seek to establish independence from parents through their peer group. However whether social drives economic interactions, or economic drives social interactions is driven by circumstances. The evidence provided therefore strongly supports Proposition 2.

**Key evidence statements (nos. 10-23) relevant to Proposition 2 were:**

Evidence statement 10: Formal schooling in money management was limited and felt to have little impact or to be non-existent. However informal learning by watching wealthy peers set attitude patterns early. Additionally friends made at school and retained through to university carried considerable influence.

Evidence statement 11: Family upbringing was seen as a significant and important contributor to early learning about fiscal responsibility. For some students this continued on into adult life through parental help with setting up budgets etc.

Evidence statement 12: The influence of the family on money management perceptions and behaviour continued on into students’ adult life but was moderated by other influences e.g. the media, work, university, peer and partners.

Evidence statement 13: Growing independence from family influence was a source of frustration for many parents forcing them to adopt a more supportive rather than directive role in order to influence their child’s behaviour.

Evidence statement 14: Offspring attributed conflict with parents over money management issues to generational differences and poor understanding of their personal situation.
Evidence statement 15: The media drove what was valued within the social group and perceptions about what was needed to be considered an independent adult.

Evidence statement 16: Technology increased access to products and services and there was a growing acceptance by society of the use of debt/credit to pay for them.

Evidence statement 17: For some students, their work had had a profound impact on how they viewed money management as a result of observing the consequences of others money management behaviour e.g. those working in banking.

Evidence statement 18: University is seen as a place to extend intellectual abilities and social skills and not to gain formal money management training.

Evidence statement 19: Peer group influence was seen as significant, complex, multi-dimensional and complicated by contextual drivers and influences e.g. the need for social acceptance.

Evidence statement 20: Sometimes students developed a sense of right to particular products or services based on peer group expectations.

Evidence statement 21: The more careful students adopted strategies to manage their socialisation.

Evidence statement 22: Partners were another key source of influence.

Evidence statement 23: Social influences were key shapers of students’ money management behaviour as they sought to establish their independence from their family.
The often unpredictable nature of many students economic environment and the dynamic and powerful influences exerted by their social groups creates a complex mixture of activating events that can both align and collide with each other. These interactions shape and challenge or validate existing money management views.

Traditionally money management has been viewed from an economic perspective but the analysis above shows that by taking this approach, key driving forces of money management decision making are excluded. This demands a broader view of money management.

5.3 Cognitions, beliefs and attitudes about stimuli

This section examines how students view and respond to activating events arising from the economic and social environments, and the foundations for these views. Whilst Proposition 3 deals with how students use their knowledge to interpret their environment, Proposition 4 looks at where this knowledge, and the motivation to use it, comes from. The specific propositions under review are:

Proposition 3

The external economic and social environments are interpreted by the student based on their knowledge of facts, universal principles, their interrelationships and whether they can be applied.

Proposition 4

Students’ conceptual understanding of and their motivation to use money management tools are learnt through both formal and informal processes.

These propositions are significant because how students interpret their environment will impact their money management responses. For example if students see their environment as hostile and difficult to get money from, they may be more careful, assuming that they are operating from an economic rational perspective.
Interpretation of the environment based on applicability of knowledge
(Proposition 3)

The previous section provided an overview of the specific economic & social issues that students face when making their money making decisions. These have been captured and added to in table 16 below and show the close interaction between economic, social and psychological issues and how these can be combined together into key themes or principles which may guide students’ behaviour.

Table 16 provides a useful starting point for a discussion on the value of combining all three aspects when looking at how students manage their money. To illustrate this complexity, the economic issue – using financial instruments responsibly – is examined here.

Exploring the issues around using financial instruments responsibly

A key economic issue that has already been identified is the need for students to maintain their liquidity. This hinges on their ability to use available financial instruments (e.g. cash, debit & credit cards, bank accounts, loans) responsibly. To do this requires a good understanding of the facts, principles, interrelationships and risks governing responsible financial instrument usage i.e. they need to exhibit strong money management skills, be they economic, social or psychological. Economically this means understanding the pros and cons of each financial instrument and how they can be used together for maximum financial effect. Socially it means understanding the sources, levels of support and repayment norms expected, and the consequences of ignoring this information. Psychologically it means understanding how to manage emotions, uncertainty, risk and dependency issues.

It has already been seen that a foundational understanding of cash management is acquired in childhood. Students however identified an additional psychological dimension to the usage of cash – coinage was used more easily because it felt ‘cheaper’ than notes. Also coinage was heavy and therefore inconvenient. For example the more cautious students found it harder to spend a $20 note compared to $20 in change. In contrast a less cautious student could not be bothered counting out change and would rather hand over a note but noted that as soon as this was split, anything over $10 was
then spent. This latter student managed better if pay was transferred directly into a bank account.

The psychology of money

Lots of coins are good occasionally but when you’ve got over $10 in small change in your wallet – it’s heavy. And they (coinage) feel a lot cheaper than notes. It’s so ridiculous because like in coins it’s the same as if it was in note form. (Respondent FG8.3L9.2)

Two $10’s don’t feel as big as a $20, um 5 x $2 coins doesn’t feel like $10, yeah just weird. (Respondent FG8.5L9.4)

Cash is one of those things that is very easy to hand over and then you get your change back and it goes in the pocket and so when you buy another thing instead of counting out what you’ve got in coins you just hand over another $100 note and as soon as you split anything bigger than $10 its gone. (Respondent FG8.1L9.3)

Getting paid into my bank account works better. (Respondent FG8.1L9.3)
Table 16 - Students' understanding of different issues

<table>
<thead>
<tr>
<th>Economic issues</th>
<th>Key issue arising</th>
<th>Sub issue arising</th>
<th>Social issues</th>
<th>Universal principles</th>
<th>Psychological issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increased living costs</strong></td>
<td>Changing living arrangements and levels of support.</td>
<td>At home</td>
<td>Pressure to contribute to and take on greater responsibility for living costs.</td>
<td>Societal norms around group behaviour and contribution.</td>
<td>Dependency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Out of home (with others)</td>
<td>Dealing with changing group dynamics.</td>
<td></td>
<td>frustration.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Out of home (independent)</td>
<td></td>
<td></td>
<td>Resentment at having to contribute more.</td>
</tr>
<tr>
<td><strong>Increased living costs</strong></td>
<td>Need for greater mobility: Purchase &amp; running of car, travel.</td>
<td>Borrow from parents</td>
<td>Pressure to repay financially or in kind to preserve social standing.</td>
<td>Societal norms around responsibility, reciprocity &amp; accountability.</td>
<td>Group dynamic issues.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Borrow from banks and on credit cards.</td>
<td>No pressure to repay. Exposure to new social structures &amp; norms.</td>
<td></td>
<td>Feelings of being misunderstood.</td>
</tr>
<tr>
<td><strong>Increased living costs</strong></td>
<td>Changing peer expectations.</td>
<td>Not applicable.</td>
<td>Managing differences between upbringing and peer group expectations. Costs of being part of the group.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Increased living costs</strong></td>
<td>Attending university</td>
<td>Not applicable.</td>
<td>Exposure to new social norms and expectations.</td>
<td>Perception that qualifications = learning and better job prospects.</td>
<td></td>
</tr>
<tr>
<td><strong>Balancing income and expenses</strong></td>
<td>Balancing work, study, and dependency on others.</td>
<td>Not applicable.</td>
<td>Ensuring sufficient income to meet living and social requirements.</td>
<td>Meeting fiscal and social responsibilities - balancing needs &amp; wants.</td>
<td>Concerns over fitting in and coping, and ability to make ends meet.</td>
</tr>
<tr>
<td><strong>Using financial instrumen ts responsibly</strong></td>
<td>Liquidity</td>
<td>Money management skills</td>
<td>Expected levels of support from societal structures and repayment norms.</td>
<td>Meeting fiscal and social responsibilities - balancing needs &amp; wants.</td>
<td></td>
</tr>
<tr>
<td><strong>Balancing income and expenses</strong></td>
<td>Managing emotions</td>
<td>Maintaining contact with social support networks.</td>
<td>Social consequences of irresponsible usage</td>
<td></td>
<td>The psychology behind money instrument usage.</td>
</tr>
</tbody>
</table>

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Similar differences were seen in students’ preference for particular financial instruments. Some preferred cash because it could be easily tracked and accessibility to it tightly controlled, whilst others felt it was too easy to obtain and spend or inconvenient.

**Preference for financial instruments**

*Cash because you know how much you are spending whereas with a card, it feels unlimited. (Respondent FG7/2L)*

*I use Eftpos (debit card), if you have much cash in your pocket you are going to buy, but if you don’t, then it kind of limits what you buy. (Respondent FG10.4PI)*

*It doesn’t seem all that convenient to use cash like you are trying to count it out and you end up with all coins, it’s just annoying. (Respondent ID6)*

*I like the debit idea because you are spending your own money, you’re not working on credit cause you know debt scares the hell out of me. (Respondent FG7.4)*

Likewise some preferred debit cards because they could limit the amount available by maintaining a minimum amount in the account.

*I try and put as much away as I can and I can’t access that unless I get online. (Respondent FG4.2P)*

Others with less self-control felt debit cards were just like cash and too easy to access.

*EFTPOS it’s just a card you have no limit you know there is money in there. (Respondent FG4.1PI)*

The same patterns were reflected in comments about credit card usage. Some liked credit cards because payments could be easily tracked and it limited their chance of misplacing cash i.e. easier to control one thing versus multiple things.
Credit card helps me know a bit more about where my money is going. If I have cash I’m just like money bags – you think you are rich because you have it with you. (FG10.2P)

If you lose your purse there’s all that cash in there, with credit you can just cancel the card so I kinda prefer it. (Respondent FG8.1L9.3)

Others felt that it was too easy to spend on a credit card because the purchase process was divorced from the payment process.

Spending money has become such a no brainer kind of thing because you are so far removed from the actual money. When you think about it like you don’t get paid in cash, you don’t spend your money in cash, you virtually don’t see it at all. At the supermarket I don’t think about spending the money, you walk around throw it all in the basket, you go through those self-service check outs and then you put a card through and you walk out, it’s not like actually counting out the cash. (Respondent ID6L)

Credit cards were seen as requiring self-control both in its use, and in its regular settlement, otherwise it was too easy to fall into the debt trap.

I got it (credit card) with the best of intentions but then an emergency would turn into like ‘oh my god I don’t have any money but all my friends are going out and I want to go too so I’ll get some cash advance or I don’t have anything to wear I’d better use it for that’ or ‘I want to go to the races and I need to pay for it now and I don’t get paid for 2 weeks, put it on the credit card’.
(Respondent FG1.2L)

I got the credit card and I had the job at the time and it was like ‘oh it doesn’t matter if I buy a few things here and there I can still pay it off” and then when it came to bill time I just paid the minimum so I never actually (paid it off). When I had a job at the start I did actually pay them, so I was paying off my debts but
then now that I don’t have my job it’s like pay the minimum and it’s like nearly maxed out but if I pay the minimum I’ve got like $100 in there kind of thing. I think that’s the big thing paying the minimum, that’s what gets you in. (Respondent CI3)

This tendency to overspend was also reflected in comments by international students who were lulled into spending more when they first arrived, because they had not adjusted to currency differences.

**Internationals adjusting to managing money in Australia**

When I am in extreme cases I tell my parents like ‘I am really short of cash it happened like’ that then they send a bit more but it doesn’t happen very often. It only happen once and I won’t do that again. (Respondent ID5HI)

Just at the front, I just try to maintain my living standard the same as in HK but after a few weeks I think it is impossible to do that, try to forget HK$ just get used to the AUD$ and get used to this living style. (Respondent FG6.1HI)

Equally others used a currency conversion mechanism to frighten themselves into tightly controlling their expenditure.

First of all I think everything is more expensive here than HK, at least double the price and then if I was in HK my living expense are just accommodation etc. is paid by my family not by myself, but here everything is paid by myself so it is difficult to control and every time I need to times the exchange when I saw a price to compare is it cheaper or more or less the same as HK so that I will not run out of control of my money. (Respondent FG6.1HI)

When you just arrive and when you see your budget every time you have to calculate back to HK$ but maybe now it’s not that serious compared to when you just arrived. (Respondent FG6.2HI)
Another form of fiscal control for international students was the shame and guilt in asking parents for more money when they knew they had not managed their existing resources closely enough.

*I came 3 months ago and my parents give me a lump sum to budget within the semester to pay the rentals, I have to pay the education fees, so I have to save it within the budget that my parents give me and I think that if I try to ask more from my parents I will be a bit ashamed so I manage my money accordingly.* (Respondent FG5.4H)

Whilst there is support for Proposition 3, students’ comments indicate that how students read environmental opportunities and pressures, and apply knowledge in their decision making is individualistic and often circumstance driven.

**Acquisition of and motivation to use knowledge (Proposition 4)**

As shown earlier (see Proposition 2), much of the knowledge about economic and social issues and their impact was acquired through informal processes i.e. individuals’ personal experience, interaction with and observation of others.

**Learning from experience and observing others**

“If you are gonna experience, it you are going to see it”. (Respondent FG10.2P)

*Seeing what other people do and maybe judging in my own mind like what worked, what I think they do well and not do so well.* (Respondent FG2.2P)

For example some students were critical of peers from wealthy families who appeared to be freer with their money. The consensus was that because offspring of the wealthy had ready access to money, they were not motivated to manage it closely, assuming debt as a necessity.

‘Rich kids’

*It doesn't feel to me like they have that sense of responsibility.* (Respondent FG2.2P)
They live in more expensive places, they are more free with their money cause they don’t have to pay as much. (Respondent FG10.2P)

Rich kids “assume debt as necessity”. (Respondent FG8.5L9.4)

Whilst this view was partly confirmed by wealthy students, these students also pointed out the importance in managing money closely in order to maintain lifestyle.

Money is very important - that’s what buys you what you want in your life and that’s what keeps you going other than your parents and your family but yes that’s how it is and especially here its more because you can’t really do anything without money you need money to live and have fun. (Respondent ID3PI)

This latter approach of tight fiscal control was also confirmed by poorer students showing the adaption of particular money management approaches across socio-economic groups. Money management approaches also changed when contexts changed and students had more ready access to finance, showing an adaption of behaviour in response to circumstances.

Changing money management approaches depending on context
Keeping a tight budget, for me (is very important) because I only have Centrelink (government support) so making sure that all bills get paid before anything else, they get priority. (Respondent FG5.3H)

If I was in HK I won’t think too much if I hang out with friends or go out to restaurant for dinner but here I will think. (Respondent FG6.3HI)

Actually I think when I go back to HK I think I will spend more (general agreement) because I get used to the living standard and the price here I will spend more here. (Respondent FG6.1HI)
Yeah I will think ‘oh it is cheap’ but it is not really that cheap but you got the comparison and then you think ‘oh it is cheaper’ and then you will spend more. (Respondent FG6.2HI)

Attempting to manage multiple variables lead to stress and tension so being able to adapt is important. This adds a new complexity to studying student’s money management behaviour.

**Stress and tensions from being at university**

It gets me down especially when its family and they’re saying you’ve got it so easy you don’t have to do anything. (Respondent FG9.4L)

My friend whinges about how hard it is (working) and how easy I’ve got it because I’ve only got to do assignments and I think ‘do you know how hard it is?’ (Respondent FG9.4L)

In TAFE I actually didn’t have to do much work to get through it but now cause it is higher standard I have to study and I have to balance my time between studying and working and I also have pressure from the result of my study, so that’s a big consideration for me. Its related to my other loan (Ausaid scholarship) cause if you want to get good mark from studying you have to spend more time studying and you can’t work and if you can’t work you don’t have income so you struggle with living costs so its relevant to each other so you have to think ahead in a bad situation what are you going to do ... it’s not the end of the world but it kind of lower the pressure a little bit and then I have to think ‘so to achieve that goal what should I do’ and plan ahead ‘where can I get the support where can I get help from’ and see if I can cope with it. (Respondent ID1)

When we are young, we don’t have much experience and have lots of needs and wants, more than other people and we are not really good at controlling ourselves, so it’s hard for us. (Respondent ID1)
I think about them (credit cards) a lot and I hate the fact that I’m putting so much money on them, it stresses me out and gives me anxiety like I hate opening my credit card bills it makes me feel out of control but then it just comes down to well do I want to go on a road trip, yes, and this is what I have to do sort of thing. (Respondent FG1.2L)

I’d say I can’t resist when friends are there, it’s sort of a hostile gesture but it’s like you feel the pressure if they can buy something I think I can buy something too. (Respondent FG7.4L)

I think money is usually the defining factor, like where you go, what you do, if you go out at all. (Respondent FG2.2P)

I think money management gets to you because even as uni students you’re expected to conform to the same social norms as people your age with full time jobs. (Respondent FG8.5L9.4)

The above indicates a heavy dependence on social interaction for learning economic fundamentals and their social consequences. This approach can aggravate individual bias which could be avoided to some extent through formal education. For example some students’ perception that they are entitled to specific products and services may bias economic considerations and social interactions, leading to feelings of being disadvantaged if they are not able to achieve them.

**Pressure to ‘keep up’**

It is our generation too you don’t want to be left behind like everyone else has got everything and you don’t want to be the one that has the old phone or whatever like everyone else has got it why can’t I? (Respondent IF6L)

It could be argued that formal learning of traditional/more conservative money management frameworks developed in an earlier time limit students ability to adequately adapt to their current needs in today’s environment. Students therefore need
help to develop the critical skills necessary to ‘sense check’ and modify appropriately the information being presented to them.

If this is the case then it could be argued that current learning of money management is inadequate, deficient and underutilised which is why students fail to use them. As such Proposition 4 is partially supported. However more research is needed in this area to gain a clearer understanding of the link between understanding and motivation.

**Key evidence statements (nos. 24-35) arising in Proposition 3 were:**

*Evidence statement 24: Reaching adulthood brings changes in group dynamics and greater expectations from others to take on more responsibility for living costs. This lead to feelings of frustration linked to both pressure for increased responsibility and ongoing dependency on others.*

*Evidence statement 25: Reaching adulthood leads to increased mobility needs and associated costs. Whilst giving greater independence, there was also pressure arising from these costs.*

*Evidence statement 26: Exposure to differing viewpoints sometimes lead to conflict with values acquired through family. Strategies were then needed to balance the two.*

*Evidence statement 27: Whilst there was a perception that attending university would lead to better job opportunities, there was concern around fitting in and making ends meet.*

*Evidence statement 28: Being at university set up tensions between work, study, and social groups leading to hard choices around needs, wants and liquidity requirements.*
Evidence statement 29: Reaching adulthood signalled a major shift in maintaining liquidity from parent to child. This signalled a greater awareness of the consequences of failing to maintain liquidity.

Evidence statement 30: Students recognised that managing emotions was a key part of managing money.

Evidence statement 31: Students manage money through liquidity. Liquidity management drove the choice over what and how financial instruments were utilised.

Evidence statement 32: Students recognised that aspects of particular financial instrument usage changed their money management approaches.

Evidence statement 33: Inexperience in managing money either leads to stress which leads to overspending or overly cautious behaviour.

Evidence statement 34: Fear and guilt were used by students to motivate themselves to manage their money.

Evidence statement 35: Environmental interpretation and knowledge application is individualistic and often circumstance driven.

*Key evidence statements (nos. 36-38) arising in Proposition 4 were:*

Evidence statement 36: Much of the knowledge about economic and social issues and their impact are acquired through informal processes e.g. personal experience, and interaction with and observation of others. This introduces the chance that knowledge passed on is biased and possibly incorrect.

Evidence statement 37: Some money management behaviour was common across multiple socio-economic groups e.g. tracking money.
Evidence statement 38: It could be argued that current learning of money management is inadequate, deficient and underutilised which is why students fail to use them but more research is needed in this area.

5.4 Rationality as impacted by emotions or behaviours

The final part of the conceptual model assesses the rationality of students’ money making decisions by reviewing their reported emotions and behaviours. The propositions are:

Proposition 5

It is unclear how rational thinking is interpreted in the context of a student’s money management behaviour.

Proposition 6: Traditional or more conservative money management approaches are inadequate for managing the economic, social and psychological challenges facing students today because they fail to address the possibility that resources may be being used for applications other than for what they were originally intended. The conceptual model arising from this research seeks to provide deeper insights into individual money management behaviour by identifying new and clarifying existing drivers of behaviour.

Proposition 7: The area of study is concerned with a transitionary phase. It thus identifies the dynamics, initiatives and behaviours which set the basis for future behaviours. This research moves beyond existing literature to identify new structures that deepen the explanation of how students manage their money.

The concept of rationality and rational thinking (Proposition 5)

Central to the discussion around how students manage their money is whether they behave rationally and if so, what form this rationality takes (Proposition 5). Rationality explores the considered balancing of particular outcomes before a final decision is
made. The concept assumes that given a certain set of variables, students will make similar decisions.

The foundations for rationality lie in the development of students’ money management behaviour. Earlier analysis has shown a significant proportion of this development occurs in childhood and is then modified in the light of contextual requirements. It is therefore proposed that something similar occurs in relation to rationality. Evidence of rationality is assessed in this section by firstly looking at students’ attitudes to needs and wants, secondly by reviewing how they judge their money management ability and thirdly by the advice they offer to similar others. All require a measured evaluation and synthesis of the factors influencing money management behaviour. The concept of rationality is explored again in chapter 7 through a comparison of parent/student and friend/student perspectives (research stage 4) identifying it as a complex individual rationalism rather than a universal rationalism.

Rationality was assumed to exist if students clearly differentiated needs and wants as this indicated prioritisation in the money management decision process. Whilst common themes were evident, (e.g. the desire to maintain liquidity), the importance and prioritisation of these themes were subject to individuals consideration of multiple influencing factors and drivers (e.g. peer group and anxiety pressures). For example whilst one individual may choose to pay essential bills first before indulging in entertainment, another may choose to defer paying the bills in order to indulge in the entertainment. In some cases the credit card was used in a debt creating way, to satisfy both requirements.

**Rationality and how it plays out in students**

*Making sure that all bills get paid before anything else, they get priority.*

*(Respondent FG5.3H)*

*Deep, deep down my mum knows that I am terrible with money and she’s never going to see it (a loan) again but on the surface she does expect me to repay her.*

*(Respondent FG8.1L9.3)*
Probably the hardest two weeks I’ve had just trying to get everything organised. Friday night my friend is coming down from Queensland, we’ve only booked a night out. I literally had no money like I had $50 in the bank but I had a direct debit came out on Monday so I couldn’t draw that out so I had to say to the bar tender can I start a tab with my credit card and I will just pay it at the end of the night. Taxis also on the credit card, like I just had no money. (Respondent FG1.2LID6)

Another example shows students working long hours to ensure money for lifestyle costs (entertainment & technology) whilst also studying, at the expense of their health.

Parent - I would have normally thought that all the work would impact the study but she’s a high distinction student so it hasn’t impacted but I think it has other implications, I think if she is not careful her health will suffer, she is quite a highly strung driven person, driven by emotions too, she needs to take good care of herself too so I think the next learning phase is how to balance your money wants with your emotional and health needs and 20 year olds pay a lot of attention to health and emotional needs I think. (Respondent PI6)

The drive for independence also saw some students making interesting prioritisation choices such as choosing to move out of home, without seeking parental advice whilst acknowledging that this was likely to lead to expensive mistakes.

I think I would just move out and be stupid and learn from experience even if the smart thing would be to go to my Dad or something, I don’t think I would. (Respondent CI3)

These decisions were conscious and deliberate and challenge current views of rationality and bounded rationality. This may explain why the GFC had different impacts on individuals in similar work situations, causing some to reflect deeply on their future and careers whilst seeming to have little effect on similar others. How prioritisation occurs therefore varies considerably from individual to individual and situation to situation.
I’m personally going in a different direction – I’m more open to the idea of getting bigger client jobs because of the financial crisis. (Respondent FG4.1PI)

I don’t think the financial crisis has had anything to do with me because I’m not working full time. (Respondent ID2P)

Respondent students were asked what they would say if they were asked for advice by others. Their responses revolved predominantly around managing economic (not social and psychological) drivers e.g. basic mathematics; keeping records and a budget; having goals, planning and organising money into different parts; using multiple accounts; tracking money movement; avoiding long term debt or large loans; getting a job; keeping multiple bank accounts (each for specific purposes e.g. savings); knowing individual’s limits and responsibilities; distinguishing between needs and wants and getting used to having less money.

**Students providing advice to others**

*You need to be good at maths to be able to figure everything out and have a leeway to fall back on. (Respondent FG7.1L)*

*Knowing what’s coming in and what needs to go out, having that amount put aside. (Respondent FG4.2P)*

*I put a budget together at the start but I did not anticipate a few things so that blew my budget out. I did it myself since I wanted to buy a car which my parents didn’t support. When I started working at the bank, I put together a budget, I was debt free then but I did want to maintain a surplus of funds because I wanted to go back to uni so I decided how much I needed to put away, I knew it was going to be tight at uni and I knew that I wanted to concentrate a lot on my studies so I didn’t want to concentrate too much on work, I wanted to be well in control of my finances, I was well aware how much I was spending each month and how much I was earning so I put together a budget I can use all the time. I track it. My expenses are not greater than my income. I work a few extra shifts...*
during the holiday to cover text costs. I’m running a car but not an expensive one. It has given me an insight into how much money I actually need to cover all my expenses it’s been a shock to me actually. (Respondent ID4L)

I think another good way of thinking about it is if you really want something have like an account for that business. Like if you are going overseas, have an overseas account or if you want a car, have a car account and that way you are putting your money towards something not necessarily just putting it aside. It may not necessarily come to that in the end but like I have kind of already started my overseas account, its small but it’s there. (Respondent ID2P)

Well I’ve got a few different accounts I’m with the Credit Union and they give you as many accounts as you want and I’ve got money sitting in different accounts and I try and balance it from that so I’ve got, each week what I’ve got coming in I’ll try and divide up the money. I’ve calculated for the year what I’m going to need to spend on phone bills and other bills and those all go into one account and general spending money goes into another account that I can access through a debit card. I’ve sort of divided it that way so hopefully when the bills come up I should have that money sitting in that account but there have been times when other things have come up, I haven’t got the money at the moment so I’ll use that so it is going to catch up with me at some point. (ID2P)

I built and keep an excel spread sheet on everything I do and update it as circumstances change. It’s dynamically worked out so you change one number at the top and it changes the total at the bottom. (Respondent FG5.3H)

Don’t have any loans. (Respondent FG7.5L)

Part time job I think this is very important because the risk is very high. If we use the money from our parents it’s a big amount for my parents they will feel pressure but if we have work here we can earn money like the people here so the things here are not expensive for us so we don’t need to consider the risk so we can use money like other people. (Respondent FG11)
I have a lot of friends that don’t have a saving account, they just have an account and that doesn’t necessarily stop them from spending all of their money or they have this mentality of just getting their money and spending it which I really don’t understand especially if it’s a monthly kind of thing. (Respondent FG4.3P)

Don’t fritter money away on things you probably don’t need, have fun but know your limits and be true to your responsibility. (Respondent ID7)

I think one of the most important things that students need to know they have to distinguish between what they need and what they want – sometimes they want that but that is not their need at the moment so they spend the money for nothing for just that moment they got what they want but that is not a need. You want to buy the jacket but your need is for (a computer) tablet but then you spend money for the jacket and what happen you don’t have any money for the other stuff. (Respondent FG10.4PI)

In Melbourne I want to go out but I cannot so we have to think twice but then I learnt to discipline myself and keep within the budget because I know that this is useful for me next time and if I am working, how much the money I am going to obtain, how can I work it out. (Respondent FG5.5HI)

Sociological and psychological influences on students were concerned with maintaining their liquidity. For example preferred social influences related to finding good mentors who could give appropriate money management advice whilst psychological concerns focused on developing useful behavioural qualities for money management e.g. discipline or self-control and motivation. These factors identified common building blocks or ‘units of space’ of concern to all students managing money.

It’s very, very important to have a financial mentor who can show you based upon their experience. (Respondent ID4L)
I suppose it all boils down to self-control. (Respondent FG7.2L)

Motivation is just as important in this as skill cause it’s like one thing to come up with an idea and write it on a piece of paper like ok I’ll put this here and this here but to actually stick to it, do what you are trying to do, what your budget is saying is completely different. (Respondent FG7.4L)

The above reflect a considered approach to money management. Indeed students resented broadly based social impressions that they were irresponsible as this failed to recognise their diversity in approaches, interests, and capabilities. Indeed many students prided themselves on behaving rationally as an indication of their maturity on the premise that behaviour was driven by their perception of their own individual needs, context and values.

**Demonstration of a considered approach in students’ money management**

Grouping youth together is hard. We’ve got diverse interests, capabilities downfalls – as adults do. It’s hard grouping us and saying this is what they do. (Respondent FG7.4L)

Some weeks I kinda wish you could go out but you got to get over it. You can’t be a child and that’s sometimes a scary thing because you don’t realise how much responsibility you’ve accumulated like by growing up, so that’s a bit daunting sometimes but it’s part of what you gotta do. (Respondent FG2.1P)

I like proving my independence it’s not the reason I’m here and it’s not the reason I got a job but it’s a nice little perk being able to show them that I don’t need to rely on them. (Respondent FG7.4L)

From the research findings it is clear that students make conscious money management decisions and generally take into consideration the consequences of trading one option for another. However how they prioritise and make these choices cannot be adequately explained through either a rational or bounded rational model. Therefore Proposition 5 is supported.
Key evidence statements (nos. 39-44) arising in Proposition 5 were:

Evidence statement 39: Rationality assumes that given a certain set of variables, students will make similar patterns of decisions. Evidence of rationality was sought through prioritisation of needs and wants, judgement of money management ability and by the advice given to others.

Evidence statement 40: Common themes (such as maintaining liquidity) were evidence in the decision making process but how these were prioritised was subject to individual consideration of multiple factors.

Evidence statement 41: The drive for independence meant some students made interesting prioritisation choices, such as choosing to move out of home without seeking parental advice whilst acknowledging that this was likely to lead to expensive mistakes.

Evidence statement 42: Money management decisions were conscious, deliberate and challenge current views of rationality and bounded rationality. How students prioritise and make choices cannot be adequately explained through either model.

Evidence statement 43: Advice from one student to another were predominantly focused on economic drivers, not social and psychological ones.

Evidence statement 44: Students resented being portrayed as irresponsible with their money.

The value of traditional/more conservative money management approaches in today’s world (Proposition 6)
At the centre of traditional/more conservative money management approaches is maintaining liquidity using budgeting techniques (goal setting, planning, saving and
tracking skills) to manage cash, loans and risk. This proposition questions whether these techniques alone are sufficient for successful money management today.

The usefulness to students of a traditional/more conservative approach was assessed by asking students to define the term ‘money management’ and whether this reflected their experience. Whilst the definitions provided were along economic lines (i.e. balancing incomings and outgoings using traditional approaches), the more realistic recognised that achieving this approach was not entirely successful, they generally spent more.

*That’s what comes to mind (i.e. setting a budget and sticking to it) but that’s not what I do, like I don’t set out what I want to spend - it never works, I spend more.* (Respondent FG1.4L)

This lack of success was due to a number of factors such as poor application of traditional/more conservative money management approaches; disruptive economic factors (e.g. irregular income flows); emotional influences, peer or family pressures. These resulted in them consciously or unconsciously spending outside their budget.

**Poor application of money management approaches**

*Control yourself what I mean is Chinese students especially from the families with a lot of money they like the famous brand, cosmetics clothing or some electronic things so they will see this brand is much cheaper than China but it is still a large amount of money in Australia and they will buy it again and again, so maybe at the end of the year they will find that they have spent a lot of money for top brands.*

*Parent - I think initially when they first moved out it was probably more of a battle then anything, ‘robbing Peter to pay Paul’ and then doing it back the other way, so it was very much a juggling act initially but that’s the same for anybody when you are learning to do something new you are juggling all the things until it becomes a bit more habitual and as I said it’s not as if you don’t know that you are going to get an electricity bill or a gas bill, they don’t just appear today and then nothing for six months and then again you know that you*
are going to get these on a regular basis and you know when insurances are due so it's learning to manage but I think that initially it's a bit of a juggling act until you get a bit more comfortable and as I said with anything once you get a bit more of that comfort level then you can manage it and I don't think it is quite as scary anymore. (Respondent PI5)

**Disruptive economic factors**

Well it's really difficult because there'll be periods of time like when we'll be out of pocket and we might be waiting a month or two months to get paid and then all of a sudden the bank balance is nice and healthy again so I don't know, we are really just careful and really mindful and watch it quite closely and stuff like that I guess. There's really not much we can do because so much of it is out of our hands. We really don't have that much control over, you know, um where our money goes or where our money comes from at what time. It's all about timing. It's difficult because as I said we might have a job to do and then we might have to spend a lot of money to buy materials or whatever and then we won't get paid for 2 months, or we're out of pocket for 2 months for all those materials and stuff, start-up costs. (Respondent FG2.2P)

**Emotional influences**

I can control my shopping so no kind of pressure, I see people wear that dress and I want that dress, I can control that feeling, but with food I can't. I'm a person of food not clothes. (Respondent ID1LI)

I guess I live by that attitude 'you only live once’ and I’m not gonna like give up different things in my lifestyle just to say that I’ve got this huge savings account or whatever. I guess I don’t have anything that I’m saving money for so I haven’t got that motivation to do it. (Respondent FG1.2LID6)

**Peer or family pressures**

I think it is hard things are more expensive, I suppose social pressures for people would be pretty tight and just judging from what it was like when I first left school, you go out I was definitely a little more frivolous with the money.
You wouldn’t stop and think about the consequences but I would say these days you see everyone’s cars better than what I had when I first started off. (Respondent ID2P)

This year especially we are being a little bit careful with our money and my mum has sort of put the kibosh on Xmas presents this year so we’re being quite strict with this. This means that I don’t have to go out and spend anything which sort of makes it easier for me. If it comes to expenses for Xmas I may buy a few presents for people. I may have a friend’s birthday party coming up, I may buy them something or I may give them some cash in a card. If it is a good friend then normally … if it’s a money thing then I would give $50 and a card. I think that is pretty good for someone who is a close friend, I don’t do that for everyone or I might buy them a present. (Respondent ID7L)

It could be argued that this inability to appropriately apply traditional management techniques was due to inadequate knowledge, training and experience i.e. a flawed learning process. As the source of much foundational learning is the family, this could indicate inadequate or inappropriate knowledge transfer. The parental interviews however gave evidence of a considered money management training approach with their offspring that incorporated both the imparting of and application of knowledge.

**Parent support of offspring’s money management development**

*Parent - I don’t know if you remember with the Commonwealth Bank with the Dolomite account with that scary little monster thing and so at school whenever they would put money in they would get pocket money for doing chores. They had to do chores they didn’t just get the money and whatever they were willing to put into the bank we matched it so if they could only put a $1 in we put a $1 in. We would always match whatever they were putting in because we felt that that was an incentive for them to actually put more in. (Respondent PI5)*

This considered approach was confirmed in the student/parent interviews. Despite this, some students still reported difficulties around money management. This was particularly true for one student who had started to use their credit card in a debt
creating way. For this student the ability to step outside traditional/more conservative money management principles (i.e. you can only spend if you have the money) had placed them in a different money management domain where some of the traditional management principles no longer applied.

**Where to go for support**

*For me I would go to credit cards or banks for first support. For me it was I got the credit card and I had the job at the time and it was like oh it doesn’t matter if I buy a few things here and there I can still pay it off and then when it came to bill time I just paid the minimum.* (Respondent CI3)

This freedom provided another driver of behaviour which was confirmed by other students.

*When people turn 18 they have a lot more ownership on their money and then at the time they can do a lot more things... They want all these flash things that they can’t afford so they just borrow for it.* (Respondent ID4L)

In this respect the credit card was not being used in a traditional/more conservative money management sense i.e. as a short term loan to cover shortfalls which was immediately settled upon receiving income. This student’s decision to incur debt was made with full knowledge of their financial position and the financial penalty of this behaviour. The debt became an issue when the job was lost and it became harder to repay.

*It sucks a lot and its very stressful trying to pay debts a lot and all the rest. I just scrape by.* (Respondent CI3)

Parents readily admitted that their student money management experience was grounded in a simpler life which favoured usage of traditional/more conservative money management approaches.
Parental experience of money management when young

Parent - Whereas for me I am not saying the good old days or anything but the different days when I was growing up and first term uni socialising when I only had a small wage it would be going round to somebody’s house and you might take a bottle of wine so that was all you really paid for whereas now I think there is such a focus on being entertained, they have got to go out and do things they have got to go to 5 clubs instead of just going to someone’s house.

(Respondent PI 5)

Parent behaviour was therefore driven by reference points arising from experiences much different to their off springs’’.

Oh yeah 1973/74 I went to university. I was 19 when I started university – money management wasn’t an issue. The notion of managing money in that formal economic sense wasn’t a concept that I ever had to struggle with. I didn’t have to think of it in that way it was just a matter of getting in sufficient money to put out every week. My parents did want me to pay board once I was working, even when I was working part time which was a nominal amount of money but an acknowledgement that I had some responsibility because obviously $10, I think it didn’t reflect the true cost of looking after me. I dropped out reasonably quickly for various reasons. One of the reasons was I wanted to work and I wanted more money. The motivation was I didn’t have enough money and I had a part time job Thursday night and Saturday morning. That was all I would have thought of working. I had no idea that I needed to work more. That job obviously gave me sufficient money plus living at home covered the essential costs and working more probably wasn’t available to me at that time because part time work was really outside Mon-Friday 9-5 hours anyway so employment was much different back then but I would have seen that as an unrealistic intrusion into my life. Generally money management wasn’t an issue because there wasn’t a lot of it around but there was sufficient to buy a car and run a car and smoke cigarettes and do interesting things but back then I was still emerging out of the conservative chrysalis of middle class family so smoking dope and doing all that
sort of stuff but the big cost burdens didn’t start until I left university, I was quite pure and conservative then. (Respondent PI1)

Parents’ own experience may influence the manner or extent to which they can help their offspring deal with the complex multidimensional issues they face today. This sets up the opportunity for differences of opinion between parent and student leading to conflict over money management choices.

Confusion may also arise where parents send mixed messages e.g. where one parent’s behaviour (e.g. credit card and debt usage) fails to match the conservative money management approaches being promoted by the other i.e. that debt should be treated with caution.

Parents money management behaviour

Mum was a ‘stay at home mum’ and Dad was the ‘breadwinner’. Dad was very rigid like save money where we can and shop around and pay cash whereas mum is like me, if you want it buy it, you only live once and you could die tomorrow, you can’t be buried with your money, that sort of attitude. (Respondent FG1.2LID6)

Whilst students generally appeared to manage this diversity well, it became a driver when the student felt closer to one parent or another which made them more inclined to follow that individual’s behaviour.

I hope I get a balance between my two parents because my mum’s very family minded, whereas my dad is more business minded. (Respondent FG7.4L)

I’d say my mum was a big enabler of my spending cause I’ll go shopping with mum, that’s like our day out together and sometimes I’ll say to mum “ohhh that’s a bit dear, I think I’ll give it a miss” and my mum will go “Oh go on you know you want it just get it” and I’m like “oh alright”. (Respondent FG1.2L)
These examples help provide explanations for the differences in students’ attitude to credit usage and debt which like other financial instrument usage, reflects parental attitudes.

**Parent/child attitude to debt**

*Parent - we haven’t exposed him to that (debt) because we didn’t have to expose him to that… it is something that hopefully he will learn and hopefully he will keep on this side not on the liabilities side so much.*

*Student - My parents definitely perceive debt as something that you owe someone. I don’t have a credit card or anything like that, I only have a bank account and I am pretty sure I will only withdraw what I have in my account and not go into negative balance on the money.* (Respondent PI/CI 1)

At other times a student’s preference was driven by convenience.

**Money instrument preferences**

*Cash because you know how much you are spending whereas with a card, it feels unlimited.* (Respondent FG10.1P)

*Credit card helps me know a bit more about where my money is going. If I have cash I’m just like money bags – you think you are rich because you have it with you.* (Respondent FG10.2P)

The desire for students to assert their independence (another driver of behaviour not extensively explored in the literature) also meant ongoing parental advice could be overridden by advice from influential others (e.g. peers or siblings) or impulsiveness. This changed once the student reached a stage of receptiveness triggered by difficulties or realisations from personal experience.

**Establishing independence**

*My parents were leading as much as they possibly could but I guess when it came to the point where I could make the decisions myself and everything was
up to me to do it, I think I actually had to go through the hard road to learn it. That put me in line so I could actually listen to my parents properly and listen to what they were actually saying and not just be proud and arrogant. I guess it humbled me a lot. (Respondent ID4L)

Generally however, students learnt quickly from their mistakes and where possible, adjusted their behaviour accordingly, despite the impact of multiple non-economic factors e.g. peer or emotional pressure.

**Learning through trial and error**

*Since I came to Australia I have had to rely on myself and experience a lot of situations when I don’t have any money to spend.* (Respondent ID1L)

*A bit of competition, if one person has it you want it too, I can do it too.* (Respondent ID4L)

*Pressure to make others feel better.* (Respondent FG2.4PI)

This was particularly evident in students who had studied or lived overseas showing how a shift in environmental drivers (e.g. access to money), dramatically shifted how they managed their money. This aspect has not been clearly picked up in existing literature.

*It was different being overseas. I realised it was different being away from home. You sort of find out who you are when you are overseas.* (Respondent CI1)

The ‘trial and error’ learning approach became flawed when either the students’ behaviour took them to limits from which it was hard for them to recover (e.g. credit card debt) or environmental factors intervened to alter the limits under which they were operating (e.g. loss of job). Whilst mobile phone usage provided students with an early exposure to spending and its consequences, it also demonstrated how quickly students could develop attachment to the latest technology, high usage patterns and big bills.
My $29 cap I can get $180 worth of text and calls so I know I have spent that much money when I come to the end of my cap which I do these days quite often maybe because I’ve learnt to be quite free with my … you know if my friends are calling I’ll call them, if they’re texting, I’ll text usually. Before I used to think about oh I don’t really need to text back, but now it’s like yeah I’ll just text cause I can. Most of my communication is over the phone. (Respondent FG4.3P)

It’s (Debt) a mounting thing because it kind of gets worse each generation. (Respondent FG8.3L9.2)

High bills generally resulted in unpleasantness, driving parents and students to move to capped plans and to pay more attention to the complex contract terms. These factors created conflict between parents and offspring which, in some cases, further reduced open communication.

Parent - Oh yes definitely what we say and do at this age makes very little difference to her. What her friends do and say makes much more impact on financials, on spending patterns, on how you manage your money what you save for, what you save for, whether in fact you do save, whether you have a responsibility all that sort of thing. (Respondent PI6)

I don’t think others understand how little money we live on. (Respondent FG8.1L9.3)

These examples raise the need to revisit the usefulness of some traditional/more conservative money management approaches. There is no doubt that money management has become more challenging and dynamic as a result of the complexity of today’s environment and that much of students learning is by ‘trial and error’. Part of the reason for this may be that emergence of drivers different from parental student experiences calling into question both the relevance of and ability of students to successfully adapt traditional/more conservative money management approaches. These drivers include the availability of multiple products and services, easier ways to access
and buy them (e.g. internet, phone & credit card) and pressure to maintain a higher standard of living (e.g. to have the latest phones, go out, and purchase the latest gadgets).

The pressures of managing money today

Parent: I think the changes in the economy have been the fundamental changes and the shift from the welfare state economy to a liberal economy where the market becomes much more important and much more open and consumption is much different. When I was young the opportunities to consume were constrained to the things that the older generations consumed, there weren’t the opportunities apart from records to consume outside the world that you had been trained to consume in. Now whilst my parents don’t have an MP3 player they do have a mobile phone. Then there are the opportunities to spend money in different ways through social networks and all that sort of stuff and there are all those opportunities to hook into different things. There are online auction sites so the breadth of consumption opportunities has increased enormously. I suppose to that extent it is being driven by the young if you like. I think that’s maybe generation X, baby boomers i.e. my generation have been able to pick up on it a bit. My daughter’s grandparents, are still engaged in the world and know how to consume though probably at a luxury level and not with the same verve or interest that the younger generation have still don’t engage in that consumption world that the young do. Because the young drive it, they are looking for many more opportunities to consume and you know the sort of marketing that goes on now. It’s not even the built in obsolescence which is probably even a generation or two ago. Now it’s the marketing and the branding that makes the difference. My mobile phone may keep going for 5 years but every two years they are going to offer me a new one and I am going to take it and I suppose younger people are looking more for that. If they come to me I’ll take it but I assume the opportunities to look for these things are much greater so a remarkably different world from my world. (Respondent PI1)

This new environment demands innovative money management approaches (based on a strong understanding of basic financial principles).
Back in Malaysia I will spend, spend, spend. Here I learn to discipline and keep within a budget. (Respondent FG5.5HI)

I think that money spending dependents on the culture, so I think you might want to consider that because if I live here my money spending is like this, but when I go home it is different. (Respondent ID1L).

I think about this financial bit really logically, I know exactly what I want or need and no one can influence me to spend it. (Respondent FG4.1PI)

I have a mental tally for usually the day or sometimes the week and sometimes even the month. I check my bank account like every day. At the end of every week I make sure like all money has gone to the right place and I’ll have enough to pay all my bills and everything. (Respondent FG5.3H)

My phone bill has gone down heaps the last couple of years because of Facebook, cause I can send a couple of text messages or just message in my Facebook if you’re holding an event. (FG1.2L)

If I sell stuff I don’t notice the extra money, I feel I’m not getting any money, if I buy it goes to my bank so it looks like an expense. (FG10.3P)

When I have a lump amount of money to save I give the money to my parents, I don’t put it in a bank account. It’s always been like that because they have like a mortgage and the interest rate goes down considering how much money they owe and so that way they’ve got money on the mortgage, it helps them out. I don’t need the money. I’m still saving, I may not get any interest, or interest rates or whatever but Mum and Dad will always give me money if I need it. I equate it like that. (Respondent FG4.3P)

Financial literacy education today seems inadequate because it fails to recognise this multi-dimensional, dynamic nature and complexity. This research therefore shows the
need to identify and clarify existing drivers in behaviour in order to provide appropriate money management approaches that meet the demands of today. Therefore Proposition 6 is supported.

**Key evidence statements (nos. 45-52) arising in Proposition 6 were:**

*Evidence statement 45:* The usefulness to students of a traditional/more conservative money management approach was assessed by asking students to define the term ‘money management’ and whether this reflected their experience. Whilst the definitions provided were along economic lines, the more realistic recognised that this was often not achieved due to conscious and unconscious decisions to overspend due to other factors e.g. peer, family or emotional pressure.

*Evidence statement 46:* It could be argued that poor money management was due to insufficient training but interviews with parents and offspring indicate considerable effort invested in imparting and getting students to apply money management techniques.

*Evidence statement 47:* New financial instruments allowed students to step outside traditional/more conservative money management principles and into a domain where some of these principles no longer applied.

*Evidence statement 48:* Parents admitted that their money management approach was formed in a simpler time which favoured traditional/more conservative money management approaches. This may weaken parents’ ability to help their offspring.

*Evidence statement 49:* students influenced by both parental approaches to money management which caused confusion when parental approaches conflicted.

*Evidence statement 50:* The desire for students to assert their independence meant ongoing parental advice could be overridden by advice from influential
others (e.g. peers or siblings) or impulsiveness. This changed once the child reached a stage of receptiveness triggered by difficulties or realisations from personal experience.

Evidence statement 51: students learnt quickly from their mistakes and where possible, adjusted their behaviour accordingly, despite the impact of multiple non-economic factors e.g. peer or emotional pressure.

Evidence statement 52: The new financial environment demands innovative new approaches based on a strong understanding of basic financial principles. Current financial literacy approaches seem inadequate. There is a need to identify and clarify existing behaviour drivers.

The challenges of students transitioning from child to adult (Proposition 7)
The act of transitioning from a child to an adult heightens tensions around money management as students move from a fully supported to independent state. This transition is marked by the following realities: increased responsibilities, greater access to financial instruments e.g. debt, changing peer expectations, increased mobility and household costs, a need to balance work and university, and a range of accompanying emotions.

It’s hard because you want to invest time in your social life. My friends are all working so the hardest thing is that none of them have actually gone to uni so I don’t think they can appreciate the difficulty of studying full time, working part time and managing all your finances but they respect me a lot and vice versa so they know that if I am talking to them about something they listen with respect and appreciate what I am saying. (ID4L)

I guess friends have a lot of influence cause if I was the only one in this situation (in debt) I would probably be more concerned about it but when you look around you and others are in the same situation you’ve got that sense of security oh everyone else is the same. (FG1.2L)
You've got to pay for petrol and if you live somewhere remote, that's a lot of petrol. (FG8.IL9.3)

I have to make the balance between studying and working – if I don’t work I don’t get money for paying that stuff and if I work much my study goes down so it’s really hard. ((FG10.4PI)

You make the purchase and it’s all oh yeah how exciting, I’ve got something new. Then there is the reality of getting the bill in the mail and going ‘Oh gee I don’t realise I spent that much’ and it’s due then and I haven’t been paid and feeling all anxious and then there’s the actual paying it and then it’s back to ‘oh good it's paid’. (ID6)

The whole situation is aggravated by the fact that a student’s emotional and financial intelligences are still developing, although one parent thought their intellectual side was ‘way ahead’ allowing them to work things out. However this ‘working out’ is often tempered by social influences and contexts making the transfer of responsibility and accountability challenging at times.

Parent: ‘I think it’s the perception that it’s very easy money and they spend for spending sake. Emotionally I don’t think they are as mature as they could be financially at that age. I think there are a lot of irresponsible people out there that take advantage of them. I think she can also be quite irresponsible when she has had a drink, that’s my concern, they sometimes have to learn the hard way and she has had a few things that made her think”. (PI6H)

Another complicating dynamic was that despite parents’ experience of financial products/services and mobile phones, they were often not exposed to the breadth of accessibility and influence to financial products and pressures that their offspring experienced e.g. through social networking and online purchasing sites. This meant that their money management advice, whilst broadly useful, did not address the specific nuances of their offspring’s world. Again the ‘independence’ issue (discussed earlier) and students’ high need for contextual adaptation led to conflicting and combining
pressures, their level of importance varying depending on the situation in which the student found themselves, with associated psychological effects. The resultant ‘communication disconnect’ between parent and student child reduced understanding, increased conflict and sometimes increased isolation. Given the important role that parents play, this disconnect could lead to long term economic, sociological and psychological impacts on both parties.

The dynamics, initiatives and behaviours identified above provide a useful starting point in deepening the explanation of how students manage their money. Proposition 7 is therefore supported.

**Key evidence statements arising in Proposition 7 were:**

*Evidence statement 53: Transitioning from child to adult heightens tensions around money management and is marked by the following dynamics and initiatives: increased responsibilities, greater access to financial instruments e.g. debt, changing peer expectations, increased mobility and household costs, a need to balance work and university, and a range of accompanying emotions.*

*Evidence statement 54: The transition from child to adult is aggravated by the fact that a student’s emotional and financial sides are still developing.*

*Evidence statement 55: Parents are not exposed to the breadth of accessibility and influences that their offspring experience so their money management advice does not address the specific nuances of their offspring’s world. This can lead to a communication disconnect.*
5.5 Overview of propositional findings

The level of support for the propositional elements is summarised in table 17.

<table>
<thead>
<tr>
<th>Evidence of propositions in section</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 5 – The element of the proposition</td>
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<tr>
<td>5.2 Activating events</td>
<td>√</td>
<td>√</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>5.3 Cognitions, beliefs and attitudes about stimuli</td>
<td>NA</td>
<td>NA</td>
<td>PS</td>
<td>PS</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>5.4 Resultant emotions or behaviours</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

Key

√ = Proposition supported
PS = Proposition partially supported
No = Proposition not supported
E = Proposition needs extending
NA = No findings relating to this proposition.

5.6 Outlining a framework for discussion of research findings

Analysis of the data in relation to the propositions identified three key areas of significance:

a) Immediate influences impacting the student’s decision making process.

These influences have a direct and powerful impact on student’s money management decision making. They include liquidity and the desire for independence which are key drivers of the choices that are made around needs and wants; behaviour which deals with experience and the consequences of these choices on an individual’s operating space; and emotions which moderate the decision making process.

b) Significant other influences impacting money management learning

These influences drive learning in students and include the process of learning (e.g. through observation or personal experience). They include sociological
influences (e.g. parents) and psychological influences (e.g. emotions of fear, despair, anxiety, recklessness and concerns over self-efficacy).

c) Broader moderating influences

These influences have a broader impact upon student behaviour e.g. peer influence, the influence of society and technology; and the impact of work and university.

This framework provides the template through which all detailed discussion of chapter findings will be conducted. Within each of these sections the strategies used to address these issues will be discussed. Evidence statement references (E) will be provided to support arguments made.

5.7 Discussion of Chapter 5 findings

The purpose of this section is to set a benchmark of findings and discuss their implications in regard to student money management. These will then be used in later chapters to confirm and extend understanding.

Proposition 1 – Economic influences

The ability to handle liquidity, and therefore reduce the conflict between work and university, is a key indicator of the level of sophistication of student decision making (E 1 – 7). Managing money encompasses the use of financial tools like budgeting and planning, but also the ability for self-control (E7). This is the first sign that emotion plays a significant role in student money management. This section illustrates the complexity of money management (E8), a fact that concerns parents and deters some students from leaving home (E9).

Proposition 2 – Socialisation influences

Notions of liquidity are influenced by the student socialisation process at university where students develop and modify existing views of money management behaviour
derived from parents (E10, 11, 12). Managing liquidity also drives the need to work, broadening contact with others exhibiting the consequences of their money management behaviour (E12). As a result students increase their understanding of what is needed to develop an independent personal space (E18, 22, 23) and adopt strategies to manage social influences (E21, E23).

**Proposition 3 – Integration or learning around economic and social influences**
Aging and experience improve students’ ability to select strategies to manage the factors that threaten liquidity management (E24 - 35), including parental support. They become better at segregating needs from wants and utilising financial principles and instruments (E31, 32) to preserve personal space, even though their choices can bring them into conflict with parents and upbringing (E26).

**Proposition 4 – Learning about money management**
The data shows a significant overlap between student and parental understanding of money management reflecting that significant learning comes from parents, primarily though observation (E36-37). A lesser influencing factor are friends (E36).

**Proposition 5 – The shape of rational thinking for students**
“Rationality” in decision making around money management assumes that all financial options and information are understood and taken into consideration during money management decision making. This assumption is inappropriate given the age range of the participants in this research which impacts their financial development level and experience. Findings here therefore deepen existing insights.

Whilst the pursuit of financial liquidity is a key objective (E40) this is driven by the need for independence (E41) forcing hard choices about wants and needs that impact their economic, social and psychological wellbeing (E39, 41, 42). This demands a high level of sophisticated thinking and the recognition that whilst common patterns exist, all individual situations are unique (E39, 40, 42). In addition students resented being portrayed as irresponsible suggesting that emotion is a key driver (E44).
Proposition 6 – Traditional/more conservative money management may be inadequate, need to clarify drivers of behaviour

Money management approaches are used to protect financial liquidity and therefore lifestyle choices. Do traditional/conservative approaches help students to do this? Do they acknowledge students drive for independence (E50)? Do they recognise that students prefer to learn through observation and personal experience? Do they accommodate the central role of parents in tuition and providing support (E46, 49-51)? Do they acknowledge the lesser roles of friends and media (E45, 50, 51)? Do they recognise and accommodate the range of financial instruments available (E47)? In other words can traditional/more conservative money management be tailored to the specific contextual needs of individual students (E45, 47-52)? Early indications are that their ability is limited, needing further exploration.

Proposition 7 – Exploring the dynamics around transition

As identified in Proposition 3, development stages change how students manage their money, increasing awareness of contextual requirements and increasing the students’ ability to deal with it (E53-55). Parents’ ability to support may be weakened by an inability to help students navigate the range of financial instruments available and the growing acceptability of debt in society (E53).

These propositional insights provide the starting point for future exploration and development.

5.8 Conclusion

This chapter tested the relevance of the propositions to this research into how Australian students manage their money. It was found that whilst students predominantly assessed money management along financial lines, its actual implementation was modified by sociological (e.g. peer group perceptions, family and societal pressure) and
psychological factors (e.g. emotions and understanding of the consequences of money management behaviour).

Although there is evidence of contextual influences providing localised short-term changes in behaviour, it appears that early childhood conditioning remains largely intact. This suggests that although some social influences at various life stages may temporarily drive perceived changes in particular positions on money management; the roots of money management are often set in early age. Such insights lend credence to the propositional model proposed and highlight the complexity of money management for students. The findings call for a broader review of the factors contributing to money management decisions and financial literacy training and a recognition that students may behave in an existential way when managing their money i.e. students may adapt their lifestyle and behaviour to take advantage of or respond to opportunities offered within their current context.

The chapter identifies common thematic areas which are then used to set up an analytical framework for the discussion of later stage research findings in the next chapter identifying differences across groups of respondents in this study and for the final stage 4 data.
Chapter 6
Research Stages 1 and 2
Research findings from cross-case comparisons across student groups

6.1 Introduction
This chapter identifies evidence concerning the research proposition and influencing themes across cases in research stages 1 and 2. It provides further content and face validation through extending the findings in chapter 5, uncovering initial interrelationships across students.

Student groups are selected from Stages 1 & 2 around common characteristics. Characteristics identified for comment and comparison that are contextually significant are local/international, different ages, working/non-working, living in/out of home, degree type and genders. At each stage evidence statements (E) have been set up to highlight key findings which are discussed at the end of the chapter using the framework identified in Chapter 5. The chapter provides triangulation across student, parent and peer perspectives as well as providing evidence of influences triggered by membership of a particular group.

6.2 Comparing the money management behaviour of local and international students
Parental support, the maintenance of liquidity, peer group influence, and approaches to money management were all important areas in a cross-case analysis. Parental support and the maintenance of liquidity were closely linked for both local and international students indicating a close connection between economic and social influences (supporting propositions 1, 2 and 3). Peer groups have the potential to impact and are impacted by student’s liquidity management. Managing these influences and the motivation to use particular tools provides insights into how student rationalise then operationalize their money management across two distinct groups (supporting propositions 3, 4 to 5).
Local students: Parental support and its impact on money management behaviour

Local students (hereafter referred to as locals) dependency on parents is, with the exception of car purchases, focused on on-going ‘top up’ support. University fees are generally provided for by government loans (HECS). Thus generally locals only need to find financial resources to cover their living costs. This is mainly done through work and government subsidies although parental support (for accommodation, transport and general living costs) is frequently used to cover shortfalls (supporting Propositions 1 to 3).

Types of support

Centerlink [government system] is my main income and then I work as well. (Respondent FG1.1L)

Live at home, don't drink, don't smoke, don't go out much, and don't have expenses except petrol and food. (Respondent FG10.1P)

Don't have my parents supporting me, I have to be careful. (Respondent ID2P)

Parent-provided credit cards were rare and were usually intended for specific family household requirements (e.g. to cover family grocery shopping) or academic expenses. Shared family financial resources contributed to the definition of how financial instruments should be used (supporting Proposition 4) by introducing parameters of shared responsibilities, skills and associated ethics. First year students however frequently borrowed their parents’ credit cards to buy online. This sets up different expectations around how to use financial instruments, in this case for wants rather than for needs.

Financial instruments

I’ve actually got two, one of them is under my mum’s name and that’s when I do shopping for her, I put that on her credit card. And my own one is only used rarely for buying things on line or buying tickets to something, I think that’s the only time I use my one. (Respondent FG1.3L)
I have a visa through parents for academic expenses. There’s always money in the credit card account and I top it up. I check it regularly. (Respondent FG4.2P)

I don't have a credit card. I use my parents’ credit card occasionally. I do pay them back eventually. (Respondent FG8.3L9.2)

Ease of access to work and personal credit cards enabled local students to more easily establish an operating space characterized by greater independence from parents. This strongly supports Proposition 1 that the economic environment sets the parameters of an individual’s operating space i.e. what they can do.

Use [credit card] a bit as a back-up, a safety net; I don't rely on it at the moment. I've never really had to focus on it as yet. (Respondent ID2P)

I never know when it is due; totally rely on credit card for emergencies and paying bills. Pay minimum amount only. (Respondent FG1.2LID6)

However parental support (particularly in relation to support for car purchase and on-going car costs) was a key sustainer of this more independent space confirming the important role parents play as an income source (supporting Proposition 1 & 3).

Parental support

I wouldn’t be able to move out of home if I was paying registration and insurance (on car). (Respondent CI3)

Tighter fiscal responsibility occurred when liquidity fell i.e. when they moved out of home. This was evident through an increased sharpness in the differentiation of needs and wants (strongly supporting Proposition 3).

International Students: Parental support and its impact on money management
International students (hereafter known as internationals) are heavily dependent on parents for university and living costs which were provided in lump sums, usually through bank transfers at specific times of year. This arrangement required that internationals managed their liquidity closely as access to ‘top up’ funds are more difficult to access (strongly supporting Proposition 1 and 3).

*Father gave me money at the start of semester to teach me how to manage money.* (Respondent FG3.12LIFG11)

Parental credit cards (i.e. cards covered by parents) were provided for large ticket items e.g. university fees, or airline tickets for visits home limiting the range of savings that internationals need to protect at specific times of years. This supports Proposition 4, that the motivation to use particular money management tools are learnt i.e. the use of parental credit cards and how to use them is set by parental expectations.

*I have a visa through parents. The credit card has no limit, cash is better. I don’t use much unless I have to pay a huge amount. Do track from time to time.* (Respondent FG4.1PI)

This high level of dependency gave parents considerable influence over their students’ money management skills and behaviour and its development, a fact acknowledged by students who sometimes sought to reduce this through work and personal credit cards (supporting Propositions 3 & 4).

**Thoughts about parents’ money**

*Parents give money but they don’t want us to spend a lot. We need to manage our money well as adults.* (Respondent FG3.11LIFG11)

*My mum calls once a week to check up on me. Reminds me to save. It’s my parents’ money.* (Respondent FG5.5HI)

*The money in my account I don’t consider is my money, it’s my parents’ money.* (Respondent FG4.1PI)
Earning own money

I will earn money to buy what I like. (Respondent FG3.12LIFG11)

Money is very important, if you save you can solve problems. (It gives me the freedom to choose what I want to do. (Respondent FG6.1HI)

When I was earning my own income I knew I was earning X amount every month and I could spend all that but now even if I can spend $100 I try and spend $90 so I’m not spending as much of my (father’s) money. (Respondent FG3.12LIFG11)

Difficulty in obtaining work and personal credit cards in Australia meant internationals quickly learnt how to manage their money in Australia i.e. their situation as a student in Australia forces adaptation of existing and learning of new coping money management behaviour (supporting Propositions 1, 3 & 4).

Adjusting to currency differences

One month to adjust to currency differences. HK seems cheaper, want to buy more. In HK it’s easy to ask for parent support. (Respondent FG6.3HI)

I started to learn how to manage money when I came to Australia. (Respondent FG4.1PI)

Internationals were very aware of the custodial responsibilities associated with managing their parents’ investment in them (supporting Propositions 1, 3 & 4).

Awareness of need to protect parental investment

Father has to work 40 times more [because of currency exchange] to provide me with what he did in India. I have more responsibility here. (Respondent ID3PI)
They expect me to manage a bit more here. Higher costs, I feel I should manage better, they didn't ask. (Respondent ID5HI)

Parents didn't ask me to get a part time job but I think I should share my parents’ burden. (Respondent FG3.11LIFG11)

Internationals undertook a significant shift in money management approach in a very short space of time from carefree dependent living (appropriate to home) to one of significant care and diligence (appropriate to Australia). This suggests that students’ views of their own rationality may change depending on the situation in which they find themselves, providing new insights into their rationality (Proposition 5).

Evidence of changing rationality

In India money was never topic, it was always there (rich family), here everyone thinks about it when they come here. Here you have to do everything, at home nothing. Our background is managing money. I've changed a fair bit coming here, India I was a brat not here as much. But I haven't changed completely. I still ask Dad if I’m short. (Respondent ID3PI)

They expect me to change over here, it’s expensive. In Bangladesh my mum buys me anything. (Respondent ID5HI)

Internationals learnt quickly to prioritize needs and wants and to manage their money appropriately within tight parameters defined by availability of funds and currency exchange considerations (strongly supporting Propositions 3 & 4)

At first I tried to maintain my HK living standard, after few weeks I think impossible. I need to watch money here. When I go back HK I think I will spend more because I am used to more expensive prices. It will take me one month to adjust. (Respondent FG6.1HI)

I started to learn how to manage money when I came to Australia. (Respondent FG4.1PI)
The embarrassment of asking for additional parental help and the need to demonstrate independence and maturity acted as drivers to create a shift in the space from that adopted at home to that appropriate for Australia.

*I will try to prevent this type of childish “Oh I want this, want this” I will try to avoid myself from doing that.* (Respondent FG5HI)

The power of parents over internationals during term time was largely exerted through economic means since on-going social contact was sporadic, being confined to holiday time (supporting Propositions 1 to 5). This adds interesting insights into how the dynamics of social and economic influences play out.

**Impact of liquidity on international and local students’ money management behaviour**

The level of liquidity is also a key contributing factor in how closely expenditure is managed. Those with limited liquidity (e.g. internationals, and locals on scholarships or government support) adopted more aggressive and innovative money management approaches (supporting Propositions 1, 3 & 4).

**Prioritising money usage**

*I have a special amount of money to work with so it's important to prioritise what is a need and what is a want.* (Respondent FG2.4PI)

*I have to think what if I don't have it can I still live, can I do well. If I don't have food I can't study, I can't work so that's a need.* (Respondent ID1LI)

*I prepay everything so if something happens, if for some reason I don't get paid all the money and something happens and I have to urgently pay for something I’m still ok for a month like I don't have to stress about it.* (Respondent FG1.IL)
Most of the bills are automatic. I share with someone else so that definitely helps, split every bill half and half. Food is always set at $35-40 a week, nothing above that. (Respondent FG5.3H).

Periods of difficulty occurred when shifting from one personal space to another required significant remodelling, triggering a lack of liquidity. For international students this occurred upon arriving in Australia, for local students when they lost work, either through changing economic circumstances or as a consequence of returning to study (supporting Propositions 1, 3, 4 & 7)

**Difficulties around changing environments**

*One month to adjust to currency differences. HK seems cheaper, want to buy more. In HK it's easy to ask for parent support. (Respondent FG6.3HI)*

*I had difficulties moving from TAFE to university because of changes in government funding. (Respondent FG8.5L9.4)*

*At work got used to certain lifestyle, now at university don't have the money but pressure to maintain lifestyle. (Respondent FG1.2L)*

*When I first was at university my parents looked after me pretty well. I spent a lot socializing. Now can't afford it. Need money use credit cards. (Respondent ID2P)*

Credit card debt aggravated tensions around transition as it limited the availability of options to construct a new personal space. Credit card debt also indicated potential inadequate understanding by students of liquidity management principles and the role of these principles in sustaining operating space (supporting Propositions 1 & 3).

**The role of credit cards in money management**

*I’ve had the credit card since I was 17 and I don’t think I’ve ever had them down to zero and that’s been whether I’ve worked full time getting a decent*
amount each week or being a student coming right back down to low income, it’s just, it’s like I’ve had that psyche from the start oh well don’t stress, if I run out of money I’ll just use the credit card like and then when it comes around to ... I’ll pay my minimum amount but I never, you know, pay it all back. (Respondent FG1.2L)

It was easy to get $2000, the bank offered $3000 but I found it hard so I moved it back. I don't really budget I just sort of fly by the seat of my pants as my mum calls it. I lied about my income (to get the credit card), they don't check. At bars I put my card down (tabs). (Respondent FG10.2P)

Changes in personal space were dynamic. For example international students are fiscally aware and cautious in Australia when income was sporadic, reverting to a freer approach with money upon returning home where there is greater access to income through jobs and parental money. Similarly local students were more cautious in term time when work was limited and freer in the holiday when no university meant they could generate more income. The difference is that locals have the option to move back home if liquidity becomes an on-going issue (i.e. reverting back to former personal operating spaces). This is an important safety net not available to international students during term time. These factors highlight parallels in behaviour as a result of economic considerations (confirming Proposition 1) although the causes for these parallels are different. It also highlights a sophistication in the ability of students to recognize shifts in circumstances and to respond accordingly (confirming Propositions 3 & 4).

When I’m in India I’m spending money like, like a maniac but when I come back its back to sanity over here. (Respondent ID3P)

Back in Malaysia it’s a different story; I will spend, spend, and spend. Here I learn to discipline and keep within budget. (Respondent FG5.5HI)

The impact of peer group on individuals’ money management behaviour
Peers impact how individuals construct their personal space through influence and moderation concerning how it should be used (strongly supporting Propositions 1 & 3).
The conversion (currency exchange rate) makes you stop and think, friends remind you. (Respondent FG3.1LIFG11)

I save for trips, because I’m going with friends, we encourage each other to save. (Respondent FG6.2HI)

Peer groups worked together to reinforce these expectations with some students actively choosing peer groups with a similar focus to themselves (supporting Proposition 2).

Choose friends carefully. Don't associate with people into girly social norms or with higher incomes. (Respondent FG8.3L9.2)

For internationals the currency of access to these groups was food, travel and shopping, whereas for locals it is alcohol, clubs, shopping, social events (e.g. football, Spring Racing Carnival) and a car. This shows differences across groups in space construction (supporting Proposition 2 & 3).

If we go out we go to the restaurant and have food. (Respondent ID5HI)

I think for a typical week most teenagers especially will be looking at their pay and going right how much do I have and how drunk am I going to get at the weekend. (Respondent FG8.4L9.1)

Approaches to money management

Both internationals and locals adopted similar approaches to money management (e.g. tracking expenditure) and offer similar advice to others around the importance of self-control (supporting Propositions 3 & 4). In addition this indicates common ways of managing money across international and domestic groups.
Tracking money

I write down the amount in a notebook; I buy cheaper online. (Respondent FG3.1LIFG11)

I keep all receipts and, pin them up in my room, if I spend over I must compensate, I try to budget that way, I’m not organized but it works for me, I write big to warn myself. Every day I see them when I wake up. (Respondent FG5.4H)

I keep a mental tally of spending for day/week, then I subtract from my personal savings. (Respondent FG5.3H)

Strategies to modify behaviour

I pretend I don't have money. (Respondent FG8.5L9.4)

I won't purchase anything unless I have saved for it, I set spending and saving targets and modify my behaviour to reach them. (Respondent ID4L)

I limit the time I am going out with friends; I aim to spend within a limit and target. (Respondent ID5HI)

I will consider how many times I will wear it, if more than 3 to 5 times I'll get it. (Respondent FG4.1PI)

I use self-discipline, setting goals, and working hard to achieve them. I look at the pros and cons and list the actions. I plan & organise my resources I divide my money into different parts. (Respondent ID1LI)

Advice to others

Be careful from the beginning, stay focused, fix most things before you come to Australia, spend later rather than at the beginning. (Respondent ID5HI)
Control yourself, limit brand buying. (Respondent FG3.1LIFG11)

Be motivated to implement & stick to a plan; start off small and simple, reward yourself; avoid long term debt. (Respondent FG7.4L)

Self-control – stay within your budget – don’t overspend, if you do cut back next month. (Respondent FG5.2H)

Cultural variations in preferences for particular financial instruments
Preference for particular financial instruments (e.g. cash versus cards) reflected perceived ease of management and preferences within the family. This illustrates how one influence impacts another i.e. how social influences act on economic influences and are reflected in a student’s general understanding (Proposition 1 to 3).

I prefer cash, its Asian culture; Western culture have card. I keep $100 so I don’t want to break it. (Respondent FG10.4PI)

In India it’s all cash, you don't use cards much. (Respondent ID3PI)

These examples also demonstrate the impact of socialisation on money management behaviour i.e. on how an individual operates their space indicating that cultural background impacts expectations around how a student operates their space (adding new insights into Proposition 2).

Discussion of findings across local/international students
These examples raise interesting questions around the central role of liquidity and its role and context on shaping students’ money management behaviour. Money access and control are key enablers in helping students transition from a space characterized by ‘dependent’ qualities to one characterized by ‘independent’ qualities. The fact that money access affects how personal space is defined, and redefined, may lead to distortions in other cross-case comparisons. To avoid this, the proportions of internationals and locals making up the groups are highlighted in thematic areas of key
difference. Internationals are identified by an ‘I’ placed as the last digit of the respondent identification number which follows each quotation.

Key evidence statements (nos. 56-67) comparing research findings across local and international students:

Evidence statement 56: Liquidity is central to how students manage their money and how they define their personal space but the shape of factors differ between international and local students.

Evidence statement 57: International students’ are highly dependent on parents who have considerable influence over their money management behaviour.

Evidence statement 58: International students were aware of their responsibilities and under pressure to quickly learn to prioritise needs and wants and to manage money once in Australia. The embarrassment of asking for additional parental help and the need to operate within tight constraints worked as drivers to create a shift in the space they operated in at home versus that required in Australia.

Evidence statement 59: Parent-provided credit cards were rare for local students although first years frequently borrowed parental cards to buy online.

Evidence statement 60: Ease in getting work and personal credit cards enabled local students to more easily establish an operating space characterized by greater independence from parental support. However parental support (particularly in relation to car expenses) was a key sustainer of a more independence space.

Evidence statement 61: Tighter fiscal responsibility occurred for local students once liquidity fell evidenced by an increased sharpness in the differentiation between needs and wants.
Evidence statement 62: Periods of difficulty occurred when shifting from one space to another and was often triggered by a lack of liquidity.

Evidence statement 63: Credit card debt aggravated tension around transition as it limited the availability of options available to construct a new space.

Evidence statement 64: Personal space was influenced and moderated by peer group expectations around how money should be used. As a result some students actively chose their peer groups.

Evidence statement 65: The currency of group access for internationals were food, travel and shopping; for locals it was alcohol, clubs, shopping, social events.

Evidence statement 66: International and local students adopted similar approaches to managing their money and offered similar advice to others around the importance of self-control.

Evidence statement 67: Preference for particular financial instruments reflected their perceived ease of management and preferences within the family.

6.3 Comparing money management behaviour across age groups

Experience at managing in different contexts increased students’ confidence in their ability to manage their money. Within this research, this experience was mainly associated with increasing age. Increasing age and therefore money management experience was instrumental in helping students progress from a personal space defined by dependency on parents to one of greater independence. The exceptions were those students with high dependency on parental support and little pressure to manage their own liquidity. These students exhibited slower development in their money management abilities as there was no pressure for them to adjust behaviour, a key ingredient in the learning process. This illustrates the impact on Proposition 2 of Proposition 3 (adding new insights into the interaction between these two propositions).
Whilst internationals of all ages lived out of home whilst at university, 18 year old locals were generally living at home and 23-24 year old locals were generally living independently. It is therefore important to look for variances across age groups in the areas of the definition of money management, attitude towards needs and wants, money management behaviour and advice to others.

Impact of age on the definition of money management
Only subtle changes in the definition of money management were evident across the age groups. 18 year olds were concerned about having money for the exploration of new personal spaces. Older age groups were preoccupied with balancing, budgeting and ensuring effective use of money reflecting their need to consolidate or sustain new personal space constructions (supporting Proposition 4).

Overall HECS did not figure largely in local students’ money management thinking as it is a deferred payment. This indicates that students were aware that this is not a debt of immediate concern as it does not currently threaten the social or economic aspects of their life (supporting Proposition 3). This institutionalised debt (HECS) may contribute to a “false reality” of debt acquisition and its management. Since HECS allows repayment responsibilities to be delayed until individuals reach a certain earning capacity, a characteristic not available under normal debt repayment conditions.

18 year olds –
Local student quotes - having money to get to university every day (Respondent FG8.3L9.2); having money left 24 hours after you get paid (Respondent FG8.2L); not like spoiling yourself too much (Respondent FG7.5L).
19 year olds –
Local student quote - balancing everything. (Respondent FG5.2H)

International student quote - budgeting every week, having long term plan (Respondent FG10.5P); international student quote: plan how to use your money and how to save money. (Respondent ID1LI)

20 year olds –
Local student quotes - ensuring your sustainability financially speaking - getting to the detail, meeting financial demands (Respondent FG7.4L); not having phone bills from July extended. (Respondent FG8.1L9.3)

21 years old –
Local student quotes: Keeping a tight budget (Respondent FG5.3H); Money on top of monthly costs that you want to save or spend. (Respondent FG4.2P)

International student quotes - what money should spend on. (Respondent FG6.2HI)

22 year olds –
Local student quote - writing down all the records regarding how money is spent. (Respondent FG3.1LIFG11)

International student quotes - Use money wisely - balance revenue & expense (Respondent FG6.3HI); Spending as much as you earn and not going beyond, having enough saved up for rent. (Respondent ID3PI)

23 year olds –
Local student quotes - how well you look after your finances – matching income against expenses (Respondent ID4L); budget & sticking to it, comes to mind but not what I do. (Respondent FG1.3L)
24 year old –

*International student quote - how I use my money effectively every day (Respondent ID5HI); Local student quotes - Setting out a specific budget, sticking to it (Respondent FG1.2L); managing what comes in and how it gets spent – budgeting. (Respondent ID2P)*

**Impact of age on attitude towards needs and wants**

18 year olds adopted a more relaxed attitude to needs and wants (i.e. increasing financial commitments associated with lifestyle choices to facilitate socialisation activities) than their older peers with higher financial, and space demands (associated with rent and cars). As a result older students exhibited a better understanding and clearer delineation between needs and wants and a tighter management of self and interaction with friends (supporting Proposition 3 & 4). Age resulted in an increasing awareness of the impact of context and liquidity on how needs and wants were differentiated (supporting Proposition 7). This reflects a growing understanding of space construction and maintenance indicating that rational behaviour in students incorporates multiple considerations (supporting Proposition 5). Similarly whilst younger students prefer to use parents’ credit cards, as students aged they are less comfortable doing this and start to acquire their own cards.

**Exceptions in money management behaviour**

Interesting exceptions in money management behaviour were found in some members of the 18 and 24 year old groups (local students). This sub group (all of whom were working and living at home) adopted a freer approach to credit card usage and management of friends and self, adopting an ‘in the moment’ approach to life which excluded long term goals e.g. saving for a house (supporting Propositions 2 & 3). Goals stimulated self-management and drove changes in personal space (supporting Proposition 4).

18 year old –

*Local student quotes - When I go out (I think) like do I really need this oh probably not so I don't get it.(Respondent FG7.1L); I don't need to*
drive to university but its more comfortable than getting the train. You can actually save a lot of money. (Respondent FG8.3L9.2)

19 year old –

International student quotes - I have a special amount of money to work with so it’s important to prioritise what is a need and what is a want. (Respondent FG2.4PI)

Local student quotes - I regret that I do that all the time so I struggle with wants and needs (Respondent FG10.5P); Wants are things that I can do without e.g. like going shopping, out, clothes, transport, phone is a need. (Respondent FG5.2H)

20 year olds –

Local student quotes - I just try and ask myself do I actually need whatever I feel like buying. (Respondent FG7.4L); Needs I would probably imagine are essentials e.g. groceries. Whatever is needed to get by your day. (Respondent ID7L); Anything with a due date needs to be paid, food, necessities. I don't buy clothes unless I have money left over. What I can't do without I classify as a need. (Respondent FG10.3P)

21 year olds –

International students quote - Need is essentials for living e.g. food, conditioner, shampoo, other things like snacks is not necessary I can save money I won't buy (Respondent FG6.1HI); I think wants are extras, I can budget for need e.g. groceries; if I want chocolate that is a want, an extra. (Respondent FG5.5HI)

Local student quotes - I think everything at the moment is a want. If it’s a want, I try and get it cheap online or discount outlets, or in the sales. (Respondent FG4.2P);
22 year olds –

*International students quotes* - I will consider how many times I will wear it, if more than 3 to 5 times I'll get it. (Respondent FG4.1PI); Clothes and things are usually wants unless for a specific purpose like an interview, then it's a need. Food that is something you don't compromise on no matter what. (Respondent ID3PI)

Local student quotes - I pay for all my needs (accommodation etc.) and the rest I can use (Respondent FG3.1LIFG11); Circumstances would impact when you buy like what is a want and what is a need. Over summer I don't have folio costs. (Respondent FG2.1P)

23 year olds –

*Local student quotes* - We live in a society that is based upon wants. I think society has put a lot of pressure on us to purchase things that society makes out that much we need but it’s really a want, to be part of a group (Respondent ID4L); I'm spur of the moment, don't think about what I need beforehand, go out, I'll do this now. (Respondent FG1.3L)

24 year olds –

*Local student quotes* - House, car are all wants at the moment, needs are all the basics - rent, food, study, they are the main ones. (Respondent ID2P); If it’s something you need I don’t feel guilty, otherwise I do get that guilt feeling afterwards. (Respondent FG1.2L)

**Advice to others**

Students’ advice to others also changed subtly as students’ aged. Eighteen year olds focused on getting the basic money management skills and saving. Nineteen year olds focused on self-discipline and experience. Twenty year olds advocated the benefits of developing motivation to manage money more closely. Twenty one year olds focused on close tracking and having financial safety nets in place. Twenty two year olds recommended budgeting whilst twenty three year olds were starting to seek advice from others. Twenty four year olds warned others to take care and focus hard on connecting
the financial plan to reality. So whilst eighteen year olds were exploring the possible dimensions of a new operating space, twenty two year olds were busy implementing this new space and twenty four year olds were either struggling to consolidate or sustain existing spaces, or reverting back to previous spaces (i.e. returning home to a more dependent lifestyle) (supporting Propositions 3 & 4).

18 year olds –
Local student quotes - Save for necessities, ask do I need this? (Respondent FG7.5L); good maths, safety net, understand averages, business maths like income, interest etc. - go to brother for advice he's pretty good with money. (Respondent FG7.1L)

19 year olds –
Local student quotes - Discipline - I get money from parents so don't want to ask for more, stay within budget, I pay my phone bills myself (Respondent FG5.1H); Experience with less money. (Respondent FG8.4L9.1); self-control - staying within budget - overspend, cut back next month. (Respondent FG5.2H)

20 year olds –
Local student quotes - Motivation to implement & stick to plan; start off small and simple, reward yourself; avoid long term debt (Respondent FG7.4L); don't waste money on wants, know your limits, be true to responsibilities. (Respondent ID7L)

21 year olds –
International student quote - Use Excel spread sheet on everything I do. Update as things change. (Respondent FG6.3HI);

Local student quote - Know incomings and outgoings & put some money aside as safety net (Respondent FG4.2P)
22 year olds –

*International student quote* - I got used to make financial plan for how much I can use this month. (Respondent FG6.3HI);

*Local student quotes* - staying within budget so don't ask parents, will be ashamed. (Respondent FG5.4H); You've got to budget to keep track of how much you are spending. (Respondent FG2.1P)

23 year olds –

*Local student quotes* - I always talk to parents, they have given me good principles and fundamentals. (Respondent ID4L)

24 year olds –

*International student quotes* - Advice to others: be careful from the beginning, stay focused, fix most things before coming to Australia, spend later rather than at the beginning. (Respondent ID5HI);

*Local student quote* - Hard to connect plan to reality. (Respondent ID2P)

**Discussion of findings across age groups**

Key differences in focus between the age groups are presented in table 18 below. These findings emphasis the role of changing context and influences (supporting propositions 1 to 3) on how money is managed and personal spaces are constructed (providing examples to illustrate propositions 4 & 7) linking back to discussions in the previous chapter.
### Table 18 - Summaries of findings across age groups

<table>
<thead>
<tr>
<th>Age in years</th>
<th>Key themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Have money and relaxed attitude to needs and wants – comfortable with cost, ask parents for money. Cautious and spenders. They manage going out and who they associate with. Lots of people looking for jobs. Buy chocolate on credit card. Use parent’s credit card. HECS taken automatically from degree. Advice to others: save for necessities, have good maths, go to brother for advice.</td>
</tr>
<tr>
<td>19</td>
<td>Balance budget. I struggle with wants and needs (local), prioritise (international), don’t buy, pay parents (international), manage friends interaction, working time cut, online purchase use fathers card, pay off credit or don’t use credit, HECS socially acceptable, don’t worry about it, advice – discipline self and experience with money.</td>
</tr>
<tr>
<td>20</td>
<td>Ensuring sustainability, essentials with due dates, getting money to work for you, lost job because of GFC, use credit card &amp; cash, HECS repay at $28K, motivation to manage money, know responsibilities.</td>
</tr>
<tr>
<td>21</td>
<td>Ensuring sustainability, essentials with due dates, getting money to work for you, lost job because of GFC, use credit card &amp; cash, HECS repay at $28K, motivation to manage money, know responsibilities.</td>
</tr>
<tr>
<td>22</td>
<td>Record keeping and balancing, rational use of money – circumstances dictate wants and needs; limiting spending versus think but don’t do, manage friends and spending, forced to finish placement early. Use credit card carefully or not at all. Thinking about HECS repayment, Advice – budgeting.</td>
</tr>
<tr>
<td>23</td>
<td>Budget, societal influence on wants versus spur of the moment, work holidays to pay term, budget but spend more, manage friends and self, not affected by GFC, prefer credit and use carefully, don’t think about HECS, advice – talk to parents.</td>
</tr>
<tr>
<td>24</td>
<td>Effective use of money, needs are the basics, only live once, live at home, manage friends and self versus no management of self and others, established jobs but impact from payment frequency, thinking about it versus price you pay versus no thought about it. Advice – take care, stay focused, hard to connect plan to reality.</td>
</tr>
</tbody>
</table>

**Key evidence statements (nos. 68-77) comparing research findings across age groups:**

*Evidence statement 68:* Increased age was generally associated with increasing confidence in the ability to manage money.

*Evidence statement 69:* The easy access of local students to parental support generally resulted in a slower development of money management abilities than their international counterparts.

*Evidence statement 70:* There were only subtle changes in how money management was defined across the age groups. 18 year olds were concerned
about having money. Older age groups were concerned with balancing, budgeting and ensuring effective use of money.

Evidence statement 71: HECS did not figure in local students’ money management thinking, possibly because its payment was deferred. This may set up unreal expectations that repayment of non-HECS loans can be deferred until certain income levels are reached.

Evidence statement 72: The definition of needs and wants changed by age groups. 18 year olds adopted a more relaxed attitude to needs and wants. Older students were more often seeking greater independence requiring a clearer delineation between needs/wants and a tighter management of interaction between friends and self.

Evidence statement 73: Age generally brought increasing awareness of the impact of context and liquidity on how needs and wants were differentiated reflecting a growing understanding of space construction and maintenance.

Evidence statement 74: Some local 18 and 24 year olds (all living at home and working) adopted a freer approach to money management adopting a ‘live in the moment’ approach to life.

Evidence statement 75: Goals acted as a stimulator for self-management and a driver of changes in personal space.

Evidence statement 76: Advice to others changed as students aged. 18 year olds focused on basic money management skills and saving; 19 year olds on self-discipline and experience; 20 year olds on being motivated to manage money. 21 year olds on close tracking and having financial safety nets in place; 22 year olds on budgeting whilst 23 year olds were starting to seek advice from others. 24 year olds warned others to take care and focus hard on connecting the financial plan to reality.
Evidence statement 77: 18 year olds were exploring the possible dimensions of a new operating space, 22 year olds were busy implementing this new space and 24 year olds were either struggling to consolidate or sustain existing spaces or reverting back to previous spaces (i.e. returning home to a more dependent lifestyle).

6.4 Comparing the money management behaviour of working and non-working students

Work is a key driver of income for students, enabling them to maintain liquidity and therefore to develop and maintain a more independent lifestyle and personal space. Two areas emerged as important from the cross-group analysis – the benefits and cost of working.

The benefits of working
Work is one of the key enablers of the size of a student’s operating space. Those working had more money, spent more and often placed pressure on others to spend more. Working also placed students in a position where they had access to new advice and credit cards, offering the potential for greater insights and spending power. Therefore work contributes to student understanding of money management principles, providing motivation to utilise management tools and instruments (supporting Propositions 3 & 4).

Benefits of working
Take stuff home from work, save money. (Respondent ID1LI)
Work full time in the holidays and use it to pay bills in term. (Respondent FG1.3L)

On weekly pay, probably more spontaneous. (Respondent FG1.2L)

Money has a social benefit. (Respondent FG8.5L9.4)
When working I made good money, saved up, got car, went overseas. Didn't have much saving to come back to school with... Before when I was at university I focused on having money, going out and enjoying it. (Respondent ID2P)

I think we can control ourselves. Parent expectations are that we will manage. A part time job reduces risk. (Respondent FG3.1LIFG11)

**Impact of work on spending patterns**

Friends who are working are freer with money. Things happen so you end up having to take money out of your savings. (Respondent FG10.2P)

When I go back to China I do part time work, I earn more so I spend more. (Respondent FG3.1LIFG11)

I spend because I don't want them to think anything less of me. Doesn't work well. (Respondent FG2.2P)

**Access to advice**

The great thing is working at a bank. You've got a wide variety of people you can talk to with a lot of expertise so that has really helped me. (Respondent ID4L)

**Credit cards**

I have very high (credit card limit) $7,500. I was asked if I wanted to upgrade to $9,500. I just filled in the bank form. (Respondent ID3PI)

I got the credit card but they just give me $400. If you use it well and pay regularly they will increase it to $2000. (Respondent FG10.4PI)

Conversely falling income leads to difficulties in situations where personal spaces had been constructed on credit card debt because of difficulties servicing that debt (confirming Proposition 1).
For me it was I got the credit card and I had the job at the time and it was like ‘Oh it doesn’t matter if I buy a few things here and there I can still pay it off’. When I had a job at the start I did actually pay them. Now I don’t have my job it’s like pay the minimum. (Respondent CI2)

Those in more established jobs were less impacted by the GFC and therefore experienced less stress in managing their personal spaces (supported Proposition 1).

Bit less work but not really affected. (Respondent FG1.3L)

**The costs of working**

The costs of working arose from economic costs like transport costs; social costs like, work related clothing costs and forgoing education study time and social activities; psychological and physiological costs like energy drinks, food and impulse buying to manage stress. These factors had varying impact on students’ liquidity altering the dimensions of their personal space (supporting Propositions 1 & 3).

Clothes and things are usually wants unless for a specific purpose like an interview, then it’s a need. (Respondent ID3PI)

A lot of money is spent on V (an energy drink) to keep me awake at work. I don’t eat breakfast in the morning, no time so I spend ridiculous amounts on ‘Up and Go’ (a breakfast substitute drink) (This student was working very long hours). (Respondent FG8.1L9.3)

Pressure for petrol and clothes for work (Respondent FG8.1L9.3)

Music and fashion influence my work so that's a need even if a bit expensive. (Respondent FG2.1P)

A number of students struggled to balance work and study. Some examples of strategies adopted to manage these pressures are working in the holiday or at night (providing examples to support Proposition 3).
Balancing work and study

Work long hours, feel tired, and don’t want to study. (Respondent FG10.4PI)

A lot of juggling work and study. (Respondent ID7L)

Work night shifts on internet, doesn’t affect university. (Respondent FG10.2P)

Work in holidays save money for semester, just use randomly till gone, when run out wait till work again. (Respondent FG1.3L)

On the whole those not working had difficulty getting credit cards, which either meant choosing to operate in a personal space defined by greater dependency on others (i.e. living at home), adopting cost minimization or utilizing coping strategies. The lack of credit cards also created stress as access to ‘safety net’ money was not available so that family and friends had to be called upon. These students were characterized by those who chose to ‘live in the moment’ and enjoy life, and those who were very careful with their money. This group therefore exhibited both individuals motivated and not motivated to use money management tools even though they knew how to use them (supporting Proposition 2 and adding new insights into Proposition 4).

Cost minimization strategies

I mix activities to manage costs. When we go out one person pays and then another time another person pays. (Respondent ID3PI)

I manage the number of times I go out. If I do it rarely its ok, if often, that’s not good. (Respondent FG7.5L)

Coping strategies

If I need money in a hurry I will use credit card if need money over asking families although they would lend it. (Respondent ID2P)
You only live once. I’m not going to give up things to save a bit; I’m not sure my attitude would change if I was living out of home. I pay the minimum on my credit card but I do pay my phone. If something comes up I check my balance, if it’s ok I spend. I take it as it comes. (Respondent FG1.2LID6)

Discussion of findings across working and non-working students

Work therefore played an important part in helping students to identify and transition from one personal space to another. Understanding the role of working, as a key contributor of income and therefore liquidity, helps in uncovering the dynamics associated with moving from dependency to independency (supporting and adding new insights to Proposition 7).

Key evidence statements (nos. 78-83) comparing research findings across working and non-working students:

Evidence statement 78: Work is the key enablers of the size of a student’s operating space and those who work often had more money, spent more and often placed pressure on others to spend more.

Evidence statement 79: Falling income leads to difficulties where personal spaces had been constructed on credit card debt because of difficulties servicing their debt.

Evidence statement 80: Working carried economic, social, psychological and physiological costs.

Evidence statement 81: Students not working had difficulty getting credit cards, which either meant choosing to operate in a personal space defined by greater dependency on others, adopting cost minimization or coping strategies.

Evidence statement 82: For non-working students the lack of credit cards created stress as ‘safety net’ money was harder to come by.
Evidence statement 83: Work played an important part in helping students to identify and transition from one personal space to another.

6.5 Comparing the money management behaviour of those living in and out of home

Living at home is an important way to reduce living costs and increase spending power through improved liquidity. It allows the construction of operating spaces that would not otherwise be possible when living independently. This section explores aspects of significance emerging from respondents living in and out of home.

Living at home respondents
Those living at home lower their living costs as a result of having access to higher levels of parental support. This encouraged the maintenance of a personal space defined by dependency. As a result and despite having access to more disposable income, they saved little towards their goals of travel, computers, cars or moving out. A key contributing reason for this was the need to be out of the home, to offset the pressure of living at home. This adds new insights into Proposition 1 and 3, showing that student’s space can be shaped by access to another’s liquidity.

Drivers of expenditure
A lot of my social life revolves around money. I get really bored at home. I always want to go out. I think I am at that age I want to go out. (Respondent CI2)

I don’t go home, I can’t go home because they just distract me and they don’t understand that I have to do things. I can’t even live at home when I have things due because they don’t get it at all. (Respondent FG8.1L9.3)

Key costs are entertainment and transport costs, with parents often contributing substantially to the latter.
**Key costs**

*I don’t feel too bad asking them for phone bills, speeding fines, dinner with mate. They pay for all the car stuff except petrol. (Respondent CI2)*

*My dad will help with car repairs. I am pretty much just paying for gas. (Respondent CI3)*

Some are more easily influenced by their peer group to spend, using their credit card to fund lifestyle choice activities and transport.

**Peer group influences**

*If you go out and your friends are drinking, even if you weren’t planning on drinking you’ll end up drinking. Sometimes when you go shopping you want to buy something as well. (Respondent CI3)*

*You see them doing that and you want to too. (Respondent FG10.5P)*

*Social activities tend to blow you out. Also electrical and car expenses. Hardest thing are friends not at university, they don't understand. (Respondent ID4L)*

However most felt guilty after ‘spending up big’. When they have no money a number of coping strategies were used that illustrate diametrically opposed money management behaviour i.e. becoming cautious or behaving in a cavalier way. This indicates emotions playing a key influencing role in perceptions of what is rational behaviour (supporting insights into Proposition 5).

**Feelings about spending**

*I kind of feel guilty afterwards if its stuff I don't need. (Respondent FG1.2L)*

*If it’s something you need I don't feel guilty, otherwise I do get that guilt feeling afterwards. (Respondent FG1.2L)*
Strategies to manage lack of money

a) ‘Working with the family’ strategy

If ever I need money I just ask mum, we have a cup on fridge, I get my bus fare from there. It’s better to experience no money. (Respondent FG7.5L)

I have joint account with Mum, she puts money in there when there is none. (Respondent FG8.5L9.4)

I share a car with mum. (Respondent FG7.1L)

I’m living in my parent’s house with roommates who pay rent – the bills are split with the roommates. (Respondent FG8.3L9.2)

b) ‘Worry about it later’ strategy

I have less responsibilities as a student than I would as an adult. I might be a little more reserved then with my own money when I get it cause I worked for it. (Respondent FG7.5L)

Just have a good night, don't worry; I’m living at home; I don’t bother price comparing. (Respondent FG1.2L)

I don't really think about it. I go, look, sometimes buy, sometimes I don't. (Respondent FG1.4L)

c) Behaviour modification strategy

I just don't buy things really, I won't ask my parents to help out, if I don't have the money. (Respondent FG8.4L9.1)

I try not to spend on pointless things, I’m saving money for a car. (Respondent FG8.2L)
I go to the op (charity) shop. (Respondent FG8.5L9.4)

I don't impulse buy, if you want it in a week get it. (Respondent FG8.3L9.2)

I get money from my parents so I don't want to ask for more. I stay within my budget and pay my phone bills myself. (Respondent FG5.1H)

I sold the car, paid off the loan. I saw the advantage of savings. I started working and saved more. I have a saving goal, and realised saving is important for myself not only for my bank account. (Respondent ID4L)

I think everything at the moment is a want. If it’s a want, I try and get it cheap online or discount outlets, sales. (Respondent FG4.2P)

d) Money management strategies

I may check online but mainly I use ATM receipts. (Respondent ID7L)

I check my netbank regularly. (Respondent FG5.2H)

I use an online saving account and an everyday account. I have a limit of $40, if I run out, I transfer across from my savings account which has a higher interest. I’m tracking it but I’m not too fussed, not much money there. (Respondent ID4L)

I have an online account that's where all my savings go. (Respondent FG4.2P)

I transfer income into my savings account, I leave in debit what I want to spend. (Respondent FG10.1P)

I save up by having a weekly transfer so money automatically moves from one account to another. (Respondent FG8.3L9.2)
I usually save $300 at home and then put it in the bank. (Respondent FG7.2L)

When I tracked my expenses – I realized that I spend more than I think. (Respondent ID4L)

I text rather than phone, and use the family car. (Respondent FG4.3P)

I'm on prepaid; I check my accounts regularly online. (Respondent FG5.2H)

I try to keep $200 buffer. (Respondent FG1.2L)

I'm always at work so I have no time to spend anything; I use dad’s coins. (Respondent FG7.5L)

Living out of home respondents

Those living out of home were more concerned about maintaining a space defined by greater independence i.e. covering day to day living costs (international and locals) and study costs (international). In this scenario parents played an important part in the maintenance and development of this greater independence state by providing key money (e.g. to cover car expenses (locals) or university fees (international) (supporting Propositions 3 & 4).

Always check before spending to make sure I have enough money. (Respondent FG8.5L9.4)

My parents help me out when I need like a loan or get stuck. (Respondent FG2.2P)

However the establishment of these new spaces is tenuous with little money being left after expenses to provide a protection buffer. Students therefore often adopted extensive and aggressive strategies to manage costs such as tracking expenditure, minimizing
costs or modifying behaviour. International students are particularly good at saving up or innovating cash flow strategies to provide for short holiday trips within Australia. This demonstrates significant understanding and sophistication in money management approaches allowing resources to be used in ways other than intended (supporting Proposition 3 & 6). There is also evidence of rational thinking that coupled ‘quality of life’ with an understanding that being a student is characterized by a particular living style. This provides useful insights into how students view rational behaviour.

Cost minimization strategies

I always buy the Coles brand; buy only my favourite books. (Respondent FG8.1L9.3)

I use the university internet; my mobile is on a cap – I check usage, keep to budget; use Facebook for messaging. (Respondent FG2.1P)

I limit the time I spend going out with friends; I aim to spend within a limit and a target. (Respondent ID1LI)

I go to the park with friends. (Respondent ID1LI)

I eat less fruit, buy discount clothes, buy food on special, have less entertainment, and buy online. (Respondent FG3.1L1FG11)

I try and get stuff from 2nd hand stores or the market, it’s really cheap and unique. (Respondent FG4.1PI)

I have a special amount I can work with, I prioritise what is a need and what is a want; I compare prices and try to get the best deal. (Respondent FG2.4PI)
Budgeting and tracking strategies

*I use multiple accounts, try and balance each week, try and divide up money; try and track what is taken out and what is paid – I have a rough idea of what's coming up.* (Respondent ID2P)

*I track spending online.* (Respondent ID1LI)

*I budget for university costs, spend & save on other things, do what has to be done.* (Respondent FG2.4PI)

*I keep a mental tally of spending for the day or week, then I subtract from my personal savings.* (Respondent FG5.3H)

Banking strategies

*I basically buy everything on credit card and just pay it off when I get Centrelink or my work (own business). It works pretty well I think. If it goes $1000 that doesn't bother me, I can usually/always pay it off. It’s easier to track than cash.* (Respondent FG10.2P)

*I paid my rent on credit card, it’s not massive, I can pay off. If I need money in a hurry I will use credit card over asking families although they would lend it to us. I use the credit card a bit as a backup, a safety net, I don't rely on it at the moment. I've never really had to focus on it as yet. Oh it’s just a bit of rent we've loaded it up onto the credit card for the moment. We just needed a new fridge. I got a little bit on the credit card not massive.* (Respondent ID2P)

*I got a credit card at the start of the year because I was moving to a new house, I needed big purchases; so I use my credit card and then pay back from savings; it was easy to get, 15 minutes; $3000 limit but I put back to $1000. In Fashion week I used the credit card but it’s also tax free because it’s your profession.* (Respondent FG2.1P)

*I probably check twice a day my credit card statements.* (Respondent FG10.2P)
I keep all receipts, pin them up in my room, if I spend over I must compensate, I try to budget that way, I’m not organised but it works for me, I write big to warn myself. (Respondent FG5.4H)

I use internet banking to transfer money between accounts, paying bills online and checking up on things going through. I try and balance them. (Respondent ID2P)

I pay bills online, transferring between accounts. (Respondent ID3Pl)

At times when other things come in, I don’t have the money so I use other accounts, it’ll catch up with me at some point. (Respondent ID2P)

I have three accounts, saver, debit and key card account. I use the debit for online purchase. The key card is for paying groceries, the bulk of my money goes into a saver account. (Respondent ID5HI)

**Behaviour modification strategies**

Anything with a due date needs to be paid, food, necessities. I don't buy clothes unless I have money left over. What I can't do without I classify as a need. (Respondent FG10.3P)

I control my spending, control my feeling but with food I can't, I'm into food not clothes. (Respondent ID1LI)

I don't socialise too much, focus on school work. (Respondent ID2P)

I remind myself when I want to travel not to waste money shopping. (Respondent FG6.1HI)

Now when I shop I will think if it is really necessary for me, if I really like it I will buy it because it is worth it. (Respondent FG11.1LI)
I pay for all my needs (accommodation etc.) and the rest I can use. (Respondent FG3.1LIFG11)

I have to think what if I don't have it can I still live, can I do well. If I don't have food I can't study, I can't work so that's a need. You need self-discipline, to set goals, and to work hard to achieve them. (Respondent ID1LI)

I think logically is it a want or a need. I won't really spend that much money; nobody can influence me to spend it. I will consider how many times I will wear it, if more than 3 to 5 times I'll get it. (Respondent FG4.1PI)

If my quality of life drops, then it’s a need. My current lifestyle is ok for a student. (Respondent FG5.3H)

I go out without taking money, or just take enough. (Respondent FG3.1LIFG11)

It's hard to connect the budget plan to reality. (Respondent ID2P)

Every student must go through not having money in order to learn. (Respondent FG5.5HI)

‘Choice of friends’ strategy
It’s a downer if you don't buy and your friend does, I make friends with those with similar finances. (Respondent FG2.3PI)

I'm tempted with food when I go out, I have friends with the same goal & same background. (Respondent FG6.2HI)

If you have money and you go out you need more clothes, it turns into a bigger need. When you don't have money you don't go out, you need less clothes. (Respondent ID3PI)
Back up strategies

In extreme cases I tell my parents to send a bit more, only happened once.
(Respondent ID5HI)

Discussion of findings from students living in and out of home comparison

The act of moving out of home therefore acted as a stimulant to establish new spaces which were often characterized by tighter fiscal control and more rapid development and a deeper understanding of money management practice in changing contexts (adding insights into Proposition 5). Those living at home delayed this development, since they were not bound by the same constraints (adding insights to the interplay between Proposition 1 & Proposition 4).

Key evidence statements (nos. 84-86) comparing research findings comparing students living in and out of home:

Evidence statement 84: Living at home encouraged the maintenance of a personal space defined by dependency. Despite this, these students saved little and spent mainly on entertainment and transport with parents often contributing substantially to the latter. Most felt guilty after spending up big.

Evidence statement 85: Those living out of home were more concerned about maintaining a space defined by greater independence. Parents played an important part by providing key money which was particularly important because after expenses, little was left to provide a protection buffer. Students adopted extensive and aggressive strategies to manage costs. International students were particularly good at this.

Evidence statement 86: Moving out of home stimulated the creation of new spaces often characterized by tighter fiscal control and a more rapid development and deeper understanding of money management in changing contexts compared to those remaining at home.
6.6 Comparing gender money management behaviour

This section looks at similarities and differences in influencing factors affecting how male and female students manage their money. In particular it highlights the role of emotion and peer/societal pressure on buying behaviour and therefore on the liquidity and operating space.

Females

Whilst there is a common recognition amongst both genders of the influences impacting how they manage their money, females report higher emotional responses to these factors. For example some females report becoming more impulsive and more easily influenced by others particularly under stress which encourages them to overspend. They then feel guilty. They talk more often of the need to plan, budget and track expenditure as a coping mechanism, illustrating the use of economic techniques to help manage emotional aspects. This supports the insights uncovered in chapter 5 (section 5.7) for Proposition 1 and adds insights to Proposition 4.

Emotional responses to money management

I was freaking out last night because of a bad day, I spent everything on eBay. (Respondent FG8.1L9.3)

Suddenly I wanted to go on holiday, I couldn’t control myself, I was affected by seeing others buy. (Respondent ID1LI)

I’m almost the embodiment of an impulse shopper, particularly under stress. (Respondent FG8.5L9.4)

I’ve had a couple of stressful weeks, I bought something every day. (Respondent FG8.5L9.4)

I manage guilt by buying more stuff. (Respondent FG8.1L9.3)
Males

In contrast, males acknowledged societal pressure to buy to be part of the group and that having no money was stressful, but they responded to these challenges by exercising self-control. They spoke of willpower and controlling their environment (e.g. limiting interaction with their friends) rather than seeking advice from others. This provides insights into rationality (Proposition 5 and supports Proposition 2).

Exercising self-control

_We live in a society that is based upon wants. I think society has put a lot of pressure on us to purchase things that society makes out that much we need but it’s really a want, to be part of a group. _ (Respondent ID4L)

_No matter how much I spend I feel a little guilty but what’s the point._ (Respondent FG10.1P)

_I save my money so I’m usually fine with school books. Some days you’ll get all bills in at the same time. Usually I have enough money to cover it or I borrow from nan._ (Respondent FG8.4L9.1)

_I keep a mental tally of spending for the day and week, then I subtract from personal savings._ (Respondent FG5.3H)

_I abstain from buying anything else until I have more money. It can be stressful, big bills can clean me out, I don't spend, I borrow from my family. I don't waste money on wants, know your limits, be true to your responsibilities._ (Respondent ID7L)

_Every student must go through not having money in order to learn._ (Respondent FG5.5HI)

_It’s hard to avoid (media pressure), it’s everywhere. The article saying $20 in your pocket makes you a mature man I just try and ask myself do I actually need whatever I feel like buying. I rarely ask for advice from anyone, I don't really_
like their opinion, I don't like disclosing my financial situation, it's my life. (Respondent FG7.4L)

I don't go beyond things you need to spend, there are plenty of places where you can spend heaps. I limit my time going out with friends; I aim to spend within limits and targets. (Respondent ID5HI)

Discussion of findings from gender comparison
These findings indicate that emotions and emotive factors play a stronger role in girls’ use of money management to construct their personal spaces. For some this leads to coping mechanisms that incorporated overspending which subsequently reduced the financial power to manage their spaces.

Key evidence statements (nos. 87-88) comparing research findings across genders
Evidence statement 87: Female students reported higher emotional responses. They talked more often of the need to plan, budget and track expenditure.

Evidence statement 88: Male students acknowledged social pressure but were more able to exercise self-control. They spoke of willpower and controlling their environment rather than seeking advice and help from others.

6.7 Comparing money management behaviour of students studying different degrees
The demands of particular degrees both in terms of study time and costs had a significant impact on the development of students’ money management behaviour and therefore their personal spaces.

Students studying the design discipline (Design students)
The factors impacting how Design students constructed and maintained their personal spaces differed from Business and social science psychology students. Design students exhibited more interesting money management constraints than the other degree types
studied. High course costs (internet, printing, films & exhibitions) which were often difficult to quantify, came at key times within the course and could not be curtailed. Students often spoke of dipping into savings or seeking help from parents at this time. Design students therefore appeared to have a more sophisticated appraisal of money management principles and could apply them in entrepreneurial ways that released resources for alternative uses. This supports propositions 3 & 6, providing evidence to support the argument that traditional/more conservative money management techniques may be insufficient for the variety of student responses to liquidity issues.

Costs associated with being a student on a design course

As Design students we have to download such a massive amount of images. We’re lucky to have a good plan so it doesn’t cost us a heap of money but it’s a necessity. Printing is massive. At submission time like I spend so much money on printing. It all adds up really quickly. I’m usually on the phone to my parents at folio time. (Respondent FG2.2P)

First year we have basically no costs, 2nd year we start shooting on film, 3rd year we started making film which is a huge amount of money. Mine was $12,000 which we mainly funded ourselves. (Respondent FG10.3P)

You can’t really budget you just have to spend and save on other things. I spend less on food or try not to pay my bill during this week and pay my bill another week cause those moneys are something that we just have to spend or if something is wrong we have to redo it again otherwise it defeats the purpose of coming to university. (Respondent FG2.4PI)

These periods threatened and created stress within the student’s personal space because they needed “discretionary” resources to maintain their study schedules. They therefore needed to budget accordingly to meet key “scheduled needs” more effectively. Because of this budgeting and self-control were identified as important money management skills and many reported that they tracked their accounts closely, often preferring to use cash. This provides new insights into the selection and use of particular financial
instruments suggesting factors to be considered in teaching money management (Propositions 1 & 4).

**Strategies to manage design course costs**

*I use that template (Excel spread sheet) as my record of how I manage my money. At first I found it really hard, but then after a while it made me happy, I found it pretty useful to remind myself. (Respondent FG4.1PI)*

*Every fortnight when I get my Centrelink I put however much I need away for rent and bills. (Respondent FG2.2P)*

*I go out with my friend sometime I feel lost track of my budget and I really struggle and stress for me you know studying I have to make the balance between studying and working if I don’t work I don’t get money for paying that stuff and if I work much my study going to be going down so really hard. (Respondent FG10.4PI)*

*I probably check twice a day my credit card statements. (Respondent FG10.2P)*

*I check internet banking once a day. (Respondent FG10.3P)*

Whilst Design students could clearly differentiate between needs and wants, they struggled more than other students with balancing these two aspects because of a dominating professional interest in image (fashion and media) which was often instrumental in defining who they were within their peer group (supporting Proposition 2). As a result many identified friends with credit card trouble. This gives some clarity into rationality as it indicates some of the factors taken into consideration when making decisions about money (adding new insights into Proposition 5).
Image

You have to have a certain look. Pressure to have the status symbols and everything else, not the same here. I have to buy brand presents for friends. (Respondent ID3PI)

Money is defining factor in how you socialise, what you do where you go, if you go out at all. Sometimes the image thing is like a big thing for me so I try and make it look like I have the money. I spend because I don't want them to think anything less of me. It doesn't work well. (Respondent FG2.2P)

It matters to some but doesn't to others. There is a pressure to fit in, pressure to make others feel better. (Respondent FG2.4PI)

Friends like designer stuff - we like aesthetically pleasing. We are naturally drawn to those with similar budgets and personalities. (Respondent FG2.1P)

Credit card usage

Most friends have credit cards. With the credit card it’s like you have to control yourself, it’s not going to control you, and you have to control it. (Respondent ID3PI)

I’ve had friends caught up with that, I don’t want to see myself in that situation. I’ve friends that think it’s cool - just chuck it on the credit card, they don’t realise it’s not free money, they have to pay it back. (Respondent FG2.2P)

I have friends who have a lot of credit card debt. I have visa through parents for academic expenses. Always money in credit card account and I top it up. Check regularly. (Respondent FG4.2P)

I basically buy everything on credit card and just pay it off when I get Centrelink or my work. (Respondent FG10.2P)
Business and Social Science/Psychology students

Business and Social Science/Psychology students are not faced with the same dilemmas as those studying Design. Key costs arose from textbook purchases at specific times of the year which can be budgeted for or borrowed from the library.

Textbook costs

I only got two textbooks this semester and they were about $130 and $150 each yeah so that was a big outlay. (Respondent ID2P)

I can’t afford textbooks so I’m going to the library. (Respondent FG8.3L9.2)

You know textbooks can cost a fair bit of money if there is a second hand one that is in fairly good nick I might go or that but I also do like the feeling of fresh textbooks. (Respondent ID7L)

As a result these students were better able to manage pressure from friends compared to the Design students although Social Science students (all 1st years) spoke extensively of the pressure of influence and media on their buying patterns. However this pressure is more likely to be a factor of age (i.e. susceptibility to peer and societal pressure) rather than of degree type (supporting Proposition 2 and increasing evidence for Proposition 3).

The pressure of media on spending

The media definitely plays a big role in society these days especially with the younger generation. It’s like so hard cause we all do it, we all stereotype and it’s hard not to conform and that kind of thing. (Respondent FG7.5L)

It’s really easy to slip into that sort of stuff oh I’ll come to whatever shopping centre that they heard about on T,V and we can go into this shop that we heard about on the radio, and you go up there, and you’ll see them buy something and you think oh I can treat myself to those shoes. (Respondent FG7.4L)
All students reduced communication costs by having capped internet & phone cards or by using free internet programs (e.g. Skye, Facebook, MSN) and internet connections at university. These common strategies to reduce costs protected the integrity of the student’s personal space (providing examples to support Proposition 6).

**Strategies to manage costs**

*I use Facebook to message - Business student (Respondent FG1.2LID6) and Design student (Respondent FG2.2P)*

*I use a prepaid mobile - Business student (Respondent FG5.5HI) and Design student (Respondent FG2.4PI)*

*I use the university internet – Business student (Respondent FG1.1L) and Design student (Respondent FG2.1P)*

**Discussion of findings of degree comparison**

Overall the results show that Design students adopted a careful approach to money as a result of specific study, professional and image needs (arising from peer pressure) existing within their operating space.

**Key evidence statements (nos. 89-91) comparing research findings across degree type**

*Evidence statement 89: Course demands had a significant impact on students’ money management behaviour.*

*Evidence statement 90: Design students faced significant course costs and pressure to follow fashion as part of their peer group. Budgeting and self-control were identified as important money management skills.*

*Evidence statement 91: Business and social science/psychology students were not faced with the significant course or peer costs compared with Design students.*
6.8 Overview of findings

The level of support for the propositional elements across student groups is summarised in table 19.

Table 19 - Support for propositional elements in the cross-case comparisons

<table>
<thead>
<tr>
<th>Evidence of propositions in section</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 6 – Cross-case comparisons across student groups</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>NA</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6.2 Local &amp; international</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>NA</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6.3 Age groups</td>
<td>NA</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>NA</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>6.4 Working/non-working</td>
<td>✓</td>
<td>NA</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>6.5 Living in and out of home</td>
<td>✓</td>
<td>NA</td>
<td>NA</td>
<td>✓</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>6.6 Gender</td>
<td>✓</td>
<td>✓</td>
<td>NA</td>
<td>✓</td>
<td>PS</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>6.7 Degree type</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>

Key

✓ = Proposition supported

PS = Proposition partially supported

No = Proposition not supported

E = Proposition needs extending

NA = no findings relating to this proposition.

6.9 Discussion of Chapter 6 findings in the light of Chapter 5 findings

This section provides evidence for the propositional findings arising in Chapter 6 which confirm evidence in Chapter 5. These findings extend insights across research stages 1 to 3 as a result of the cross-case comparisons.

Table 20 gives a summary comparison of propositional findings reported in Chapter 5 against those arising from this chapter. A detailed overview of the findings can be found in Appendix 7.

The implications of these findings are discussed in detail below focusing on the impact of these new findings on the management of liquidity. The table is developed from
information drawn from Tables 17 and 19, Appendix 7 and the evidence statements from chapters 5 and 6.

Table 20 - Summary comparison of propositional findings from chapter 5 and 6

<table>
<thead>
<tr>
<th>Prop No.</th>
<th>Area</th>
<th>Local/ international</th>
<th>Age</th>
<th>Working/ Not working</th>
<th>At home/ Not at home</th>
<th>M/F</th>
<th>Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complex environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Handling liquidity indicates thinking sophistication</td>
<td>DA</td>
<td>DA</td>
<td>√</td>
<td>DA</td>
<td>NE</td>
<td>DA</td>
</tr>
<tr>
<td>2</td>
<td>Liquidity supports socialisation</td>
<td>DA</td>
<td>NE</td>
<td>DA</td>
<td>NE</td>
<td>DA</td>
<td>PS</td>
</tr>
<tr>
<td>2</td>
<td>Liquidity drives work needs</td>
<td>DA</td>
<td>NE</td>
<td>DA</td>
<td>PS</td>
<td>NE</td>
<td>PS</td>
</tr>
<tr>
<td>2</td>
<td>University &amp; work broaden exposure &amp; understanding</td>
<td>DA</td>
<td>NE</td>
<td>√</td>
<td>DA</td>
<td>NE</td>
<td>NE</td>
</tr>
<tr>
<td>3</td>
<td>Aging &amp; experience improve ability</td>
<td>E</td>
<td>√</td>
<td>NE</td>
<td>No</td>
<td>NE</td>
<td>NE</td>
</tr>
<tr>
<td>3</td>
<td>Emotion plays a role</td>
<td>E</td>
<td>E</td>
<td>DA</td>
<td>NE</td>
<td>E</td>
<td>E</td>
</tr>
<tr>
<td>3</td>
<td>Leading to conflict with others</td>
<td>NE</td>
<td>NE</td>
<td>E</td>
<td>NE</td>
<td>NE</td>
<td>NE</td>
</tr>
<tr>
<td>4</td>
<td>Significant overlap S/P understanding</td>
<td>E</td>
<td>E</td>
<td>NE</td>
<td>E</td>
<td>NE</td>
<td>NE</td>
</tr>
<tr>
<td>4</td>
<td>Friends lesser influence</td>
<td>DA</td>
<td>NE</td>
<td>NE</td>
<td>NE</td>
<td>PS</td>
<td>No</td>
</tr>
<tr>
<td>4</td>
<td>Additional findings</td>
<td>NE</td>
<td>NE</td>
<td>DA</td>
<td>E</td>
<td>NE</td>
<td>NE</td>
</tr>
<tr>
<td>5</td>
<td>Rationality assumes complex thinking</td>
<td>√</td>
<td>E</td>
<td>NE</td>
<td>E</td>
<td>NE</td>
<td>NE</td>
</tr>
<tr>
<td>5</td>
<td>Other considerations</td>
<td>E</td>
<td>NE</td>
<td>NE</td>
<td>NE</td>
<td>√</td>
<td>NE</td>
</tr>
<tr>
<td>6</td>
<td>Questions over whether traditional methods work</td>
<td>E</td>
<td>NE</td>
<td>NE</td>
<td>E</td>
<td>√</td>
<td>E</td>
</tr>
<tr>
<td>6</td>
<td>Aging changes student mm</td>
<td>NE</td>
<td>E</td>
<td>NE</td>
<td>E/No (x 2)</td>
<td>NE</td>
<td>NE</td>
</tr>
<tr>
<td>7</td>
<td>Parents impacted by environment</td>
<td>NE</td>
<td>NE</td>
<td>NE</td>
<td>E</td>
<td>NE</td>
<td>NE</td>
</tr>
</tbody>
</table>

**Key**

√ = Propositional support for chapter 5 findings
PS = Partial support for chapter 5 propositional findings
No = Chapter 5 propositional findings not supported
E = Chapter 5 Propositional findings need extending
NE = not emerging i.e. no evidence found to support or disprove the chapter 5 propositional findings.
DA = depth added to chapter 5 propositional findings
Insights from the local/international comparison

With the exception of proposition 7 (where new findings did not emerge) all other findings from chapter 5 were broadly supported. The local/international relationship yielded additional insights into propositions 1 to 5 which are discussed below.

The management of liquidity and the heavy reliance of students on parents was confirmed as a key feature of both international and local students although the shape of that student reliance varied between the two (E56 – 58). Internationals received sporadic parental payments, domestics were on a drip feed mechanism. The use of parent/student financial instruments gave international parents considerable visibility and control over their students whilst parents of domestics knew less about the mechanics but were able to readily observe behaviour (E57, 59). This increases the likelihood of an overlap in views between parent and student about money management (E61). Some internationals increased privacy by securing independent income streams e.g. work (E60). Common economic themes were present in both groups with an overlap in strategies (E67). However internationals often worked with friends to stay within liquidity limits (E61). The ability to maintain an independent state drove the level of parent support accepted.

In addition this cross-case comparison yielded valuable insights into the adaptive nature of students money management behaviour which showed dramatic shifts in behaviour as context changed i.e. in university term time when liquidity issues were likely to arise, activities likely to threaten liquidity were curtailed (E62). In holiday time when income was less of an issue, socialisation costs rose dramatically. This increases understanding of the existential nature of students i.e. their ability to adapt and respond to circumstantial situations.

Insights from the cross age comparison

There was broad support for chapter 5 findings for Propositions 1, 3, 4, 5 and 7 in the findings emerging for the cross age comparison. No new findings emerged for Propositions 2 and 6. Additional insights were gained into Proposition 2, 5 and 7 which are discussed below.
The management of liquidity by different age groups were the key insights achieved from the cross age analysis. Younger students focused on acquiring basic skills and were happy to ask to use their parents’ credit cards for online purchases (E69). As they aged the focus shifted to establishing and preserving their independent state and ‘matching plans to life’ (E68, 70, 72, 73, 76, 77). This group wanted their own credit cards. All students used goals to stimulate self-management (E75). Given that students shift their focus as their needs dictate, it could be argued that a shift in personal space changes also leads to a shift in their concerns and what is considered rational behaviour, adding credence to the dynamic form of student rationality.

The identification of a group of local students who despite their age chose to remain at home and adopt a freer approach to money management suggests that age may not be the only driver of developing money management skills (E74). This challenges and deepens understanding of chapter 5 findings.

**Insights from the working/not working comparison**

There was broad support for the findings from chapter 5 in relation to Propositions 1 to 4. Additional findings emerging in relation to Propositions 1, 3 and 4 as discussed below.

Work was identified as a key driver of income, liquidity and therefore independence (E78, 83). More established jobs were less susceptible to market forces helping to sustain personal space creation. However work carried a cost of its own, impacting socialisation (e.g. long hours) and related financial costs (e.g. high travel/clothing costs), which impacted space construction and sustainability (E80). The positive side was that work increased liquidity and the ability to spend more socialising which could put pressure on others to spend (E78). Understanding the role of working in student money management helps uncover dynamics associated with moving from dependency to independency (E81, 79, 81, 82, 83).
Insights from the ‘living at home/not living at home’ comparison
Broad support was found for the chapter 5 findings concerning Propositions 1, 2, 3, 4, and 6. Partial support was found for Proposition 7 and additional findings were provided for Propositions 2, 3, 4 and 5 which are discussed below.

Liquidity needs drive usage of money management in entrepreneurial and innovative ways which explains why most examples of this type of behaviour and most learning came from those facing liquidity challenges (E86). These were usually those living out of home (E85). Because of liquidity challenges, parents played a significant role in whether students attained and maintained independent spaces, which is possibly why they chose to encourage their offspring to remain at home in the hope they would develop essential management skills there. The reality is that they may not. Those students living at home constructed spaces built on a liquidity which they could not deliver alone through their own earnings (E84). Whilst most expressed guilt when ‘spending up big’, reactions to this situation were mixed, ranging from cautious to cavalier. This gives insights and supports the view that rationality is shaped by an individual’s personal circumstance. It also supports liquidity as the driver of learning, over age and experience.

Insights from the gender comparison
No new findings emerged to comment on most of the Propositional findings in chapter 5. The exception was Proposition 5 and 6 which were supported. Proposition 1 yielded new findings and Proposition 4 was partially supported. These findings are discussed below.

Maintaining liquidity was more of a problem for females who were more emotive and impulsive particularly under stress which encouraged them to overspend (E87). This in turn lead to more guilt and more overspending. Strategies around applying economic techniques (e.g. goal setting, budgeting etc.) were used to manage emotions. In contrast males tended to use self-control to manage themselves and the pressure of others (E88). This raises questions about whether there are gender differences in what constitutes a “rational” approach to money management and how pressure is managed.
Insights from the degree comparison

The chapter 5 findings relating to Propositions 1, 2, 3 and 6 were largely supported, with clarification provided into Propositions 1, 2 and 4. Insufficient findings emerged to yield insights into proposition 5.

Certain courses place a high demand on students threatening their management of liquidity. Additional image related challenges arise around certain courses (e.g. Design), putting pressure on students to adopt particular fashions or approaches to life in order to ‘fit in with the crowd’. In this context friends do play a key role in influencing how money is managed challenging Propositional 4 findings from chapter 5. Additionally high on-going costs related to the course, which are often of unpredictable amounts and due in short time frames, exacerbate pressure on Design students (E89, 90). This encourages coping mechanisms that incorporate entrepreneurial and innovative thinking supporting the argument that liquidity is a major driver of learning and adaptation.

6.10 Alterations to propositional support table in the light of findings across research stages 1 to 4

In the light of the research findings arising from research stages 1 to 3 (table 20) the following amendments have been made. These are presented in table 21 below.

<table>
<thead>
<tr>
<th>Section</th>
<th>Evidence of propositions in section</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Chapter 6 – Cross-case comparisons</td>
<td></td>
</tr>
<tr>
<td>6.2 Local &amp; international</td>
<td>√</td>
</tr>
<tr>
<td>6.3 Age groups</td>
<td>NA</td>
</tr>
<tr>
<td>6.4 Working/non-working</td>
<td>√</td>
</tr>
<tr>
<td>6.5 Living in and out of home</td>
<td>√</td>
</tr>
<tr>
<td>6.6 Gender</td>
<td>√</td>
</tr>
<tr>
<td>6.7 Degree type</td>
<td>√</td>
</tr>
</tbody>
</table>
Key
√ = Proposition supported
PS = Proposition partially supported
No = Proposition not supported
E = Proposition needs extending
NA = no findings relating to this proposition.

6.11 Conclusion

This chapter utilised cross-case comparisons to expose and explore dynamics arising in particular groups. These were then used to deepen and extend the findings arising from chapter 5. The evidence suggests that propositions 3 to 7 are too narrow to adequately explain student behaviour. In the next chapter the interaction between students, parents and friends is explored in more depth to identifying the dynamics of the underpinning influences acting upon students. This adds depth to the findings in Research stage 1 and 2.
Chapter 7
Research stage 3 & 4
Drivers and interrelationship structures
in student money management

7.1 Introduction

The previous two chapters explored the views of students on money management as individuals, groups and across cases. These provided grounding for understanding the topic whilst at the same time highlighting the underpinning dynamics of the student, parent and friend relationship. The purpose of this chapter is to explore further this triad of influences building on data from research stages 3 and 4. The resultant data set is examined for consistency with findings from the data sets arising from research stages 1 and 2 (chapters 5 & 6). This process sets up triangulation between the different levels of findings and allows exploration and structuring of the underpinning drivers, interrelationships and interconnections required to address the final proposition, proposition 7. The chapter completes the data generation task of this thesis.

The chapter explores liquidity; who students talk to and why; the dynamics underpinning the provision and acceptance of support, the influence of friends and finally the interplay of students, parents and friends. Insights are then used to update earlier understanding of the dynamics underpinning student money management. Evidence statements (E) are used to support the argument development.

7.2 Management of liquidity

The following comments incorporate the essence of the importance of liquidity to students from the perspective of student and friend. Liquidity offers a way to explore the importance of liquidity in understanding social influence.
**Student double dyadic pair 6:** We manage our money, it’s just that a lot don’t have enough to manage. You know there are students who don’t manage their money but they are quite few and far between, it’s more likely that students aren’t given the opportunity to look like they are managing their money.

**Friend double dyadic pair 5:** I wouldn’t like to think I am not going out due to having a lack of money. I like to think that I can do everything I want to do especially when I am so young. I do not want to have any regrets and I want to experience everything and it is just annoying that I am not able to because of a lack of money.

**Student dyadic pair 2:** Money makes the world go round and I know that and it’s really hard not having money to be part, especially now that I am unemployed, not so much when I was employed cause you go oh well the next pay check will cover it, I will just work a few more hours this week but now that I know I have like a set income for two weeks and it’s not much it’s a bit hard. Yeah definitely money defines how you live, it really does.

These comments suggest money defines lifestyles, allowing students to fulfil their desire to experience life. However insufficient financial resources made money and therefore lifestyle management difficult. Analysis of the parent/student interviews confirmed earlier findings that maintaining liquidity was a key consideration and source of learning.

a) **Maintaining liquidity**

Maintaining liquidity was a key consideration as it funded lifestyle choices. Students were both strategic and opportunist in pursuing these goals (confirming propositions 1-3). The following comments illustrate how students took advantage of living at home to reduce costs to fund and protect lifestyle choices.

**Student double dyadic pair 5:** I think everyone (friends) is quite appreciative of what they have got and they sort of know how to take advantage of their assets
and they are sort of more grateful for what they do, have which is good. Pretty much my close friends are all living at home – living the dream.

**Student double dyadic pair 4:** I don’t really have that many expenses, I’m still supported so the whole thing, you know, goes right over my head, that doesn’t matter to me. I like to wear something different because I have the opportunity to wear something different whereas them (those living out of home) it’s not so much of a priority for them. I think there is an issue because they have got so many other things to think about whereas ... it’s pretty easy for me ... If I was to lose my job all of a sudden then it would be a big issue.

**Friend double dyadic pair 4:** I recently lost my job .... At the moment my parents are paying the lot. I don’t go out much, no money and I eat less, and I am just very tight with money now. Me and my friend have a day when we only probably use $10 ... she gets it....she kind of likes that budget thing .... She knows about my whole situation and she is fine about it.

**b) Impact of liquidity on learning**

Managing liquidity was a key source of learning, a symbol of independence, and driver of choice as students struggled to balance multiple influences e.g. emotions, family, work, university and social commitments (confirming propositions 1 to 4). However access to credit enabled access to liquidity through debt which also caused problems.

**Friend double dyadic pair 5:** If I could afford it I would move out ... I guess the independence and not having my parents prying eyes all over me. I like my privacy and independence,

**Student double dyadic pair 5:** I’d be inclined to save cause like I hate buying really expensive things and having nothing to show for it. When I know I want something I’ll not buy it then I’ll think about it for the next few days and then I’m like OK I actually do want this and then I’ll go and buy it. ... I spend so
much when I go out because … you just don’t watch what you spend when you go out.

**Student double dyadic pair 6:** I think I have always been good with managing money. I have such an anxiety about not having enough money. I’m a naturally anxious person so the idea of not having money freaks me out.

**Student dyadic pair 2:** It started off oh look I can buy something or if a bill comes up unexpectedly I can use my credit card that kind of thing. I think everyone is going to go out and get a credit card because they don’t want to scrape by sometimes they want to have that luxury. It’s like oh I’ll just swipe it or whatever and even though they know that their friends are in massive debt they still get it. The majority of teenagers have got it, I reckon.

The banks definitely don’t help like when I maxed out my card, the bank just offered me another grand. You are like another grand I will be able to pay off this or that. It’s really easy for me to get a credit card.

**Student dyadic pair 3:** I’m cautious. It is better for me to work nights but you get less hours, it’s hard to work and study. I find I like playing with expense and forms and stuff like how much I make and stuff. Last year I started writing what I spent and what I got from work. You spend it pretty quickly if you are not careful.

I have a credit card now, sometimes it’s a bit hard not to buy anything but I always make sure that I have the money in the bank ready like I wouldn’t max it out. With the debit card if you don’t have the money you can’t spend it. I prefer card because I hate seeing the cash go from my wallet.

c) Learning to manage liquidity

Whilst foundations were set by parents, it was through personal experience that individuals learnt which factors altered their behaviours and impacted their lifestyle choices and how to manage them (confirming propositions 3 and 4). The following
comments illustrate parental awareness of their child’s emotions about and management of money and the level of influence parents have over those dimensions.

**Parent dyadic pair 1**: I think children pick up from what parents do. We do spend and we often budget, we search around for the best price, I think he picks up on that.

**Student dyadic pair 1**: I think experience & parents are equally important although you can be overcome sometimes by a little bit of impulse. From how I have been brought up, yes I would definitely say that parents’ role is very important in helping children develop money management understanding.

**Student dyadic pair 3**: We don’t really talk about money that much. If you go out and your friends are drinking, even if you weren’t planning on drinking you’ll end up drinking. It just depends on the individual’s self-control I guess. You sort of find out who you are when you are overseas.

Sometimes I find like I am too strict with myself, like I will cut down on food. If I don’t want to spend the money, like I won’t buy something so like if I see my friends buying something sometimes that helps me overcome that strictness I guess.

**Parent dyadic pair 3**: She’s nervous about the credit card thing. It is either a fear or good money management sense, the fear that she’s not right with something. Maybe she’s found out from friends who have possibly got credit cards or even friends parents who have overdone their credit cards, not sure.

d) **Management strategies**

Strategies were changed in response to changing goals, circumstances or emotions with students struggling at times to find a strategy that worked. This stimulated ongoing learning (extending understanding of propositions 5 and 7 and supporting
proposition 6). The following comments particularly illustrate the difficulties around balancing work, education, social and liquidity management demands.

**Student double dyadic pair 6:** I worked two jobs for my first year of university, in fact I would miss classes to go to work. It came to exam time and I realised I hadn’t been to 90% of my classes I ended up in the Melbourne Clinic for 3 weeks because I had a giant meltdown. When anyone has a breakdown you do lose friends.

**Friend double dyadic pair 6:** If you don’t have money, pretty much you can’t be at university and you can’t be a student anymore. If you don’t have money its very isolating... if you don’t have money you can’t do that (go out) ... like it does really affect you, and then it impacts on your study. Every term you hold your breath... you can’t work and they (employee) can’t work around you.

**Student dyadic pair 3:** one of my friends she works and she spends everything, I can’t always trust her with her finances but now that she’s sharing a house and she has more rent to pay she seems to have developed more trust in herself and doesn’t spend so much on clothes. I think her parents aren’t there to support her anymore at all and yeah if she doesn’t do it right yeah she is going to be in debt I think the feeling of added responsibility has made her come better.

e) Money management dynamics

Four different dynamics were identified from the stage 4 data.

The first dynamic (confirming earlier findings) shows a simple cause and effect learning process.

**Friend double dyadic pair 4:** I think “Oh you have got a job, you’re so big, adult and independent”, gets to your head, got to my head, you get a card and it’s like unlimited money, I guess you have to be a bit smarter. I
recently lost my job .... I don’t go out much, no money and I eat less, I am just very tight with money now. Before, my God, it was just there. When I had a job it was like I spent crazy and now I don’t have it it’s kind of like I realise how much you need it now. I plan on saving so if I lose my job again I have something to fall back on.

The second dynamic (new finding) illustrates how the lack of a need reduces motivation to build savings.

**Student double dyadic pair 4:** The main issue is I have nothing to save up towards. My ultimate goal is never to spend as much as you earn. I’ve lost the feeling of what $1 value is .. it doesn’t really matter to me anymore ... so that (working) has kind of had a bad effect... I kind of gave up but now I am going to try and do that (control spending), that’s the goal kind of thing ... generally if I try to think that far (ahead) it (goal) kind of vanishes so probably just try to limit my spending.

**Student double dyadic pair 5:** I try and put a little away each week but if I don’t have a goal to save towards I find I can’t save as much like when I had a trip planned for Tibet I could save really well for that but now I have nothing to save for sort of I find it hard to save so like I’m just more blaze on what I spend my money on so I have got to always have a goal.

The third dynamic (new finding) illustrates an opportunistic approach to ensuring liquidity in that staying at home reduced costs and perhaps the need for learning/maturation in acquiring money management skills. The student, through observation of peers living out of home recognises that living out of home demands a higher work load to meet lifestyle costs which threatens her social and university life. She therefore chooses to remain at home.

**Student double dyadic pair 5:** I would like to move out ...it’s just weighing up what you want ... I think it depends what stage (you) are at in your degree .. those who want to do well, work less and are living at home but
those who are a bit more blaze or like just want to sort of get the degree I think they can afford to work more and move out I think it just depends on what you want from uni... Living at home is good, you don’t have any responsibilities, you don’t have to pay bills, you don’t have to think about if there is food in the fridge, you’ve always got someone to make you dinner, wash your clothes, sheets, like it’s really easy.

The fourth dynamic (new finding) shows an equilibrium balanced approach

**Student double dyadic pair 5:** I think it goes in phases cause like if you have a big weekend and you spend heaps of money then you are really reluctant to spend money for a couple of weeks afterwards and then you build back up that money you spent.

**Student dyadic pair 1:** I save up and try not to overspend. My holiday routine, keep my money, spend a little. When in university I do usually spend quite a bit on junk food, I do like indulging. Not paying any bills. I guess you have to be a lot more frugal especially if you are not working yet, and try to look for work, you can’t really afford to spend as much as they (friends with jobs) do. I don’t have a credit card or anything like that, I only have a bank account and I am pretty sure I will only withdraw what I have in my account. I avoid not getting into debt it is definitely not free money, you can see lots of examples of people who have let their debt get out of control and they can’t pay it back so really something to avoid getting into.

In all the above examples, context drives the learning process with threats to and an absence of liquidity acting as catalysts for life style choices and changes. This suggests students make a conscious decision to either delay a learning/growth stage or to make a considered decision (i.e. rational decision making) concerning what can be managed effectively. This provides insights into how student construct their rational behaviour (adding clarification to proposition 5). It also provides a preliminary framework by which to assess whether traditional/more conservative money management techniques
adequately address the needs of these approaches (proposition 6). The findings also suggest the need for further research into the role of personality in motivation, individual development and the management of tensions arising as a result of the intersection of lifestyle and liquidity.

**Key evidence statements (nos. 110, 112-115) relating to liquidity:**

*Evidence statement 110: Balancing work, university and social commitments is affected by emotions and ability to satisfy lifestyle needs and leads to learning.*

*Evidence statement 112: Students adopted strategic and opportunist approaches to managing their money in order to meet their lifestyle needs.*

*Evidence statement 113: Money management was seen as an ongoing learning process with clear achievements being linked to achievement of phases of maturation.*

*Evidence statement 114: Context drives the learning process with threats to or absence of liquidity acting as catalysts for lifestyle choices and changes.*

*Evidence statement 115: Some key liquidity relationships relate to cause and effect; lack of need leading to lack of motivation for particular behaviours; opportunistic behaviour; seeking equilibrium.*

### 7.3 Talking about money and its management

Previous findings focused on who provided advice to students about money management. There was recognition that some students did not like to seek advice from others but the reasons for this were unclear. Stage 4 data provided some understanding by explaining why all parties (students, parents and friends) were selective about who they talked to about money management and what they discussed. Money management
was not a topic of general conversation with individuals (parents, friends and students) being very selective about whom they talked to about what, and when. The reason for this was not clear although one student commented that money management, although ‘not taboo’, was considered to be ‘a private affair’.

**Student double dyadic pair 5:** We actually don’t talk a lot about it which surprises me. It’s not like a taboo subject but like my friends is more private.

Context was a key driver of what was acceptable to talk about and what was not.

**Context as driver of what is acceptable to talk about**

**Student double dyadic pair 4:** We don’t really talk about it. We used to work together now we don’t so then we just talked about the money, compared how much we got, how much we didn’t get whatever but other than that it wasn’t really a main concern.

**Friend double dyadic pair 4:** She (a friend) knows about the whole situation (loss of job)... you don’t want to tell everybody yeah its only certain people.

**Parent double dyadic pair 4:** I don’t think they really talk about it.

Overlaps in context, values or ethos between individuals opened up the communication lines.

**Overlaps that open up communication**

**Student dyadic pair 2:** Me and my best friend we do definitely talk about money management. I think it just honestly comes up more. When we are stressed we kind of just ‘bluh’ and a lot of the time it is due to money.
**Student double dyadic pair 5:** my uni friends I think they all like to have a pool of money; they’ve got similar thoughts like they probably like to have a pool of money. I don’t think money makes a person; they are still going to be your friend whether they are poor or rich. I suppose it could change them if they had heaps of money and they were getting all arrogant about their possessions. I have never been in that situation.

**Friend double dyadic pair 5:** All are studying and a lot of them are doing the same course so they have roughly the same hours and the same commitments and ethos for study so well they understand if I say I can’t do this because I need to study so they are like receptive in that regard. ... I don’t like to think it would influence but I think if they share the same views it is a lot easier for them to understand ... if I can’t do something.

Being a student or living out of home created situations where discussion with friends around common money management challenges emerged e.g. meeting the bills or social costs.

**Friend double dyadic pair 6:** Sometimes if we sort of go “I can’t go out and do this for dinner, I don’t have the money” and everyone will go “Oh I know what you mean and like it does come up but I think we don’t sort of need to talk about it too much cause everyone knows.

With non-student friends students either sought to establish common understanding around student money management challenges or distanced themselves from these friendship groups. The above adds insights into propositions 2, 3 and 5.

**Friend double dyadic pair 6:** I’m kind of a person if you judge somebody by how much they have I don’t want to be friends. I’ve got a very big range of friends who all manage their money and behave differently. I’ve had a couple of friends go “how do you not have money to do this” ... they sort of didn’t understand it but when I actually broke down what I’m getting in and what I
need to pay they kind of went ‘Oh wow you can’t’ … so I have had a few conversations like that … but once I explain it they get it which is nice.

Likewise parents worked hard to establish common values and ground with their offspring to facilitate money management discussions (adding insights to proposition 4).

**Parent of third year university student:** Most of the conversations have been in full view, there has never been any attempt to closet or hide it. I think they have got the view that money is there for specific purpose and it is not for playing with and I think that has got through to them. If they ever had a question we have answered it. They’ve heard our discussions about what happens if... how can we do that... what we have to do I’ll say that we have to pay for it somehow oh I will do some extra teaching so they know that money is to be earned and doesn’t grow on trees so I think they have a healthy respect on the money side of things. We want to do this but we haven’t got that so what we do about it.

Interviews emphasised that individuals talked about whether they could afford a lifestyle choice (e.g. going out to a particular club), not about how much they earned or had saved. This adds new insights into the operationalisation of proposition 3.

**Friend double dyadic pair 5:** Yeah I think we do discuss it like when we are choosing a place to go out, we are always mindful of how much it is to get in there. We don’t discuss like how much we are earning and how much we are saving and putting away exclusively but I think it is kind of implied in those kind of conversations.

Advice by parents and students was mainly offered through influence rather than in a directive way, and the impact of that influence gauged through ongoing close communication. This highlights the importance of good communication channels, favouring a listening rather than interventionist approach (this supports proposition 4). This suggests trust building between parent and child is an important part of the money management learning process.
**Parent dyadic pair 2:** They have learnt by observation and in an environment where they feel happy about asking and expect not to get told off just to get the answer.

**Student dyadic pair 2:** Knowing their children (is an important quality) – I feel like I can ask them.

Context and common values therefore play a significant part in opening up or closing down discussions around money management (clarifying the relationship dynamics between propositions 1 to 3).

**Key evidence statements (nos. 116-119) relating to talking about money management:**

*Evidence statement 116:* Individuals talked generally about money management avoiding specific details around income, savings and expenditure.

*Evidence statement 117:* Context was a key driver of what was acceptable to talk about and what was not.

*Evidence statement 118:* Overlaps in context, values or ethos between individuals opened up the communication lines.

*Evidence statement 119:* Advice was mainly offered through influence rather than provided in a directive way. The impact of influence was gauged through ongoing close communication favouring a listening rather than interventionist approach.

**7.4 The parent/student interrelationship**

Stage 3 and 4 data confirmed parents’ central role in student money management behaviour and is explored here through a discussion of the differences in definitions of
money management; the drivers underpinning the provision and acceptance of support; the role of emotions in money management; and the key gaps between parent and offspring money management decision making.

**Parent and offspring views of money management and its components**

Parent and student views of money management strongly match, reflecting the considerable amount of time spent together and confirming early preliminary findings (supporting proposition 4). Both consider money management as central to life.

**Definition of money management**

*Student dyadic pair 1*: Making ends meet, budgeting, saving for certain goals, thinking of the future.

*Parent dyadic pair 1*: We would expect him to be able to handle himself. If he was a big spender we would probably want to see him contribute a lot more. Fortunately we don’t have that problem.

**The importance of managing money as part of managing wider influences**

*Parent dyadic pair 2*: Money Management is not in isolation, I would see it as part of the whole development experience.

*Student dyadic pair 1*: Daily factor of life, you see others paying bills. We are trying to make ends meet and to strive beyond, learning from others.

*Student dyadic pair 2*: Money makes the world go round and I know that and it’s really hard not having money to be part.
Key evidence statements (nos. 92-95) capturing parent and student views of money management and its components

Evidence statement 92: Parent and student views of money management and its components were strongly matched.

Evidence statement 93: Both parents and student recognised the important role parents played in the development of money management ability.

Evidence statement 94: As student mature, the shape of their money management behaviour changes. University acts as a catalyst and encapsulates other transition events whilst introducing new drivers and dimensions into student’s money management decision making at a time of significant psychological and social change.

Evidence statement 95: Students draw down from existing behavioural expectations set up in childhood but are often required to go beyond these.

The drivers behind the provision and acceptance of parental support
Further insights into the drivers behind parental support were also obtained from stage 3 and 4 findings relating to the central role parents played in teaching practical skills and keeping students out of bad debt.

The central role of parents in student money management education
All parents saw the parental role as critical in students’ money management development with the level of support being driven by the parents own personal space and concern for the student’s welfare (extending Proposition 4).

Parent (of Chinese ethnic descent) dyadic pair 1: Chinese parents do manage their children more; they don’t let them loose so early. In a sense he has been quite pampered. We are conscious of that, he is now expected to do a bit of house-work to help out and I ask him to help me with certain things (research
activities), I do pay him for them. It is our responsibility for supporting him right through university. We dread the day he will leave home.

**Parent dyadic pair 3:** Trying to support her at university but pushing the onus on her to cover a certain amount of the expenses so she has to you know think about her purse before she drives to Port Fairy and back.

The parent personal space reflects upbringing (i.e. family influences), own personal student experience; their current parent/student relationship; and those economic environmental factors affecting the level of support they can provide.

**Parental upbringing**

**Parent dyadic pair 1:** I was raised somewhat similar so we passed that on to the next generation. When I was young I had everything taken care of, money in hand was discretionary. My father doesn’t waste his money; he was a public servant, honest, hard worker. My elder sister is extremely frugal; my mother is a good business person, entrepreneurial. I can see my mother’s influence coming through. I know some of that we learnt from her, and hopefully we pass that on to the next generation.

**Parent dyadic pair 2:** when I was growing up it was expected at secondary school that you would probably end up working over the school holidays. If you wanted something save up go and work at the grocery store next door and when you have got enough then you can buy. No credit, no nothing, all cash.

**Parents personal experiences and views on managing money today**

**Parent dyadic pair 1:** When I was at university we went out most Fridays to drink – really heavy drinking. I suppose we partied, spent some money on drinks but that was really about it. It’s harder now (to manage money). There is a lot of demand to have money and spend it. A lot of our students work long hours because they want the money so they can spend it on various things.
There’s a lot more available for them to buy and that puts a lot of pressure on them. Mobile phones can be so expensive.

**Parent dyadic pair 2:** Definitely harder (to manage money today), more opportunities to spend and earn it in a regular fashion. Nowadays I wouldn’t trust myself if I had to start again now because there are too many opportunities. You can walk in anywhere and get a couple of grand credit limit and they will only probably ask for your driving licence, dead stupid so I think it is harder for them to take a measured view of where they are and where they should be and it is also easy to get out of hand and I think my daughter proved that with the phone account, she just went mad with a new toy and suddenly it ended up being a few hundred but it was enough to teach her a bloody good lesson.

**Relationship with student**

**Student dyadic pair 3:** I guess kids ask for advice from parents first, depends on relationship.

**Economic environmental factors affecting level of parental support**

**Parent dyadic pair 1:** Starting school we gave him an allowance. I put money into an account, my wife gives him cash. It is our responsibility for supporting him right through university.

**Parent dyadic pair 2:** I can afford it (to help them) so what the hell.

**Parent dyadic pair 3:** I paid my house off, she knows I am on a lower income but the outgoings have disappeared there’s no mortgage. Those are necessities; there are luxuries like food but wines a necessity. There was never any real need for her to think about money management because if she needed stuff we would just go and buy it. She was never one who wanted everything.
An example of environment affecting how parents shied away from particular money management discussions because of the situation they were in is illustrated below. The quotation provides insights into what parents consider rational behaviour (extending proposition 5). It also provides important background information into the dynamics underpinning proposition 4 by explaining underpinning drivers.

**Friend double dyadic pair 6:** They’ve (parents) never discussed what they earn, that’s very hush, hush ... I think they don’t want us feeling bad if we do ask for something or if they can’t give us something we’ll go ‘oh you know mum and dad are poor’ like I don’t think they ever wanted us to view them like that, that was kept very separate but they could show us how much food cost and that was ok but yeah it was something about bills that was different.

Parental support was focussed in two interrelated areas – teaching money management skills and protecting students from bad debt. Education of these areas was both formative and on-going. Parent/student relationships were dynamic taking the form of an ongoing consideration and negotiation between parent and child over level of support offered and utilised. Constructive parent-student relationships were therefore characterised by a close two way communication process. Students watched, learned and tried to influence their parents who in turn listened and tried to influence the students thinking. This resulted in students mirroring parental behaviour but with adoptions (confirming propositions 2 and 4). This also shows that students test traditional parent guidance against their own needs (supporting proposition 6).

**Parent dyadic pair 1:** Part of how he manages himself is how he negotiates with his parents. I don’t think he has come to us for advice - no need to but he would. Hopefully we give him good advice. By and large he listens & follows what we say.

**Student dyadic pair 1:** If the father is out working all the time and rarely sees the children that would definitely influence the relationship with the child and also their spending habits as well and what they spend it on.
Students interviewed exhibited a practical approach to life based on what they could afford.

**Evidence of students adopting a practical approach to life**

**Student dyadic pair 2:** Organisation, I use a diary and phone reminders. Sometimes I track day to day expenses. I might check my bank account it’s not really organised. Discipline is very important. Discipline as in stopping yourself from something that you really, really want but you probably don’t need. This is easier for me now yeah because I just don’t have the choice. Like when I had a job it was like oh it doesn’t really matter, I’ll pay it back like next month or something, and it just never happened, I just didn’t have that much discipline at all. I could never really save that much but I think I am going to be a lot better now when I get a job.

**Student dyadic pair 3:** Self-control pretty much just being aware of like the consequences of spending the money, if you can budget it like what you need to do then you should be fine depends on personal circumstances. When I was in England I was paying my own (phone) on prepaid and doing that made me realise how much you are spending on that and that can apply to other things as well, just that awareness I guess. The university they sent out how much accommodation it was going to cost and the estimation of food and that kind of stuff and so that helped.

Independence was highly prized and leaving home to be an ideal to demonstrate independence but because funds were needed, compromises had to be made (supporting proposition 4).

**Friend double dyadic pair 5:** I think that’s the next step of growing up but it’s not viable at the moment and probably won’t be for quite a while. It’s really convenient living with my parents.

Both parents and students judged success on the ability to maintain liquidity without the support of others, recognising that attaining that capability was a key learning process.
Judging success

Student dyadic pair 2: Paying the bills, making ends meet, if you have a little left over, that’s great but that doesn’t normally happen.

Parent dyadic pair 2: (We would gauge money management success by the) lack of requests from (student) i.e. (student) not having to ask for money.

Student dyadic pair 3: Planning, I like to save money, my friends if they can survive they are ok. I don’t want to touch money unless I know I can get that money back from work. Money as security.

Parent dyadic pair 1: The less I hear back the more obviously (student) has become confident and comfortable with moving money.

In line with the findings from the cross age case analysis, money management behaviour was seen to change as students matured (confirming Proposition 3) stimulated by the university experience which acted as a catalyst and impacted other transition events (becoming an adult, acquiring a job, car, credit cards, peer group and/or moving out of home).

Student dyadic pair 1: A bit impulsive I guess, I don’t think that would be too much of a concern as you get older because as you grow a little tired of trying to keep up I guess. I think experience & parents are equally important you can be overcome sometimes by a little bit of impulse. The parents have been there before and they are tired & it’s a passing fad.

The teaching of practical skills

The other key aspect of parental support came through the teaching of practical skills. Practical strategies included assistance in opening bank accounts, managing money (through loans or credit cards), and exposure to money management decisions within the family household (extending Proposition 4).
**Student double dyadic pair 5:** Mum shows me realistically where your money has to go. Dad ... if you just spend your money crazily then you are not going to have anything.

**Friend double dyadic pair 5:** My parents have always been very conscious of making me aware of how hard money is to come by and not just to throw it away.

Whilst these practical skills fed directly into students current money management focus, their response to it was mixed, illustrating high emotional response and reflecting students’ preference for learning by experience (supporting proposition 6). Emotions are dealt with separately under section 7.4.

**Parent dyadic pair 3:** She didn’t really ask me that much in fact she got quite angry if I started to get too much involved but she was having difficulty. (Student was preparing to go and study overseas for a term).

Whilst students’ interest was focused on acquiring practical skills to address current issues, parents focused on preparing students for the future, as well as seeking evidence of practical skill application. This illustrates the different spaces from which each party is operating, explaining why conflict can arise (extending proposition 5).

**Keeping students out of ‘bad’ debt**

Keeping students out of ‘bad’ debt was a key driver of the level of support parents provided. Bad debt was defined as non-asset generating debt which excluded HECS and mortgages, which were seen as investments in the future. Parents sought to protect students from exposure to and learning from certain money management challenges in an attempt to prevent damage and to shape current and future behaviour and thinking.

**Parent dyadic pair 1:** I think money management is fairly straight forward (for him) because he doesn’t work – we give him the basics and he only handles the petty cash. As he grows older we will begin to shift the responsibility more to
him. When he starts working we will encourage him to manage his own money.
He lives a comfortable life not having to worry about money.

**Student dyadic pair 1:** I am a bit spoilt. My quality of life has probably hindered me a bit. I’m comfortable with it, but it’s something to be careful with.

**Parent dyadic pair 2:** I treat them very much as adults now, we are still willing to get you through your studies and after you finish the rules change. If they have a reasonable request we are there for them. Basically we will support them as long as they need. I am more than happy to pick up all the auto expenses so they are being sheltered and fed at home. They are not in a bad way really.

**Student dyadic pair 2:** If you are on a part time job, you expect your parents to pay because you can’t afford it. I feel like I can ask them, I don’t feel too bad asking them for phone bills, speeding fines, money for dinners with mates. They pay for all the car stuff except petrol. Absolutely would not support drug money, alcohol. They would support credit card bills, petrol, probably smoking as well.

**Parent dyadic pair 3:** I said I would pay for all the (car) maintenance, insurance and she could pay for all the gas so again trying to support her at university but pushing the onus on her to cover a certain amount of the expenses so she has to you know think about her purse. I still have a $50 monthly standing payment pocket money which I have left active. There was no expectation on her behalf that I would continue the payments so it indicated to me that some level of self responsibility and we are moving forwards. I have never broached the subject with her about contributing to home costs.

She used my credit card (to book a holiday). At that point she was fully aware that she was going to pay me back and she offered but I said later don’t bother refunding us we’ll pay for it but trying to make her aware that money does not grow on trees.
**Student dyadic pair 3**: If friends are not living at home then I guess they expect help with the rent sometimes and food. Social and like gas you should pay by yourself. Sometimes parents help out with uni costs. My dad will help with car repairs, some won’t. I wouldn’t be able to move out of home if I was paying registration and insurance. My dad pays my phone bill which is really nice. When I was in England I was paying my own on prepaid and doing that made me realise how much you are spending on that and that can apply to other things as well just that awareness I guess. I would have started managing money when I started to pay for my own stuff. Parental support impacted my financial development a bit.

For example, whilst all parents interviewed in stage 3 used credit cards, only one had actively encouraged his daughter to get one - as a safety net for studying overseas (adding depth to proposition 4). In this respect parents delayed student development in particular areas for strategic reasons in order to reduce the possibility of the formation of bad debt. This extends understanding into Proposition 3 & 4 adding insights into parent’s rational behaviour (Proposition 5).

**The use of financial products**

**Parent dyadic pair 1**: I have 3 cards; I do net banking [internet banking]. Wife uses cash and debit card, not credit card. We haven’t exposed him to debt. Chinese are very debt adverse, use cash so if you don’t have cash you don’t spend. Hopefully the time will come when he has good debt invested in property. He has his first debt (HECS) but doesn’t think about that at the moment. That debt you can manage because you are not forced to pay for it until you can manage it so it’s the sort of debt that is ok, its good debt.

**Parent dyadic pair 2**: They have debit cards I don’t think they have credit cards. I think is predominantly cash, the debit card is there to draw down on if they need something to go out with.

**Parent dyadic pair 3**: At 18 I helped her set up a good netbank [an internet banking terminology] saver and streamlines account. She is quite happy
working on the internet being internet age. To go overseas you need a credit card. She refused to get a credit card the main reason was her concern about her managing her money. She’d rather not get used to it, so she could control her money based on her desire to have things when she is in the shops.

Other strategies to protect against bad debt included reducing those costs likely to have a major impact on student liquidity (e.g. accommodation, transport (car costs) or troubling debt).

**Strategies to manage money**

**Parent dyadic pair 2:** Basically we will support them as long as they need. The deal is and always has been that I will pick up the bill for all the education expenses including textbooks and any fees there are and my wife sort of buys little things to keep them happy.

Students adopting financial support did so as a way of achieving other lifestyle goals and gaining life experience (confirming strategic and opportunistic tendencies). Many recognised their ability to maintain independence as dependent on ongoing parental support of some sort. This provides parents with an ongoing educational tool.

**Student double dyadic pair 4:** You don’t realise how much you depend on your parents … I’ve thought about it (moving out) but I don’t think I could financially manage this year, I think I might need some help.

**Friend double dyadic pair 4:** I recently lost my job…at the moment my parents they’re paying the lot. It’s not good, I feel like it’s a burden on my parents just to give me money all the time.

**Parent double dyadic pair 4:** I feel weak when she says she likes it and she can’t afford it but I know she doesn’t need another dress … so I just say oh … it’s too expensive… I’m teaching her two lessons one is she knows she can’t afford it… another thing is I’m not going to buy it for her.
For others the acceptance of parental support was seen as an inhibitor of the achievement of independence or recognition of failure e.g. the recently graduated third year student with credit card debt who did not want to worry her parents (adding support to Proposition 5).

Feelings about accepting support

Friend double dyadic pair 6: When I moved to Melbourne it was my decision... they (parents) offered and I declined cause if I want to move to Melbourne that’s my choice not theirs so I’ll pay for it.

There is therefore a tension between the need to balance the desire to demonstrate independence and maturity and the practicalities of living.

Student double dyadic pair 6: It’s important to me that I manage my own money and don’t rely on someone else. My parents have always said if you get stuck we will support you but I have never wanted to ask for it.

From the above it can be seen that parents focus on the type and level of support whilst students focus on the skill and experience needed to manage financial liquidity and protect personal space. Therefore to understand student behaviour it is also necessary to understand parental behaviour which has been facilitated in this research through dyadic interviews and aligning parental, student and friend comments across cases.

Key evidence statements (nos. 96-120; 122) capturing the drivers behind provision of and acceptance of parent support

Evidence statement 96: The level and pace of student’s development was influenced by the amount of parental support provided. High levels of support delayed the development of students’ money management skills, a factor that parents were aware of but generally chose not to act on. High levels of support also delayed the transition from a dependent to more independent space.
Evidence statement 97: Parents reasons for providing support to student were derived from their own perspectives i.e. their own personal space which reflected their own upbringing, student experience, parent/student relationship and current economic environment.

Evidence statement 98: Student’s money management was driven by economic factors (level of income and expenses), social drivers (parental, partner, peer influences) and psychological drivers (desire for independence, personal experience managing money, ability to manage emotions arising from liquidity and life issues).

Evidence statement 99: A student’s operating space is constantly changing resulting in both an alignment and conflict of views. Balancing these pressures drove decisions about the level of support provided by and accepted from parents.

Evidence statement 103: Parents favoured a high level of support which was focused on reducing essential living costs which student accepted. The exception was the third year student with credit card debt.

Evidence statement 104: All three parents also saw the role of parent in developing their student’s money management as crucial.

Evidence statement 105: All parents used credit cards but only one had actively encouraged his daughter to get one - as a safety net for studying overseas. Keeping their student out of ‘bad’ debt was a key driver of the level of support provided.

Evidence statement 120: Parents provide an important safety net to students which is not always utilised and decided on the need for independence versus the practicalities of living.
Evidence statement 122: Parents felt that controlling financial support was a valuable life learning tool.

The role of emotions in the parent/student money management interaction

Emotions have already been identified as playing an important role in students’ ability to manage personal space i.e. to manage external stimuli such as economic, social and psychological drivers. These include economic drivers such as the level of income (work, savings & parental support both fiscal and non-fiscal), and expenses (e.g. phone costs, living costs and debt/credit); social drivers - parental, peer and societal pressures (going out and keeping up); psychological drivers - the desire for be independent, student’s personal experience, and the resultant emotions arising from liquidity and life issues e.g. impulsiveness, stress, and guilt. As demonstrated elsewhere in chapter 6 these factors contribute to the level of support offered and accepted, providing new insights into how rationality plays out for students (extending insights into Proposition 5). The following comments illustrate students’ preference for and need to learn from experience, over asking for help from others.

Student dyadic pair 2: I get really bored at home. I think I am at that age I want to go out. I want independence. I think I would just move out and be stupid and learn from experience. It seems exciting until you have to pay all the bills.

Student dyadic pair 2: I would use credit cards or banks for first support. I don’t want them (parents) to know that I am in debt; I don’t want them to worry. Linked to little anxiety and a bit of shame as well.

Parent dyadic pair 2: It’s not really about moving out its about moving in with others and sharing the house and taking your share of the responsibility even when others don’t pay. That’s when the learning will start I think.

Parent dyadic pair 3: She is quite keen to move out but she is probably a lot more aware now than she was back. She has to join up the dots. There is a fair bit of picture but there are some dots that need to join but it’s really when she is put in a position when she needs to act that she starts to have to join the dots but
if you have the dots in the first place it really does help to join them whereas if there are no dots you can be completely oblivious. She has grown up so much in terms of her experience.

Parents have learnt that the high emotions associated with student transition are best dealt with through an ‘open discussion’ or illustrative rather than a directive approach i.e. leading by example rather than by specific instruction. This confirms earlier findings in stage 1 and 2.

**Parent dyadic pair 3**: she is very sharp. although she never engaged in conversation or asked a lot of questions she doesn’t forget so in open discussion being fairly honest about what was coming and going and how much I was earning all that sort of stuff she was starting to get ideas and some understanding of what is involved so it’s like not everything grows on trees there are bills coming through but then you get the flip side she walks into a furniture shop and says oh I want to get new furniture for my new place.

**Student dyadic pair 3**: If the parent is always talking about bills and how much of a drag it is then the kid will probably be more conscious of money and spending it. I think my dad is there to back me up if I need it but it might not actually be the case.

This approach seems to work. When offspring are asked what sort of advice they would provide to their own offspring, the advice reflected parental views of the need to provide strong support, both money and behavioural examples. This illustrates the powerful transmission of knowledge between parent and child (confirming and extending Proposition 4).

**Student’s advice to their own offspring (when they have them)**

**Second year student’s advice to own child if had one**: If my daughter was moving out of home I would try and support her, give her some money each month. I probably wouldn’t help her with buying lots of clothes, lots of drinks and stuff because they have to learn to manage that themselves. I would help her
if she got into debt, like if she was behind in rent and stuff cause you don’t want her to get in debt and that kind of stuff: Well I couldn’t really help her if she didn’t tell me but if she came to help her in the end. I guess I would help her pay that off and maybe get her to pay me back like so much a month or whatever. Depends what she was like, if she was like me ok. I guess when she turned 18 I would show her how to budget. If she doesn’t that’s kind of her thing.

Recently graduated third year university student: I kind of want to be like my parents, know that they can always come to me for money if they need it and I think probably as they are growing up I wouldn’t hide things from them or anything like that. I would just lay it on the counter, they can see how much it costs because they need to know, kind of thing and they can be there when I am filling out the cheque, that is going to help them learn. Other than that I would just make sure that they knew they could come to me for money and I might say no, but they can still come to me. If they ask for something really stupid that they don’t need you know what I mean?

Key evidence statements (nos. 100-102; 121) capturing role of emotion in parent/student interaction

Evidence statement 100: Money management and emotions (e.g. guilt, fear, embarrassment, loss of face, self-efficacy) were tightly intertwined with money management ability being assessed on the ability to self-manage oneself and one’s emotions.

Evidence statement 101: Finding a way to provide help without alienating student was a key challenge for parents. Most adopted an open discussion approach with mixed results. The first year student accepted guidance; the second year student resented the intervention and blamed the parent for insufficient support despite considerable support being provide; the third year student drew advice across the family.
Evidence statement 102: When asked to provide advice to their own offspring, all students reflected the advice provided during their own upbringing.

Evidence statement 121: The parent/student relationship is more dynamic with ongoing consideration and negotiation (two way communication) between parent and child over level of support offered and utilised.

Discussion of gaps between parent and student money management

Analysis shows a good alignment between parents and offspring views of money management behaviour and the operation of personal space. Whilst friction around establishing independence is evident, offspring largely value parental support, saying that they will adopt a similar approach with their own offspring. Key themes identified as central to an effective parent/offspring money management relationship are the ability to ask for and be provided with fiscal and non-fiscal support both directly and indirectly through observation.

The findings confirm that independence from parents is evolutionary and driven by societal, peer, parent and personal pressure. Evidence is seen of feelings of inadequacy, fear and frustration in the second and third year students in learning money management skills. The catalyst for this pressure is the desire to move out of home and the management of credit debt i.e. a desire to move from a dependent to more independent space. The latter was triggered by having a job, developing an accompanying lifestyle, getting into the habit of paying minimum repayments and then losing the job.

This complexity and the interplay of multiple factors are illustrated through the following example drawn from the dyadic interviews. All offspring interviewed in stage three still lived at home, helping out by doing household chores rather than by contributing to household costs. This provided them with a higher disposable income than their ‘out of home’ peers but also increased their parental dependency as few saved money. At the time of the interviews two offspring were actively reviewing the feasibility of moving out but low income and savings were the key thing keeping them dependent and at home. This perceived “dependency” was often actively encouraged by parents, concerned about their offspring’s ability to adapt to the multiple pressures.
associated with living out of home. Conversely offspring often felt that living at home paid an economic, social and psychological price which gradually became too high, forcing a shift out. But that shift was only possible because of continuing parental support (e.g. the covering of car costs) which continued the dependency. This reflects an on-going tension between motivation to manage lifestyles and support with students making personal decisions about trade-offs.

Parents encourage student dependency in several ways. Firstly none of the parents charge rent, expecting payment in kind e.g. help with household chores and for offspring to focus on university studies. Secondly parents contribute significantly to transport costs (either public or cars), and in one case to phone costs. The resultant money saved by the offspring was used for other entertainment purposes (a computer, holidays or going out).

Whilst having a job is the key enabler for students wanting to transition out of home, this alone is insufficient for those with cars. In this situation moving out of home is only feasible if parents continue to cover a large proportion of the car running costs. In this context the car could be perceived as a luxury which is not affordable without significant parental contribution. In this respect parents still retained considerable subtle control over students after they left home. This example illustrates the complex interaction of drivers and how they work together to constrain or enable particular money management behaviour.

Key evidence statements (nos. 106-109) capturing gaps between parent and student money management decision making

Evidence statement 106: There was a fairly good alignment between how parents and student viewed money management behaviour and the operating of personal space. Whilst friction around establishing independence was evident, student largely valued parental support.

Evidence statement 107: Independence from parents was evolutionary and driven by societal, peer, parent and personal pressure and feelings of
inadequacy, fear and frustration. The catalyst for this pressure was the desire to establish a more independent lifestyle.

Evidence statement 108: Parents encouraged their student’s dependency in several ways.

Evidence statement 109: Whilst having a job was the key enabler for student wanting to transition out of home, this alone was generally insufficient for those with cars. In this case moving out of home was only feasible if parents continued to pick up a large proportion of the car running costs.

7.5 The influence of friends

Earlier findings indicated significant influence from friends, and to a lesser extent from media messages about friendship, and this is confirmed in research stages 3 and 4. The following comments indicate that moving out with friends was seen by some students as a preparatory step to later married life. The comments also acknowledge differing and aligning perceptions between parents and their offspring around the level of influence friends have on student’s money management behaviour highlighting differing responses to social stimuli.

Media image of friendship affecting choices about moving out

Student double dyadic pair 4: I would prefer to move out of home after a set time, I think that is more of a social aspect I don’t think that has anything to do with the money part. I prefer to get a little bit of independence because then once you do get married you know how to do it.... You know the show ‘Friends’, me and my friend have this big thing about living together… it looks so cool ... they have got so much freedom... that aspect of being independent and doing whatever you want and not having parents constantly asking you where you are, what are you doing kind of thing.
**Friend double dyadic pair 4:** I want to move out before I get married, again the experience, I don’t want to get thrown into something.

**Parent double dyadic pair 4:** When the bills start coming in she’ll panic and come home I think. One day she said I can’t move, who is going to do the washing. In our culture normally girls …move out when they marry. If they want to move out then definitely I will prepare them, maybe show them these are things you have to keep the money for,… they will know that they can’t manage that’s what happens normally for these people.

**Pressures from friends to go out**

**Student dyadic pair 1:** They pressure me to go out more although you can choose how much you want to spend and you can spend proportionally less, it is not the biggest problem. I think your friends can influence you to spend too much; it’s common for my age group. I don’t think how much money you have alters your social group.

**Parent dyadic pair 1:** Young people need to enjoy themselves as well you can’t push them too hard. He doesn’t succumb to peer pressure. I think there’s a bit of a drinking culture. I’m not sure what he does.

**Student dyadic pair 2:** A lot of my social life revolves around money. To some degree there is peer influence yes. When I had a job, me and my mate used to go out a lot and that’s where a lot of my money went. Now I am unemployed, I don’t really have the money. Not pressure from friends because they will always offer to pay, I individually feel the pressure because I say look I can’t afford it and then they go out and its more pressure because we are distancing because of the money thing I think. I reckon a lot of my peer group are carrying debt, cars, personal loans for cars or rent.

My boyfriend, he just waits for the late reminder notice and then he pays it. I have tried to influence him but it doesn’t work.
Parent dyadic pair 2: My daughter is very inclined if she has got a spare $100 she will be very tempted to go out with a mate. They are not being waylaid or mislead by peer pressure. They are both very much ‘stand up for your own person, you are in this for the long haul and you have to learn’. They are both pretty sensible kids. Her boyfriend has quite conservative views about money.

In the stage 4 data students described themselves as independent from their friends and capable of managing friendship influences closely through several mechanisms such as the selection of friends based on common values and expectations. Students also talked of picking up ideas from those around them which they then tested through their own experience.

Learning from friends

Student double dyadic pair 4: The way I spend my money is my own choice so I can’t really blame it on other people and I don’t want to but yeah they do have some influence but I don’t think spending money is one.

Friend double dyadic pair 4: I have a friend that is living by herself and it is so tough for her, I think I have it easy, despite the rules and stuff.

Parent double dyadic pair 4: Friends can influence them a lot but I feel if the ground is good ... if the grounding is solid then somehow mistakes might not happen that’s what I feel.

Checking advice against own experience

Student double dyadic pair 5: I suppose you have always got to make your own mistakes but there are some things you can just avoid based on others wrong doing but it reinforces it more when you do it yourself and you’re like oh crap that’s not the smartest thing then you never really do that again which is very helpful.
Friend double dyadic pair 5: I think it is just something I’ve found out along the way, mainly my own experience … My parents have always been very conscious of making me very aware of how hard money is to come by and not just to throw it away.

Money was considered by a number of students as not a deciding factor in friendship choice, although covertly it did act to shape individual interactions i.e. lifestyle choices.

Friend double dyadic pair 5: I don’t think money makes a person, they are still going to be your friend whether they are poor or rich.

Students were strategic about how they handled this and who they were prepared to borrow from.

Borrowing from others

Student double dyadic pair 4: (borrowing) If I had to go for something I need – (I’d go to) my parents, to go out probably my friends, although I try to restrict asking. I don’t like to be in debt to anybody…except my parents.

Strategies to manage factors impacting lifestyle choices

Student double dyadic pair 5: If we are just going out normally I don’t take my bank card out anymore, I take out cash but only like a limited supply so I can’t spend any more.

Friend double dyadic pair 5: When I’m out I don’t really think about how much money I can spend which is pretty bad I guess, like after the night ends I look in my wallet with a little tear in my eye and see all my money gone. I always take out cash so once that’s gone that would probably be my reason why I can’t spend any more.

Although individuals were prepared to lend to their friends to facilitate interaction options, there was a stigma around being the ‘charity case’ which limited the level and frequency of such borrowing.
Student double dyadic pair 5: we are all willing to always pay for someone who doesn’t have money but no one really wants to be like the charity case so sort of you kind of need money to not feel like that

As economic circumstances changed there was a corresponding shift in the focus, type and frequency of interaction with particular friendship groups.

Strategies to manage money

Friend double dyadic pair 6: There are times when it is a very hard to balance and then times when you just have to go ‘no I don’t care how much it costs I’m going to go and have dinner’... and you try and scope out the cheapest ... and then you feel you have gotten out and had a bit of a life and then you go back to being a bit of a hermit for another week.

In some cases talking amongst friends (often with different income levels) about specific challenges was used to clarify and set up the parameters of interaction.

Friend double dyadic pair 6: Some of my friends earn ridiculous amounts of money and never ever have cash and they know it’s because they spend ridiculous amounts so we’ve had discussions about like the more you earn the more you spend and sort of stuff and things like that.

These insights clarify the dynamics around the influences of friends on students’ money management (clarifying Proposition 2 and Proposition 4) and on their role in the forming of student rationality during this transitionary stage (extending understanding into Proposition 5 and confirming proposition 7).

Key evidence statements (nos. 123-126) relating to talking about friends:

Evidence statement 123: Influence of friends on students is managed so that friends are often chosen based on similarities in views, commitments and ethos.
Evidence statement 124: Money was not a deciding factor in friendship choice, although covertly it did act to shape individual interactions i.e. lifestyle choices.

Evidence statement 125: As economic circumstances changed there was a corresponding shift in the focus, type and frequency of interaction with particular friendship groups.

Evidence statement 126: In some cases communication was used to set up the parameters of interaction options with friends of different income levels.

7.6 The student/parent/friend dynamic

Stage 4 provided an opportunity to explore the interplay of dynamics between student, parent and friend through double dyadic interviews. The following example illustrates the power of particular relationship dynamics.

**Student dyadic pair 2**: I reckon your upbringing is like 60%, you are still an individual and you still have these own ideas and your friends still influence you and you still go through a crazy teenage period when you spend lots of money and you are stupid.

**Parent dyadic pair 2**: They have had a relatively clean straight upbringing. I think this thinking part has been going on for quite a while. She’s probably learnt the easy way from others experience. She won’t make the same mistakes.

The parent/student/friend dynamic is explored further through the following examples. The first year university student accepted parental guidance although said he would not go to his parent for financial advice. The second year student resented intervention and blamed the parent for lack of support if the consequences of the decision did not match up to expectations. This student also reported that they sometimes felt that the parent
had not provided sufficient guidance, despite the fact that the parent’s attempt to do so had been largely rejected by the student. The third year student said she would use her brother, father and own experience to inform her decision making and would adopt a similar approach with her own offspring. In contrast, her father felt she wasn’t that interested in the money side and probably mainly learnt from observing her peer group. This example shows how students utilise the relationships around them to gain the information that best meets their personal and emotional needs.

The seeking and providing of advice to students

First year university student: I would seek advice (from father) for products related stuff rather than financial.

Parent of first year university student: Teenage children - it’s quite a challenge.

Second year university student: I’m ok but I think if your kids are planning on moving out, I think you should sit them down and talk to them about the expenses. My Dad didn’t really do that but I don’t think I really need that but I think most parents should do that. Be realistic with them. I have no idea how much we spend on electricity and water because my Dad doesn’t really show me so I don’t really know so I think it’s good to show your kid.

Parent of second year university student: She didn’t really ask me that much in fact she got quite angry if I started to get too much involved but she was having difficulty. (Student was preparing to go and study overseas for a term.) I said why didn’t you book the flights and she said you didn’t sit down and help me so she blamed me. It was the same with the Intrepid Tour she hadn’t got it together, I actually sat her down and said look at the tour. I just picked up the phone rang them put her on the phone. She started to get a bit more confident. She had to pay more money because she didn’t do it earlier so she was starting to see the penalties.

Recently graduated third year university student: I think I would just move out and be stupid and learn from experience even if the smart thing would be to go
to my Dad. I think I’d ask advice from my older brother because he has just bought a house 3 years ago and he was living at home for quite a while. Like he moved out and then he moved back in to save for a house so I think I would go to him, yeah, over my parents. I probably would go to Dad because Dad is very intellectual he knows about all that kind of stuff, He used to be an accountant so I would probably go to him over my mum because she is going to start fretting and get her worried and stuff and there is no point worrying her about it.

So whilst students valued the opportunity to observe others behaviour and listen to their advice, this was sense checked in their own domain before implementation. There was ample evidence of students driving their relationship interactions rather than being driven by them.

The impact of friends

Student double dyadic pair 6: I don’t associate with people who will look down on me for not being able to or not wanting to spend my money on something.

Parents often recognised this and were therefore not overly concerned about the friendship groups.

Parent double dyadic pair 4: She will learn from her own experience .... A nice group of friends, they all come and talk to me.

This may be due to the conscious decision by students to talk about their parents to their friends, and their friends to their parents.

Student double dyadic pair 6: My parents know my good friends generally because I am quite close with my parents and I am quite close with my friends.

Although evidence does exist (stage 1) of students being heavily influenced by friends, this was usually associated to particular situations e.g. for those transitioning from work back into university where a drop in income prevented socialisation at the level set within the friendship group. This was also confirmed in stage 4.
Friend double dyadic pair 6: It was difficult (starting university from work). It took a couple of months to sort of adjust and try and get your head back around ‘no I can’t go out for lunch no I can’t go buy this’ but I think because I had done it before it was easier to go back into it. Some of my friends when they finished school they did their gap year they decided they liked having money too much and so they never went to uni.

Students therefore appear adept at managing their friends influence when they want to with their social interactions often being controlled by their money management decision making. This suggests that real understanding comes from exploration of the individual (confirming and extending Proposition 4).

Key evidence statements (no 111) relating to the student/parent/friend dynamic:

Evidence statement 111: Individuals set their own money management frameworks using reference points from parents which are sense checked and adapted through peer influences and their own real experience. Therefore two way drivers of influence exist between parent and student, and student and friend.
7.7 Overview of findings

The level of support for the propositional elements is summarised in table 22.

Table 22 - Support for propositional elements

<table>
<thead>
<tr>
<th>Evidence of propositions in section</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Chapter 7 – Drivers and interrelationship structures in student money management</strong></td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>E</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td><strong>7.2 Management of Liquidity</strong></td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>7.3 Talking about money and its management</strong></td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>NA</td>
<td>NA</td>
<td>√</td>
</tr>
<tr>
<td><strong>7.4 The parent/student relationship</strong></td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td><strong>7.5 The influence of friends</strong></td>
<td>PS</td>
<td>PS</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>NA</td>
<td>√</td>
</tr>
<tr>
<td><strong>7.6 The student/parent/friend dynamic</strong></td>
<td>√</td>
<td>√</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

**Key**

√ = Proposition supported  
PS = Proposition partially supported  
No = Proposition not supported  
E = Proposition needs extending  
NA = No findings relating to this proposition

7.8 Discussion of Chapter 6 findings in the light of Chapter 5 findings

This section provides evidence for the propositions, confirming new evidence in Chapter 5 and extending insights across research stages 1 to 3 as a result of the cross-case comparisons. Table 23 gives a summary comparison of propositional findings reported in Chapter 5 against those arising from this chapter. Appendix 7 provides a detailed outline of what these findings were. The implications of these findings are discussed in detail below focusing on the impact of these new findings on liquidity and, where appropriate, how students manage them. To preserve the extension of the new findings, information has been drawn directly from Table 23 and Appendix 7 (same as above) and then supported by evidence statements.
## Table 23 - Summary comparison of propositional findings from chapters 5 and 7

<table>
<thead>
<tr>
<th>Prop No.</th>
<th>Findings Chapter 5</th>
<th>Parent/Student Chap 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Complex environment</td>
<td>√</td>
</tr>
<tr>
<td>1</td>
<td>Handling liquidity indicates thinking sophistication</td>
<td>NE</td>
</tr>
<tr>
<td>2</td>
<td>Liquidity supports socialisation</td>
<td>NE</td>
</tr>
<tr>
<td>2</td>
<td>Liquidity drives work needs</td>
<td>NE</td>
</tr>
<tr>
<td>2</td>
<td>University &amp; work broaden exposure &amp; understanding</td>
<td>NE</td>
</tr>
<tr>
<td>3</td>
<td>Aging &amp; experience improve ability</td>
<td>E</td>
</tr>
<tr>
<td>3</td>
<td>Emotion plays a role</td>
<td>√</td>
</tr>
<tr>
<td>3</td>
<td>Leading to conflict with others</td>
<td>NE</td>
</tr>
<tr>
<td>4</td>
<td>Significant overlap S/P understanding</td>
<td>E(x2)</td>
</tr>
<tr>
<td>4</td>
<td>Friends lesser influence</td>
<td>NE</td>
</tr>
<tr>
<td>4</td>
<td>Additional findings</td>
<td>E</td>
</tr>
<tr>
<td>5</td>
<td>Rationality assumes complex thinking</td>
<td>E</td>
</tr>
<tr>
<td>5</td>
<td>Other considerations</td>
<td>E</td>
</tr>
<tr>
<td>6</td>
<td>Questions over whether traditional methods work</td>
<td>No/PS (x2)</td>
</tr>
<tr>
<td>7</td>
<td>Aging changes student mm</td>
<td>√</td>
</tr>
</tbody>
</table>

**Key**

- √ = Propositional support for chapter 5 findings
- PS = Partial support for chapter 5 propositional findings
- No = Chapter 5 propositional findings not supported
- E = Chapter 5 Propositional findings need extending
- NE = not emerging i.e. no evidence found to support or disprove the chapter 5 propositional findings.
- DA = depth added to chapter 5 propositional findings

### 7.9 Contribution of research stages 3 and 4 and further drivers from stage 4.

This chapter identified several new findings, each of which is supported with reference to the evidence statements. The findings are as follows:
Liquidity
Findings from stages 1 and 2 match those of stages 3 and 4. In addition new insights were gained for proposition 5 and 6 from stage 4. These arose from a better understanding of dynamics underpinning student money management behaviour.

Four key learning dynamics were identified. The first was a simple cause and effect learning process where a particular action led to a particular outcome which led to self-reflection and learning (E110, 111, 113, 114, 115). The second highlighted that the lack of a need reduces motivation to build savings to shore up liquidity (E115). This supports earlier findings that the lack of a need to generate own liquidity reduces motivation to money manage closely. The third that students often adopt an opportunist approach to decisions around liquidity in order to protect their lifestyle (E112, 115). The fourth that students adopt an equilibrium approach where excesses are compensated for through a period of austerity (E113, 114, 115). In these examples context, individual maturity and psychological state drive the learning process with threats to financial liquidity as well as absence of financial liquidity acting as catalysts for life style choices and changes.

Level of communication around money management
This section supported earlier findings relating to propositions 1 to 5. No findings were found for propositions 6 and 7.

All parties are selective about the type and level of communication going on between them (E116). Overlaps in context, values and ethos between individuals opened up the communication lines which favoured a listening rather than interventionist approach (E117, 118, 119).

Parent/student relationships
All except two propositional findings from chapter 5 were supported or partially supported. The two propositional exceptions yielded no emerging findings. Propositions 3 to 5 findings received additional insights with clarification to Propositions 6 and 7 being made. These are discussed below.
Key differences between parents and student can be seen in attitudes to managing financial liquidity. Whilst students focus on skills for the present, parents focus on practical skill and education for the now and future (E98, 96, 103, 105, 108). This can lead to frustration and mixed responses to parental support illustrating the role of emotions (e.g. fear, concern, anxiety, anger, stress etc.) in the learning process (E99, 100, 101). This difference in focus is grounded in the parent’s own experience (arising from parents past experience and current parent/child relationship) and concern for the student’s future (E93, 97). As a result the parent/student relationship is dynamic exhibiting two way ongoing consideration and negotiation between the two parties (E121). For students there was a tension between the need to balance the desire to establish independence and maturity and the practicalities of living (E120). For parents support was seen as a valuable teaching mechanism (E122).

The central role parents played (E104, 109) was confirmed by students who generally said they would raise their offspring in the same way, whilst recognising that in the maintenance of their own operating space they would need to go beyond the advice given (E102, 106). This supports the argument that traditional/more conservative money management approaches may not meet current dynamic needs exhibiting two way ongoing consideration and negotiation between the two parties (E121). For students there was a tension between the need to balance the desire to establish independence and maturity and the practicalities of living (E120). For parents support was seen as a valuable teaching mechanism (E122).

**Student/Parent/friend relationships**

All propositions were supported but propositions 3, 4 and 5 need extending to accommodate new insights arising from the research.

Students considered themselves independent from friends managing their friendship influences closely through mechanisms such as selection based on common values and expectations (E123, 124, 125). Whilst students valued the opportunity to observe friends behaviour and listen to their advice, this was sense checked in their own domain before implementation. In some cases open communication was used to clarify the financial parameters under which the student was operating (E126).
7.10 *Alterations to propositional support table in the light of findings across research stages 1 to 4*

In the light of the research findings arising from research stages 1 to 4 the following amendments have been made to table 21. These are presented in table below.

**Table 24 - Propositional support across research stages 1 to 4 (chapters 5 to 7)**

<table>
<thead>
<tr>
<th>Section</th>
<th>Evidence of propositions in section</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Chapter 6 – Cross-case comparisons updated in the light of chapter 5 findings</strong></td>
<td></td>
</tr>
<tr>
<td>6.2 Local &amp; international</td>
<td>✓</td>
</tr>
<tr>
<td>6.3 Age groups</td>
<td>NA</td>
</tr>
<tr>
<td>6.4 Working/non-working</td>
<td>✓</td>
</tr>
<tr>
<td>6.5 Living in and out of home</td>
<td>✓</td>
</tr>
<tr>
<td>6.6 Gender</td>
<td>✓</td>
</tr>
<tr>
<td>6.7 Degree type</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Chapter 7 – Drivers and interrelationship structures in student money management</strong></td>
<td></td>
</tr>
<tr>
<td>7.2 Liquidity</td>
<td>✓</td>
</tr>
<tr>
<td>7.3 Talking about money and its management</td>
<td>✓</td>
</tr>
<tr>
<td>7.4 The parent/student relationship</td>
<td>✓</td>
</tr>
<tr>
<td>7.5 The influence of friends</td>
<td>PS</td>
</tr>
<tr>
<td>7.6 The student/parent/friend dynamic</td>
<td>✓</td>
</tr>
</tbody>
</table>

**Key**

✓ = Proposition supported

PS = Proposition partially supported

No = Proposition not supported

E = Proposition needs extending

NA = No findings relating to this proposition
7.11 Conclusion

This chapter confirmed existing key themes arising in chapters 5 and 6 adding robustness through triangulation. Findings from research stages 3 and 4 contribute significantly to understanding the dynamics of liquidity, the type of communication around money management and the student/friend/parent relationship. This chapter confirms students as independent, conscious operators who seek to manage their environment by utilising and adapting advice from friends and parents in the light of their own experience and personalities. The level of influence of parents and friends upon individuals is limited and specific. Context and common values play a significant part in opening up or closing down discussions around money management. This chapter also highlights opportunities for further research concerning the role of personality in learning about money management and developing financial maturity.
Chapter 8
How undergraduate students manage their money

8.1 Introduction

This chapter brings together the research findings from research stages 1 to 4 (chapters 5 to 7) into a consolidated view of how undergraduate university students manage their money. The literature review (chapter 3) established seven propositions as a basis for this research (see Table 5). Each of the three findings chapters considered the propositions from the perspective of the respondents identified. The purpose of this chapter is to consolidate the propositional support from chapters 5, 6 and 7 to produce an integrated view of how students manage their money and the key influences that arose. The chapter addresses each research proposition to produce final research findings which consolidate results from the individual propositional areas. These research findings are then used to critique and inform the Ellis model developed in Chapter 3 to identify perceived areas of reinforcement and/or adaptation.

8.2 Support for the propositions

Table 25 summarizes the propositional support across chapters 5, 6, and 7 influences. The table captures a number of triangulated findings - firstly, the triangulated findings across literature, focus groups and in depth interviews; secondly, the triangulation between student, parent and friend respondents. The table also identifies the consistency and support for the propositions across the two triangulations. Table 25 indicates through its richness of data (double triangulation), a more complex picture of the influences and how these affected the dynamics of student money management.
Table 25 - Propositional support across research stages 1 to 4 (chapters 5 to 7)

<table>
<thead>
<tr>
<th>Evidence of propositions in chapters 5 to 7</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Chapter 5 – The element of the proposition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2 Activating events</td>
<td>√</td>
<td>√</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>5.3 Cognitions, beliefs and attitudes about stimuli</td>
<td>NA</td>
<td>NA</td>
<td>PS</td>
<td>PS</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>5.4 Resultant emotions or behaviours</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td><strong>Chapter 6 – Cross-case comparisons updated in the light of chapter 5 findings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.2 Local &amp; international</td>
<td>√</td>
<td>√</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>√</td>
</tr>
<tr>
<td>6.3 Age groups</td>
<td>NA</td>
<td>√</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>√</td>
</tr>
<tr>
<td>6.4 Working/non-working</td>
<td>√</td>
<td>NA</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>NA</td>
</tr>
<tr>
<td>6.5 Living in and out of home</td>
<td>√</td>
<td>NA</td>
<td>NA</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>E</td>
</tr>
<tr>
<td>6.6 Gender</td>
<td>√</td>
<td>√</td>
<td>NA</td>
<td>√</td>
<td>PP</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>6.7 Degree type</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>E</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Chapter 7 – Drivers and interrelationship structures in student money management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.2 Liquidity</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>E</td>
<td>√</td>
</tr>
<tr>
<td>7.3 Talking about money and its management</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>7.4 The parent/student relationship</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>7.5 The influence of friends</td>
<td>PS</td>
<td>PS</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>NA</td>
<td>√</td>
</tr>
<tr>
<td>7.6 The student/parent/friend dynamic</td>
<td>√</td>
<td>√</td>
<td>E</td>
<td>E</td>
<td>E</td>
<td>√</td>
<td>√</td>
</tr>
</tbody>
</table>

**Key**

√ = Proposition supported
PS = Proposition partially supported
No = Proposition not supported
E = Proposition needs extending
NA= No findings relating to this proposition

Given that table 25 examines the propositions across the stages of the research, it is appropriate to discuss how each of these has been affected by the research and thus consolidate the validity of the propositions. Evidence statements (E) are used to support the argument development.
Activating Events (Propositions 1 & 2)

The model proposed that activating events such as the economic and social context dictate what a student can do, by setting the range of economic options and the acceptability of those options from a societal perspective. The first proposition was:

Proposition 1: the economic environment sets the parameters of student’s money management

The occurrence of the GFC during the research period provided a unique backdrop that highlighted the tensions and choices students face in unusual situations in a short time frame (E1). Unexpected windfalls (e.g. the government’s one off stimulus package payment, price decreases in certain retail areas to stimulate sales and transient favourable currency exchanges) encouraged spending whilst job insecurity resulted in tighter budget and monetary management (E2, E3) demonstrating students adaptation to changing environments.

Students were very aware of their liquidity situation, particularly those operating under liquidity constraints (E7) e.g. international students (E58); those on scholarships receiving lump sums of money for use over extended periods of time (E61); and those studying degrees with high study costs (e.g. design) (E88, E89, E90). Credit cards and parental support, where used, generally operated as ‘safety nets’, replacing savings which were difficult to accrue because of insufficient income to meet basic expenditure needs (E60, E63, E110). A minority of those interviewed were actually spending beyond their ability to repay in full and those that were, did so because they were trying to establish more expensive lifestyles or maintain lifestyles established when money was more readily available (E106, E46, E108). This signals the importance of the state of liquidity in determining money management behaviour. Proposition 1 is therefore strongly supported without further development leading to Research Finding 1.
Research Finding 1: the economic environment sets the parameters of student’s money management

Proposition 2: a student’s past and current socialisation influences how money management is perceived and therefore what is seen as being acceptable money management behaviour

The central role of parents (E36, E11, E12), peers (E10, E111) and society (E15) on individual’s money perception and management (E41, E39) was confirmed but new insights (from Stage 4) indicate the level of that influence is moderated individually (E110). In some instances ‘the impulsiveness of youth’ was blamed for overspending, particularly in certain social situations (e.g. going to clubs) or under stress (E87, E88, E30, E109).

Cross-case comparisons (chapter 6) highlighted some interesting variations in influencing drivers across cohort groups, reflecting specific group interests. For example first year social science students were concerned about the influence of media (possibly because of heightened social awareness) whilst design degree students were concerned with maintaining a particular image (E88, E89, & E90). This suggests particular patterns of influences across interest groups exhibiting commonalities of interest.

Almost all students acknowledged difficulty staying within budget largely as a result of insufficient asset bases and unstable income streams (E109). As key facilitators of social interaction, mobile phones were significant cost drivers with free ‘text messages’ and calls helping to build dependency in the same way that bank offers of reduced fees on credit were particularly tempting for those struggling with liquidity issues. Those susceptible to social pressure, those transitioning from one way of life to another (e.g. transitioning from work and a particular lifestyle back into study and a different lifestyle characterised by less money) and those with little third party support appeared particularly vulnerable to budget blowouts (E 54, 84, 86, 109). The first two groups were characterised by spending beyond their means (E 79, 97, 99, 93) and the last had
no support when things went wrong. In such situations personal credit cards played a central role in supporting and sustaining ‘spending’ norms (E84).

Those successfully negotiating their way out of financial difficulties reported gaining significant insights through experience into the dynamics and effect of money management on themselves and others (E85), a fact not lost on more astute parents offering financial support to their offspring (E50, E94). Most students resolved their issues by ‘muddling through’ rather than seeking specific help (E107, 111). Reasons given for this approach included feelings of arrogance, inadequacy or shame manifest in low self-efficacy and self-esteem (E107) highlighting the key role that emotions play in the money management decision process often fostering a reluctance to talk with others specifically about income, savings and expenditure and debt (E112). These insights strongly support Proposition 2 without need for further development. This leads to Research Finding 2

\textit{Research Finding 2: a student’s past and current socialisation influences how money management is perceived and therefore what is seen as being acceptable money management behaviour}

Cognitions, beliefs and attitudes about economic and social stimuli’ (Propositions 3 & 4)

The second part of the model dealt with how activating events were interpreted and the basis for those interpretations. The propositions under review are:

\textit{Proposition 3: The external and social environment are interpreted by the student based on their knowledge of acts, universal principles, their interrelationships and whether they can be applied}

\textit{Proposition 4: Student’s conceptual understanding of, and their motivation to use money management tools are learnt through both formal and informal processes}
These propositions have been discussed together since knowledge of how to manage money arises from the learning process (see section 3.3). For students initial learning about money management principles occurred in childhood and was then modified by experiences arising from interaction with the broader environment.

**The role of parents in cognitive, belief and attitude formation**

The research confirmed the central role of parents in early cognitive, belief and attitude formation (E92, E11), whilst acknowledging the moderating effect of the huge transitional changes being undertaken by students whilst at university (E110). Parents were particularly instrumental in providing students with reference points i.e. what activating events were important and how they should be handled (E92). Education was both through formal processes (e.g. opening up a child account) and informal processes (e.g. child’s observation of parents’ money management behaviour). However these reference points were modified by students in the light of their own experience (E94, E98, E105, E106, & E113) and feedback from others (E111). This suggests students recognise the limitation of traditional approaches which may need adaptation to fit present requirements (E111).

Three enablers of effective parent mentoring were identified: a high level of transparency in money management behaviour; unconditional but negotiated support and ongoing two way constructive communication. (E91, E92, E100, E121). These led to parents adopting a coaxing, mentoring type role which created less conflict (E113) reducing misunderstanding of underlying principles of effective money management (E100). However overly supportive parenting was damaging to students as it sheltered them from minor hardships that drove the learning process. For example students acknowledged that their sense checking process i.e. their ability to reflect upon their decisions in light of contextual requirements (and therefore their development) had been delayed by protective parental behaviour (E95, E96). Parents who actively sought to minimise the impact of contextual pressures on their offspring by encouraging them to remain at home (Section 7.4) limited opportunities for the individual to be motivated to manage their money within financial constraints (E95, E102, E103, E105, E106). High levels of subsidisation reduced students’ accountability whilst sending mixed messages around what being an independent adult entailed (E105).
High levels of parental support were often rooted in parents own upbringing, their understanding of what being ‘a supportive parent’ meant and the desire to shield their offspring from debt and negative experiences (E101, E102).

There was also evidence of students choosing to remain at home for strategic reasons e.g. to build asset bases, protect time available for university study, minimise work commitments and maximise the opportunity for particular life experiences (section 7.2). Conversely some students saw establishing independence from home critical to their own transition to adulthood (E 115). This shows considered thought on the students’ part.

The ability to build strong money management behaviours in the family is critical to successful money management development, particularly as students indicated that they were likely to pass on the lessons they had learnt from their parents to their offspring (E101).

*The role of context in cognitive, belief and attitude formation*

The findings show that entering university, work and to a lesser extent technology and the media were important catalysts in the sense checking process, bringing individuals into contact with a wide range of influences (media, peers and work colleagues) and learning which challenged or supported building blocks or ‘units of space’ established in childhood (E36, E12, E14, E15, E26, E64). The relative importance, relevance and power of these influences were unequal and frequently changed, largely driven by financial liquidity (E37, E95, E73, E511, E7, & E50). For example, those with higher living or university costs (e.g. those living out of home and those doing design degrees) and limited income (which applied to the students in this study), had less opportunity (i.e. money available) to act on these influences. The incentive was high for these students to quickly learn how to manage their money within limited constraints (E97, E58, E61 & E62). Therefore context, and its impact upon the liquidity state of an individual, plays a key role in driving the ‘sense checking’ process and adaptation of reference money management frameworks. Therefore liquidity needs to be added to the current proposition.
Key changes in cognitive beliefs and attitudes arose at the point of transition from a dependent ‘existence’ to a more independent existence. In the cross-case analysis findings (chapter 6), this ‘existence’ was described as a student’s individual space, constructed from a range of options (rather than one or two preselected ones) available to the individual. This concept is compatible with Ehrenberg’s buyer behaviour notion that individuals buy across a group of brands in a category rather than being loyal to one individual brand (Ehrenberg 1994; Uncles, Ehrenberg & Hammond 1995; Faber & Schmittlein 1994). This identifies the individual as operating freely within a space defined by structured and finite parameters allowing the author to identify characteristic building blocks or ‘units of space’ and then seeing how these changed as students move from one space to the next i.e. from a dependent to more independent space.

Underpinning this viewpoint is the realisation that money management is an ongoing process (E115). This new approach provides additional insights that helped to validate propositions 3 and 4 (E63, E98, E105).

A key gap in the current model arises because it does not acknowledge the role of emotions in the formation of students’ perceptions about the activating events, the learning process and the selection of an appropriate behaviour response. In other words emotions form an important part of how perceptions about stimuli are formed and money management is adapted (E38, E53, E97. This gap was particularly obvious in the following data. In the first example females were more emotionally responsive to stimuli from activating events (i.e. they showed a greater inclination to be emotionally swayed by the opinions of their peer groups) than their male colleagues in the formation of their initial opinions (E87, E88). In the second example students manifesting ‘feeling’ anxious were more likely to either overspend as a coping mechanism or manage their money more closely as a safety mechanism (E87). In the third example students mistook their parent’s ability to continue spending patterns in difficult times as licence for them to adopt the same behaviour, without fully understanding the underlying and critical influencing factors in context. In addition there was evidence that emotions played a significant part in perceptions about the level of parental support available and the level of support taken up by students (E99, E100). Equally parents judged their offsprings’ ability to interpret their social and economic environment by
their ability to handle their emotions, both prior to action taking place and at the time of action. These examples strongly support the inclusion of understanding about emotional dynamics and responses as an influencing factor on the formation of cognitions, beliefs and attitudes about stimuli. As a result of the above, the following amendments to Propositions 3 and 4 underlined in the Research Findings below are required to address the role of emotions and liquidity.

*Research Finding 3: The external and social environments are interpreted by the student based on their knowledge of acts, universal principles, their interrelationships and whether they can be applied. This process is moderated by the emotional response to the liquidity state of the individual.*

*Research Finding 4: Student’s conceptual understanding of, and their motivation to use money management tools, are learnt through both formal and informal processes. This process is moderated by the emotional response to the liquidity state of the individual.*

**Resultant emotions or behaviours (Proposition 5, 6 and 7)**

The final stage of the model proposed in Chapter 3 addresses the resultant emotions or behaviours arising from students’ money management behaviour covering propositions 5 (the issue of rationality), 6 (clarification of behaviour drivers) and 7 (outcomes and consequences). The emergence of the state of current and anticipated liquidity as a key influencing factor in student money management identifies a fatal flaw in each of these remaining propositional areas. Liquidity defines the size of a student’s operating space which in turn affects how they process and respond to stimuli from activating events. Therefore amendments are needed to address this shortfall.

The first proposition under review is proposition 5 because the research identified what ‘rationality’, in relation to student money management is, and how it operates. The original proposition was:
Proposition 5: It is unclear how rationality plays out in the context of students’ money management behaviour

According to neo-classical economic theory, rationality is defined by how an individual views ‘economic gain’ (Chapter 3). In this study, students’ responses indicated that ‘rationality’ was perceived as maintaining liquidity as via liquidity students constructed or destroyed personal space (E56). Liquidity facilitated socialisation with others (E64, E65, E64), without it the building blocks/units of space needed to support the friendship space disappeared resulting in a shrinking of that space (E97, E98, E99). The level of financial liquidity needed was defined by the students through their choice of friendship group selected on compatibility with personal views and ethos, in this case concerning resources available for lifestyle (E111). If the friendship space was important and existed outside the student’s current operating space then students were prepared to access resources/building blocks/units of space from other parts of their personal space to develop and support the new friendship space. In extreme situations, students were even prepared to sacrifice their existing personal space (i.e. to move from a more independent space to a dependent space) in order to minimise impact on their friendship space. To these students such behaviour was perfectly rational as it fulfilled their friendship goals. Such examples add new insights into the concept of student rationality.

Currently Proposition 5 implies that rationality is not clearly understood across all areas but the findings from the gender and degree type cross-case comparisons provide evidence of a different type of rationality to that identified in the economic literature. For example in the area of gender, clear evidence existed to show some females making conscious decisions to place social considerations over financial liquidity considerations. In the area of degree type, examples exist of Design students consciously followed peer group pressure to maintain a particular image at the expense of financial liquidity concerns (E 88, 89, 90). Therefore there is a need to amend the propositional wording to identify the factors affecting how rationality is defined by individuals. This leads to Research Finding 5.
Research Finding 5: Students rationality, in terms of money management decisions, is defined by current life priorities and associated liquidity level and results from an existentialistic approach to behaviour.

In Proposition 5 ‘an existential approach’ refers to students’ ability to adapt lifestyle and behaviour to take advantage of and respond to opportunities offered or occurring in their current context. The defining of rational behaviour around maintaining liquidity offers greater flexibility in understanding the adaptation or existential nature of the dynamics operating in individuals’ money management behaviour than conventional models. By encompassing and allowing for dramatic shifts in prioritising choices in context in response to transient financial liquidity levels, it acknowledges dynamic learning and behaviour modification in response to contextual stimuli as evidenced by the research findings allowing the researcher to extend the existing model.

The second proposition under review is:

Proposition 6: Traditional (or more conservative) money management approaches are inadequate for managing the economic, social and psychological challenges facing students today because they fail to address the possibility that resources may be being used for applications other than that for which they were originally intended. The conceptual model arising from this research seeks to provide deeper insights into individual money management behaviour by identifying new and clarifying existing drivers of behaviour.

Proposition 6 deals with the value of traditional (or more conservative) money management approaches in helping students to achieve lifestyle choices by managing their liquidity. Whilst evidence of traditional/conservative money management approaches existed which favoured a purely economic focus, (e.g. tracking of expenditure) (E37), these did not address times of high emotional or peer pressure (E50). In these circumstances psychological and social factors took priority over economic considerations (see later discussion), making these approaches largely redundant. In addition new financial instruments e.g. credit cards allow students to
bypass traditional/more conservative money management approaches and principles (e.g. save before you go out and spend) (E31, E32, E46). This form of liquidity (i.e. liquidity from borrowings rather than earnings), offered greater responsiveness to social needs and opportunities. Whilst the debt could be serviced this was not a problem but once barriers arose (e.g. through loss of job) more conservative money management principles were re-established (E44). Losing a job resulted in a dramatic reduction in ‘real’ liquidity (i.e. liquidity from earnings), threatening socialisation patterns and forcing shifts away from a more independent space to one of dependency on others. This often resulted in feelings of inadequacy and shame which were mitigated by seeking out the solace of close friends in a similar position or ‘emotive’ spending (i.e. spending to release stress) (E33). Emotive spending was also exhibited by those working longer hours, confirming the role of emotions on money management behaviour (E30). ‘Emotive’ spending using ‘synthetic’ liquidity was controlled by credit card limits i.e. at the point ‘synthetic’ liquidity was no longer available to sustain this behaviour. This example highlights the challenges more conservative money management approaches in the light of new financial instruments.

Students talked of using a diverse range of money management approaches and strategies to maintain liquidity including money management techniques (e.g. budgeting), lifestyle modifications, and technology. For example the pooling of family money to deepen resources and increase accountability, or the use of Facebook to cut communication costs and choice of financial instrument (e.g. cash over debit or credit) to control liquidity levels (E67) illustrate old and new approaches to money management. In addition strategic and opportunistic approaches such as choosing to live at home to protect lifestyle choice or spending in cycles to allow liquidity to recover were also evident (E114). In the light of this discussion it is therefore suggested that the current wording of proposition 6 be updated as follows, leading to Research Finding 6:
Research Finding 6: The choice of student’s money management approaches is influenced by life priorities and the choices that ensure sufficient liquidity to meet those priorities. There are finite existing drivers and interrelationships not yet identified in the literature which question the comprehensiveness of the Ellis model.

The research findings confirm students transitioning from a space characterised by dependency to one of greater independency (E53, E86, E98, E24, E25, E29) and a greater awareness of the influence of contextual factors (work, increasing living and study costs, increasing accountability pressures) on that transition process (E77, E84, E85). This lead to increased trade-offs in lifestyle choices. This research offers new insights into how rational thinking plays out in students decision making, adding clarification to the broad trends reported in the literature (E55, E77). The findings suggest that how students define their space determines whether traditional/more conservative money management approaches are sufficient (E84, E85, E86, E24, E25, E29). For example international students adopting a highly dependent space, characterised by high custodial fiscal responsibility for their parents investment, aggressively adopted traditional/more conservative money management techniques e.g. budgeting, tracking, saving etc. (E57, E58). In contrast domestic students adopting a highly dependent space, characterised by living at home with less fiscal responsibilities, work, credit card usage and a demanding social life were less likely to follow traditional/more conservative money management approaches (E74). Instead their focus was on other skills like negotiation skills (for parental support and managing credit card providers). They were also more likely to need help with strategies to manage peer pressure and emotions if wanting to move to a more independent state.

The findings suggest that coping in a more independent state generates confidence in the ability to maintain that space (Section 7.4) (E73). Money management is therefore seen as an ongoing learning process (E115).

By understanding what drives rational decision making (i.e. what is valued by the student and what is not) and the sources of those drivers (i.e. upbringing versus social groups versus personal contextual experience) it is possible to evaluate the value of
traditional/more conservative money management methods to different groups of students.

As a summation proposition, Proposition 7 has been altered to reflect the amendments made above, particularly in light of insights into the impact of liquidity on the decision making process. The final Research Finding is:

**Research Finding 7: The area of study is concerned with a transitionary phase. By identifying dynamics, initiatives and behaviours which set the basis for future behaviours, particularly the role of liquidity and emotions in students’ money management decision making the research data has set up a basis for a conceptual model of how university students manage their money.**

### 8.3 Review of the ‘Ellis’ model in the light of the research findings

The changes in the proposition have been used to enhance the original ‘Ellis’ model (see Chapter 3, figure 4). The existing model was static but clearly a feedback arrow needs to be added to the model to show the impact of the outcomes and consequences of previous student behaviour in all the propositional areas. The research has identified an ongoing cognitive learning process responding to the various drivers, hence the feedback loops need to be incorporated into a valid model.

The addition of a box entitled “student emotional state” recognises the impact of students’ emotional states on their cognitions, beliefs and attitudinal responses to stimuli from events. These emotional states and responses also feed into their life priorities, which impact students’ rationality and their liquidity state. Therefore two additional boxes have been added to show “life priorities” and “student liquidity state” with arrows indicating the role of liquidity on life priority choice and on outcomes and consequences. The updated model is shown in figure 7 below:
Whilst this model shows the broad interactions and forces involved in student money management, its limitation is that it does not show the detailed interaction and influences and how these holistically combine. This aspect will be explored fully in the next chapter where a new conceptual model is developed.

8.4 Conclusion

In this chapter the research findings were used to update the propositions and model proposed in Chapter 3. The findings confirmed that money management is a complex and integral part of students’ lives today, influenced by a number of economic, social and psychological factors that are in constant flux. Whilst the findings did not alter propositions 1 and 2 which identified the impact of social and economic forces on students’ money management behaviour, propositions 3 to 7 were modified in the
following way. The interpretation of (proposition 3), learning about (proposition 4) and response to the environment from the perspectives of choices concerning money management behaviour (proposition 5 and 6) were influenced by a number of factors particularly an individual’s life priorities and liquidity level (proposition 7). This chapter therefore highlighted gaps in the model developed in Chapter 3 setting the foundation for a fuller discussion in Chapter 9.
Chapter 9
Model development to illustrate how undergraduate university students manage their money

9.1 Introduction

The last chapter identified that even when updated there were limitations in the Ellis model. Whilst the updated Ellis model incorporated the additional drivers of emotional state, life priorities and liquidity, it failed to fully explain the interaction of influences impacting on student money management behaviour. This chapter uses ‘causal loop system modelling’ incorporating liquidity stocks and flows to explore the dynamics of specific areas of importance arising in the research data before combining these into a new model that acknowledges that students behave in a way that responds to their contextual environment in an existential way. ‘System modelling’ maps out the possible usage and interaction of key building blocks of knowledge, experience and skills that constitute the complex world (Sterman 2000) of students’ money management behavior. As referred to in chapter 4 (Stage 6: shaping hypothesis section), causal loop modeling incorporating stocks and flows is the preparatory first step in the dynamic system modeling (Sterman 2000). Its usefulness in this thesis is to present models that establish the intellectual material (i.e. connections and influences impacting student money management) necessary for future research. Such future research then has the option to use simulation or other empirical research approaches to establish robust or ‘grand’ theory.

9.2 Describing undergraduate students money management through the development of a new conceptual model

The Ellis model acknowledged the following relationships. Economic and social contexts set a student’s liquidity parameters (propositions 1 & 2) i.e. income, costs and the social interactions and how they are perceived. Students ability to utilise that
liquidity to satisfy lifestyle choices is based on their understanding of several aspects - acts, universal principles and their interrelationships; self-management of emotions (propositions 3) and motivation to apply appropriate liquidity management strategies (proposition 4). In the money management context, ‘rationality’ is defined by the student’s management of these dynamics and their environment to sustain liquidity (proposition 5 & 6). Underpinning this process is the transitionary nature of students’ lives as they establish greater independence from their family through work, university and friendships (proposition 7).

Whilst a useful starting point, the Ellis model fails to capture the complexity of the dynamics, particularly those aspects outlined by propositions 5 to 7. In particular the role of liquidity (economic driver), parents and friends (social drivers) and emotions (psychological driver) on money management behaviour are not fully addressed. Each of these aspects are explored in detail below and then used to construct a model that better represents the fact that student adapt their behaviour to meet the needs of their environment.

The students operating space
In chapter 3 the economic argument of rationality suggests all students produce a common response to a set of identifiable situations and circumstances. In the data this consistency was not found. For example using an analogy - all students wore clothes but even in the same circumstances not identical clothes. The psychology literature overcomes this inconsistency through the notion of bounded rationality which provides a means by which diversity in responses can be explained. The evidence from this thesis supports this notion that within finite boundaries, a diversity of money management responses exists. These boundaries constitute a ‘space’ within which there is freedom for individuals to arrange their lives (i.e. to wear different clothes) in other words to express their individuality.

The findings also suggest that within these boundaries exist a high level of interactive dynamics - some of which are sequential, and some of which incorporate feedbacks from multiple areas. This thesis identifies these parts and how they fit together rather than establishing the strengths and weaknesses of each part.
Whilst commonality of components were evident in the research, how individuals combined them varied to a point that an individual operated within a space appropriate to that individual. This is very similar to Geursen’s (1996) research into later life implications of child development which found that whilst the parent sets the boundaries within which individual offspring operate, the offspring operate differently within that defined space. This structure may also be carried into later life (Geursen 1996). Gaining deeper insights into student money management requires seeing student behaviour as a mechanism to establish and secure a space in which they can operate (i.e. an operating space). Research findings indicate that the creation and maintenance of this operating space is influenced by a number of factors (figure 8), highlighted in following discussions in italics.

Figure 8 - Construction of the students' operating space

Students are influenced by input, be it tangible (e.g. physical resources) or intangible (e.g. information), provided by parents and friends. This input is then utilised as is or converted by the student into a form that can be readily used. In this diagram this is referred to as building blocks. The student’s perception about the value and usefulness of each building block is affected by a number of factors e.g. through interaction with parents or friends (described more fully below) or through personal experience. These building blocks or ‘units of space’ are then combined by the student to create their own operating space i.e. the area which defines their day to day existence.
A student’s lifestyle choice is also affected by these same influencing factors (i.e. parents, friends and current personal experience) as well as by money which is needed to build and sustain it. Income (from jobs, debt or parental contributions) is used to meet this expense (E1, 2, 4, 7, 77, 79, 98, 112, 124). Liquidity (the positive difference between income and expenses) therefore defines the parameters of the student’s operating space i.e. what cash they have to support their wants and needs. Liquidity is described more fully in the next section.

The impact of liquidity on the operating space

Liquidity is achieved when income exceeds expenses and forms a central part in how students manage their money as evidenced by the fact it is present in 44 feedback loops within the system. Most students’ income is from employment, parental financial contribution and other sources (e.g. scholarships). Key expenses arise from set bills (university, books, housing and other costs like transport) and social expenses arising from maintaining friendships. Sustaining the present student operating space requires maintaining liquidity. Cash surplus provides the opportunity to either maintain or expand an existing operating space whilst shortfall threatens the sustainability of existing spaces and can lead to shrinkage i.e. the creation of a new operation space. The research findings provide examples of both students driving the operating space change process and being driven by it. In the first instance students upgrade their lifestyle (and therefore operating space) increasing their liquidity to meet the related costs (e.g. through increased earnings, credit cards, or shifting home to reduce living costs) (E60, 78, 99). In the second instance, students shrink their lifestyle (and therefore operating space) to meet falling liquidity levels (E77). Both examples highlight the central role liquidity plays on the construction and maintenance of an individual’s operating space.

It is important to emphasise that a student’s operating space is dynamic e.g. normally shrunk during term time when income is low and social and study costs are high, and expanded in the holiday time when study does not impinge on the ability to earn additional income. These dynamics are represented in figure 9 below.
Parents

In the prior discussion on operating space, parents were identified as a key influencing factor, impacting how individuals choose and utilise building blocks or ‘units of space’ for the construction of their operating space. Parental experience, learning and upbringing provided a wealth of knowledge foundation building blocks to students for the development of their personal operating spaces. These may be provided overtly (i.e. orally) or covertly (e.g. through parental example or by helping their offspring to set up bank accounts). Parents also have access to deeper asset bases placing them in a position to offer an important tangible safety net. This safety net may include topping up shortfalls in student income and providing assets (e.g. cars) that would otherwise be outside of a student’s reach. Contextual influences (e.g. a parent losing their job which impacts their ability to provide assets or family conflict which impacts knowledge transference) can curtail the ability or desire of parents to provide an educational or support role. Finally the research shows that the interaction between student and parent was generally a two way negotiated process with parent and student sensing opportunities for influence and exchange. These dynamics are captured in figure 10 which shows that parents play a balancing role in students’ money management behaviour.
Friends

The other area of key influence is the friendship group. A student’s lifestyle choice affects the situation in which they operate and the associated lifestyle costs. The ability of the student to manage these and other contextual influences (e.g. study and work) results in experience and a deeper understanding of the options that could be supported within the student’s operating space. Deficits in understanding drive the need for additional learning, some of which is acquired from observing friends operating in a similar situation. As a result, situational compatibility contributes to friend selection and interaction. These dynamics are captured in figure 11 which highlights that friends reinforce lifestyle choice and learning through experience and observation.
Emotions

The final area of influence on students operating space is emotions. The role of emotions can only be fully understood by combining figures 8 to 11 together into figure 12. Figure 12 therefore captures all the elements, drivers and dynamics of the money management space as identified within this study. It shows the causal loop incorporating the liquidity stock and flow model and outlining the elements, drivers and dynamics of student money management behaviour.
Figure 12 - The conceptual model of student money management behaviour
The complexity of the emotions factor within student money management is demonstrated by the fact that it forms part of 50 feedback loops within the model. Primarily emotions feed into three key areas in student money management as follows. They impact a student’s ability to interact with and learn through observation of others. They also influence how individuals construct their present and new operational spaces. In the present operational space they influence the selection and usage of building blocks or ‘units of space’. In addition they influence lifestyle choices which, as has been shown earlier (section 9.2), influences the extent to which the state of liquidity is attained. The state of liquidity in turn affects the formation of new operational space either as a result of cash surplus or shortfall.

Emotions also play an important role in the motivation of students to set goals and utilise money management principles and techniques to achieve these. They are a differentiating factor influencing how students manage transitional issues (e.g. starting at university, holding down a job, moving out of home). These transitional issues in turn influence the choice of the building blocks or ‘units of space’ used to construct personal operating space.

Emotion influences how students interact with various influences and act within their operating space, defining their money management whereas liquidity acts to define the size of the operating space.

9.3 The Final Model and its Core

The final model (figure 12) captures the full range and interaction of the factors identified in this study, adding depth to understanding of the core elements discussed above i.e. the individual student utilises building blocks or ‘units of space’ derived from factors affecting behaviour and perception to build a present operational space to meet lifestyle needs.

The model shows the individual student is part of 72 loops of influences. Key influences impacting the individual student relate to factors affecting behaviour and perception; friends; and learning through observation.
Factors affecting behaviour and perception are part of 112 loops of influence. They are affected by three key areas: current experience and learning; student/parent negotiated interaction and student upbringing. Current experience and learning is derived from contextual and situational influences and lifestyle choice. Student/parent negotiated interaction is affected by the parent’s perceived educational role and student upbringing. As the interaction is ongoing, there is also a feedback loop into factors affecting behaviour and perception. Student upbringing is affected by the parents’ perceived educational role i.e. what level of education the parent feels they should provide to their offspring.

Factors affecting behaviour and perception play an important role in student emotion and building block formation, which in turn impacts development of the present operational space. These factors also help students to identify their learning experience needs and therefore who they might observe and learn from (i.e. learning through observation). They impact lifestyle through the moderation of expenses, income, present operating space, situational influence and social lifestyle. Finally, these influences feedback into the student/parent negotiated interaction as discussed in the previous paragraph.

Learning through observation comes from friends and is driven by learning experience needs which arise from factors effecting behaviour and perceptions, other connections and social values. In turn learning through observation feeds into how an individual student manages their own building blocks (or ‘units of space’) and emotions. This leads to an identification of situational compatibility which influences friend selection.

So the loop between lifestyle and present student operational space is a reinforcing loop whereas the loop consisting of lifestyle to social lifestyle to current experience and learning to factors effecting behaviour and perception is a balancing loop.

The ability to explore the model core and the broader dynamics of various factors on student money management enables deeper insights.
At the centre of figure 12 is the model core (figure 13) which identifies liquidity as the main driver of the development and maintenance of personal space. The core illustrates how a student’s ability to generate income to cover expenses defines the parameters of their operating space, and their ability to shift spaces. As such it provides a useful starting point for discussion of the complexity of student money management behaviour.

Figure 13 - Core dynamic of the model

9.4 Implications of this new conceptual model of student money management behaviour

The value of this new model is in its ability to provide a better understanding of student ‘sense making’ in relation to money management. The research data in this thesis indicates that student money management is impacted by a number of factors. Firstly students’ money management is influenced by what is occurring around them in the present time i.e. their money management is defined to a greater or lesser extent by the external pressures impacting their contextual surroundings. Secondly, prior experience and background or upbringing also plays a part. Together these elements give rise to related emotions from which the future implications of their actions are considered. The
juxtaposition of these two perspectives sets up cognitive tension and on occasion cognitive dissonance which according to Festinger (1957) is resolved in one of three way: by reinforcement of the inner (i.e. reinforcing of internal existing past behaviour), total reliance on the outer (i.e. changing behaviour to meet the needs of positions), the abandonment of an internal position in favour of a new external position, or the active consideration and blending of the internal and the external position together. This thesis argues that in taking this approach, students adopt an existential approach that incorporates current contextual influences (e.g. liquidity constraints and social pressure) and past experience (e.g. the consequences of past actions and parental upbringing in their sense making (Geursen & Ayson 2012). The primary focus of the individual is on present situation outcomes and future implications. Historical experience and past background are therefore supportive elements rather than instrumental in their sense-making of what was occurring in the present. This is not to say that respondents do not adopt pre-developed strategies in their sense-making process, rather that the needs of the present set the criteria by which the applicability of past strategies are assessed (in line with the psychological discussion earlier on cognitive framing). Hence this existential approach provides a way of interacting with a dynamic environment in a manner which is individualistic and appropriate to them, resulting in a diversity of sense-making outcomes.

The above model therefore places the student at the centre of their money management system in recognition of the creation of student centred meaning with the individual being largely influenced by current realities, not the past nor the future. This supports the ‘present focused’ student perspective which is driven by the characteristics of their situation (i.e. limited asset base and irregular income streams). These characteristics force individual students to behave entrepreneurially, picking up the necessary resources from their environment to meet their perceived needs as required. An example arising from the research is the fact that many students reported coping well with short term money management goals (a few months) but struggling when these goals become more mid-term. The complexity of the model arises because of the need to incorporate flexibility and variances in student management approaches as they respond to varying situations. The fundamental appeal of the new model is that students sit at its core and that the dynamic nature of how they respond to their environment is captured.
The value of the new conceptual model over the Ellis model from a propositional perspective

The limitations of the Ellis model are that it forces the investigator to view the dynamics of student money management from a finite rigid structure derived from current literature. As such it limits the inductive focus of the research which was to uncover new knowledge. The new conceptual model proposed above provides a unique way of viewing how students manage their money as they interact with their environment.

Part of the model’s validity is that it fits the existentialist nature of the data, placing the student at the centre of thinking about money management and showing how the dynamics of existential behaviour fit together. It therefore encompasses the diverse (not standard) ranges of responses or interactions evident in this research which were demonstrated by students when managing their money. As such it provides a useful way to explain the propositional findings. It explains how basic money management building blocks (or ‘units of space’) can be picked up through formal learning (i.e. through academic courses, although there was limited evidence of this in this research) and modified, abandoned or supplemented through learning from personal experience (Proposition 4) to meet the students contextual needs. It also helps to explain how an individual’s decision making may be considered rational from their perspective (Proposition 5) as they evaluate and balance the pros and cons of particular decisions based on economic (Proposition 1) social (Proposition 2) and psychological (Proposition 3) influences.

The model also allows for the multiplicity of outcomes associated with the dynamic nature of these influences and therefore the constantly changing shape of students’ perceptions of rationality. The model suggests that, whilst common patterns and trends can be found, each person is unique and therefore formal money management education should be focused on teaching generic tools, principles and critical thinking techniques applicable across a wide variety of contexts and situations. It is not so much that money management principles are out of date, rather how they are taught does not support the existential needs of students i.e. money management education is presented in a way that does not help students to address the key drivers and feedback loops identified
within the new conceptual model. This calls into question the value of traditional/more conservative money management techniques suggesting that how they are taught needs to be rethought to address the needs of students today. It also provides one explanation for why approaches used by parents to manage money when they were student may now be inappropriate for their offspring (Proposition 6).

The flexibility of the model therefore provides a useful framework for explaining the transitional nature of students’ money management behaviour (Proposition 7) as their economic, mental and social skills develop. It also provides a framework through which to establish what rationality means on an individual by individual basis. As such the propositions which were developed and the research conducted with the resultant model is very compatible with an existential view.

The value of the new conceptual model as a way to explain student behaviour
The new conceptual model provides a useful mechanism for exploring and explaining student behaviour from multiple viewpoints. For example it can be used to explore the impact of changes in government policy on student funding which affects the resources available to students and therefore their ability to maintain cash flow. This research shows that increased instability in a student’s environment increases their anxiety levels leading to a multiplicity of responses e.g. taking on additional work at the expense of university study and/or extending the period of living at home to reduce costs etc. In other words they seek to protect and maintain their existing operational space.

9.5 Conclusion

In this chapter student money management was explored by placing the student at the centre of and in control of the way they manage their money to address the needs of their situational demands i.e. their preference for behaving in an existential way. Students were described as operating within a space which they constructed, modified and adapted to their changing circumstances using building blocks (or ‘units of space’) provided by themselves, their environment, their experiences and their relationships. This uncovered new insights into student money management as a result of critiquing,
modifying and then moving beyond the static Ellis model. The construct validity of the new model was then checked against its ability to address propositional issues. This new model contributes new insights into the dynamics governing student money management behaviour which have not previously been identified elsewhere. It also provides a mechanism for defining an individual’s perception of rationality on a case by case basis as they respond to the dynamics set up within their money management operating space.
10.1 Introduction

This thesis addresses four fundamental questions: How do undergraduate students manage their money? What key factors and dynamics impact student money management decision making and behaviour? How do these factors interact? Finally, what is ‘rational’ money management behaviour from a student perspective?

In reviewing the literature it was clear that understanding the relationships and dynamics between money management behavior and life style choices amongst undergraduate university students is complex and not well understood. In addition the broader contextual influences on student money management behavior were not holistically and clearly identified. The four research stages produced data which clarifies these areas. The thesis further contributes a comprehensive conceptual model covering the elements, interactions, dynamics and influences that impact upon how students manage their money.

This is an important contribution because undergraduate students are at a point of transition from a dependent to independent state where patterns formed may be continued into later life. Also their approaches and behaviours can impact on their educational outcomes and thus have implications for their own professional futures as well as having broader community impact. The chapter concludes by identifying a number of key contributions the thesis makes to current literature, noting limitations and identifying future research opportunities.
10.2 Overview of the research journey

The literature chapter began by comparing and contrasting current academic and industry literature on student money management behaviour. Not satisfied that the coverage was comprehensive, it explored relevant literatures in psychology, sociology and economics. This cross-disciplinary literature review suggested that an integrated approach could provide insights into the dynamics and complexity of undergraduate student money management behaviour. From the cross-disciplinary literature review, thirty two observations were made and from these seven propositions were developed in order to operationalize the research.

The Ellis cognitive semantic model from the psychology literature was used as a framework for exploring the dynamics underpinning these propositions and the interaction between them. A qualitative research approach following Eisenhardt (1989), Brown & Eisenhardt (1998) and Eisenhardt & Graebner (2007) was identified as being appropriate for the study. Four stages of data collection were undertaken: focus groups, depth interviews, dyadic student/parent and finally dyadic student/parent and friend interviews (see chapter 4 for full discussion).

The research stages reaffirmed some of the dynamics and interactions underpinning the propositions whilst modified and introducing others. This resulted in seven propositions as follows:

Proposition 1 - The economic environment sets the parameters of a student’s money management.

Proposition 2 - A student’s past and current socialisation influences how money management is perceived and therefore what is seen as being acceptable money management behaviour.

Proposition 3 - The external economic and social environment are interpreted by the student based on their knowledge of facts, universal principles, their
interrelationships and whether they can be applied. This process is moderated by the emotional and liquidity state of the individual.

Proposition 4 - Students conceptual understanding of and their motivation to use money management tools are learnt through both formal and informal processes. This process is moderated by the emotional and liquidity state of the individual.

Proposition 5 – Students rationality, in terms of money management decisions, is defined by current life priorities and liquidity level, and results from an existential approach to behaviour.

Proposition 6 – The choice of student’s money management approaches is influenced by life priorities and the choices that must be made to ensure sufficient liquidity to meet those priorities. The conceptual models arising from this research seek to provide deeper insights into individual money management by identifying new and clarifying existing drivers of behaviour not identified in the literature.

Proposition 7 - The area of study is concerned with a transitionary phase in students’ lives. It thus identifies dynamics, initiatives and behaviours which set the basis for future behaviours, particularly the role of liquidity and emotions in students’ money management decision making. The research data sets up a conceptual model of how university students manage their money.

The research findings further extended the Ellis model to provide a limited but more holistic model of the interactions and dynamics as portrayed in figure 12. The research data indicates that students adopt an existential approach when managing their money. They prefer to learn from experiential learning rather than from formal learning provided through social and financial institutions. Viewing student money management through the linear Ellis extended model was found to limit and constrain further and wider important insights. A dynamic model that placed students at the centre of a complex network of influences was developed to more fully explore how student money management behaviour changes in response to dynamic situational conditions. Still
taking into account social, economic and psychological factors, this new approach viewed individual students as active, conscious constructors of their own money management space through the selection of basic money management building blocks/units of space picked up through observation, oral communication and interactions. These building blocks/units of space are then modified, abandoned or supplemented through personal experience (Proposition 4) to meet personal and situational needs. This explains why an individual who constructs their own operating space in response to their perceived needs, views their behaviour as ‘rational’. This rationality is dynamic (Proposition 5) (i.e. thinking and behaviour changes to meet changing needs) and responsive to ongoing balancing and evaluation of the pros and cons of economic (Proposition 1), social (Proposition 2) and psychological (Proposition 3) considerations. So whilst common patterns and trends can be found amongst individuals, each person is unique. The operational space can therefore be said to be viewed by students in an individual and existentialist way. These insights were developed into a system influence model (following Sterman 2000) known as The Conceptual Model of Student Money Management (figure 14).

**Figure 14 - The conceptual model of student money management**
The conceptual model of student money management provides a useful conceptualization of the existential nature of student behaviour as evidenced by the research findings. The resultant framework helps in understanding the exploratory and transitional nature of students’ money management behaviour (Proposition 7) as their mental and social skills develop during student life. The model reflects the research findings in that it is entirely compatible with the existential behaviour exhibited by the student respondents. It can thus be used to portray the way that students construct individual space. As was concluded with the clothes example in the modelling chapter, all students wear clothes but they don’t all wear the same clothes (section 9.2) i.e. the space in which students operate may have similar components but the choices they make are individual. As the core of the model (figure 13) indicates, they act entrepreneurially within the boundaries of their liquidity situation to satisfy their needs.

The Conceptual Model of Student Money Management views individual’s money management behaviour as being constructed from a number of money management building blocks/units of space, some acquired in childhood others through experience. These building blocks/units of space are then sense checked against experience and others’ views for validity, before being retained, built on, rejected, or replaced with new building blocks/units of space. The existential model therefore provides a useful framework for viewing the dynamics of rationality from an individual’s perspective. For example a key challenge faced by students in this study is insufficient income to cover their costs i.e. liquidity issues. This is similar to the challenges that entrepreneurs face who “pursue new challenges despite their inability or refusal to attract the new resources these challenges seem to demand” (Baker & Nelson 2005). Findings from this study suggest that students behave entrepreneurially (as per Baker & Nelson 2005) thinking creatively about how to overcome their financial difficulties by using what is available around them i.e. when experiencing resource constraints they either seek resources to ease constraints; try to avoid/escape the situation; or make do with whatever is at hand. Should they be classified as entrepreneurs?

The level of and utilisation of liquidity is therefore dependent on the characteristics of a student’s operating space over which they have influence but which is also influenced by other external factors e.g. social context and upbringing. Liquidity is also a driver of
learning and maturation offering new insights into the changing dynamics of students’ rationality, their money management behaviour and their transition to adulthood.

10.3 Contribution

Primary contributions.
This thesis makes a number of primary contributions to the literature. Its’ fundamental contribution is a conceptual model of how students manage their money. In the absence of substantive and comprehensive literature on how students manage their money, this research makes a substantial contribution, providing critical initial insights into the forces and interrelationships concerning money management, and how these impact students and their behaviour. The conceptual model of student behavior is a holistic conceptual causal loop with a liquidity stock and flow model which identifies the influences and their causal structures. It contributes a necessary foundation for future research into the understanding of student money management. Viewing student money management behaviour from an existential viewpoint offers a new way of exploring individual behaviour in utilizing resources to achieve specific individuals ends of interest to organisations.

The model and this research is also a basis for conceptualizing the behavioural dynamics of other groups of young persons who are in the formative stages of their lives e.g. apprentices or those changing from education to the workforce or vice versa. Furthermore the model is useful in understanding money management in university students across different nationalities and subgroups during this formative stage of their lives.

Outside of young individuals the conceptual model of university student money management (figure 12) and the extended Ellis model (figure 7) also provide an insight which may be useful in the study of this area amongst other groups, for example older people such as retirees or others who are making life style transitions requiring different strategies for liquidity management.
Contribution of new models to deepen understanding of the student money management process

Two models have been developed:

1) The extended Ellis model (figure 7)
2) The conceptual model of student money management (figure 14).

The new conceptual model of student behavior offers four significant advantages over the Ellis cognitive semantic model. Firstly, the new conceptual model of student behavior provides a way to identify and describe the characteristics of a student’s individual operating space. Secondly, the new conceptual model of student behavior provides a mechanism for understanding how money management approaches can alter the size and structure of a student’s operating space. These changes may be in response to factors like changing liquidity levels (economic factors) and decisions around lifestyle goals. Thirdly, the new conceptual model of student behavior provides a useful way to discuss the impact of changes and choices made by students in their individual operating framework as a result of societal pressures. Fourthly, the existentialist foundation of the model offers a useful framework for exploring how psychological ‘building blocks’ or ‘units of space’ of understanding learnt from others are modified by the individual as a result of their interactions with and perceptions of their environment.

The new conceptual model of student behavior adds depth to findings arising from the use of the extended Ellis Cognitive Semantic model (figure 7) by showing how individuals construct meaning and understanding of socially accepted money management behaviour through the impact of their interaction with different environmental factors. This increases understanding of how liquidity may both drive social interaction and be driven by it. In other words, it shows how social interaction may influence an individual’s viewpoint of what is ‘rational’ money management behaviour.

As a dynamic system model, this new conceptual model of student money management provides a simple way to identify and explain the usage and interaction of key building blocks of knowledge, experience and skills that constitute the complex world of students’ money management behaviour. It demonstrates the existential focus of
students and how learning (i.e. sense checking) can occur as a consequence of choices affecting liquidity, including emotions, which change the dimensions of the student’s operating space. It helps to explain why conflict can arise between parents and students as each view the others money management behavior from their own operating space and experiences. These differences lead to different reference points which may weaken understanding and lead to conflict.

The new conceptual model of student money management recognises the constantly shifting and influencing roles that different societal groups and economic factors have on students as their priorities and their ability to support those changing priorities can change. It explains why parental behaviour or past experience impact but do not dictate students money management behaviour. This new conceptual model also explains the role of social influences on the defining of rational behavior i.e. that of individual ‘rational’ sense making behaviour (Weik 1995, 2003). The action of ‘acting in the moment’ is aligned with Ferreira (2009) discussion of existentialism as portrayed by Kierkegaard (1843) and Sartre (1946). This model is an existentialist view and explains how economic principles are learnt by students and then sense checked for their applicability before being adapted. This approach is more in line with Hayek (1944) and the entrepreneurial scholars of Kirzner (1979) and Schumpeter (1934) than the universal rationality of neoclassical economics.

The concept of rationality
This research particularly deepens understanding in the area of ‘rationality’ by demonstrating how students construct and reconstruct their knowledge in the light of dynamic present situations. This research finds that students adopt a rationality structure closer to Smith (1863), (in particular Smith’s definition of value (p. 437) as an individual utility driven concept), rather than the neoclassical economic concept of a macro utility and therefore society driven rationality. In the thesis this argument is supported directly by evidence (E39). Whilst common themes exist (particularly in relation to approaches to money management and prioritisation in selection) their application is individualistic (E40) demonstrating individual strategic and opportunistic approaches to money management (E112). Students can adopt proactive money
management solutions e.g. shifting the level of interaction with particular friendship sets as economics and liquidity change (E125).

**Rationality - Do students avoid pain or seek positive options?**

The research found the process of rationality used by students is individually utility focused and is dynamic. This research thus addresses some mistaken impressions about student money management behaviour by identifying and using the underpinning dynamics to model student behaviour. For examples see section 3.2 (Tables 2, 3 and 4) e.g. Beal & Delpachitra 2003; Lyons 2004; O’Loughlin & Szmigin 2006).

This research found that irrationally wasting financial resources with little regard for others (Lyons 2004; AMP Financial Services 2007; James et al. 2007; Xiao et al. 2008) to be the exception rather than the rule. Most respondents in this study were concerned with making ends meet, despite an irregular income stream and no assets of their own to fall back on. Their goals of maximising life experiences or establishing independence raised parental concerns creating disagreement, particularly when those choices lead to money management choices at odds with parental views (E50). Whilst students acknowledged that, at times, emotions coloured their views, they were quick to learn from mistakes and adapt, employing fear and guilt to self-motivate better money management (E34). They operated strategically, to assess resources to keep them out of debt (E105, E59).

Finally ‘rationality’ differed at different stages of university life and was different for individual students. For example first year students’ rationality is shaped by transitioning issues – adjusting to being at university (E89), learning to balance study, social and work commitments, establishing new friendship groups, learning to ensure liquidity, and managing parental expectations. Home provided them with a safe haven from which to do this (E84), helping them to avoid the pain of transitioning to full adulthood responsibilities (E96). By second and third years students were more concerned with the establishment of an operating space independent of family. This was seen as a natural maturation process for which they were prepared to make hard choices (E51, E61, E58) regarding liquidity, friendships, level of parental support, and self-management of emotions (E44, 113, 125, 121).
The construction of money management models and knowledge

This thesis contributes beyond an enhanced Ellis model by identifying that an individual’s money management models and knowledge are constructed and reconstructed in response to the present influences and context. The Ellis model and the literature generally (see table 4) draws upon resources that may be used but offers little explanation as to how students construct and reconstruct their knowledge under the influence of context i.e. how they behave existentially.

Whilst the literature generally acknowledged that students operate in an environment where new financial instruments allow them to move outside traditional/more conservative money management principles (i.e. credit allows them to use money they do not own) (E47), a deep understanding of how students manage this transition stage has not been provided. The new conceptual model of student money management, with its identification of key dynamic interactions, allows greater understanding as to why, for example, students’ use of money management terms seldom matches how they are operationalised. In other words it acknowledges students individualistic and circumstance driven approaches (E45, 35, E37, E66, E77, E98).

This research confirms and adds depth to several dynamics identified in the literature as impacting money management e.g. university (E27, E28), work (E28), parents (E93, 104, 106, 92, 96, 108, 7, 95, 102, 99, 105, 121), friends (E123, 125, 126), emotions (E110, 100, 30, 54, 87, 88), experience (E114, 113, 117, 116, 118, 119, 75), age (E24, 107, 94, 53, 68, 112, 70, 72, 73, 50, 55), maturity (E117, 116, 118, 126) and financial instrument choice (E63, 67). However the introduction of operating space and liquidity as central themes, adds clarity to how these other dynamics interact and influence – particularly how emotions and personal relationships play out in student money management. For example lack of liquidity shrinks personal operating space leading to an associated shrinkage in social costs (E125) a heavier dependence on parents (E96) and feelings of inadequacy and frustration. The development of the new student conceptual model of student money management behaviour refocuses attention back onto the student as a conscious decision-maker empowered to make his/her own choices.
How do students manage these money management dynamics?

This thesis adds depth to the literature (table 4) by providing context and dynamics in the areas of how and why students respond to particular challenges to their lifestyle whilst balancing education commitments and liquidity goals. The conceptual model (Figure 14) identifies both the causal trees which lead to emotion and the influences generally they have in goal-setting and structuring the building blocks or ‘units of space’ which constitute an individual’s operating space.

Managing emotions enables learning about and management of several dynamics impacting the operating space (e.g. liquidity, lifestyle, relationships). The research identifies that fear and guilt (E34) trigger conscious decisions to preserve liquidity as well as to create inaction. Goals (E75) stimulate the selection and utilization of financial instruments to better manage personal relationship costs (E93, E97, E99, E108, E69, E84, E105, E59, E85, E86, E120) and therefore liquidity (E31, E67).

The establishment of an operating space, characterised by financial independence from family and confidence in money management ability (E68), evolves with the learning that age and experience brings, increasing awareness of context, liquidity and its impact on needs and wants (E73). This change is evidenced by subtle changes in the focus of money management advice given to peers (E76). Equally increasing independence from family marks a move away from the parental advice and the protective net of parental support (E120) through the take up of more work and a more negotiated parent/student relationship. (E96). These are examples of the complex dynamic structure and interactions contained in the conceptual model.

Research method

This thesis demonstrates insights into research methods that build robustness and validity by incorporating multiple levels of triangulations. The first is a three way triangulation between focus groups, in depth interviews and the literature. The second triangulation triangulates findings from double dyadic interviews covering student/friend, student/parent and student/friend/parent relationships. This multiple
triangulation approach adds internal validity and cross validation across the research groups and research stages. Furthermore, the use of observations in the literature chapter and evidence statements in the later parts of the thesis provides a legitimate pathway through the thesis that matches literature observations with research evidence. This approach sets up chains of evidence allowing the reader to trace the development of knowledge from initial sources to research findings. This approach also facilitates a review of how knowledge is confirmed and extended or disputed and therefore where areas of future research may lie. These contributions in approach were not found in the research method literature examined for this thesis; hence they are identified as a significant contribution.

10.4 Secondary Contributions

A number of secondary contributions can be identified in relation to deepening knowledge around how the dynamics of money management play out. These were the result of matching the observations drawn from the literature with the evidence statements from the findings. The main contributions are summarised by discipline areas in tables 26 to 28.

Table 26 - Secondary contributions relating to the economic aspect of this study

<table>
<thead>
<tr>
<th>Topic</th>
<th>Observation (O) No.</th>
<th>Evidence (E) No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Context</td>
<td>O24 – economic system key facilitator or constrainer</td>
<td>Environment has a key impact on setting the dimensions of a student’s operating space. The macro-economic environment sets liquidity parameters (E1, 2, 3). The current financial environment demands innovative approaches &amp; strong money management (mm) understanding. There is a need to clarify dynamics to improve understanding (E52). New financial instruments allow students to behave outside traditional/more conservative money management principles raising parental concern (E47, 8, 63). Work is acknowledged as a key enabler and constrainer of space development and lifestyle choice (E78, 62, 60, 61).</td>
</tr>
<tr>
<td>Liquidity &amp; context</td>
<td>O23 – liquidity affected by</td>
<td>Liquidity is central to student money management driving income and expenditure management which whilst appearing</td>
</tr>
<tr>
<td>Topic</td>
<td>Notes</td>
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<tr>
<td>--------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>liquidity &amp; choice</td>
<td>O26 – functioning economically is influenced by desired choices</td>
<td></td>
</tr>
<tr>
<td>liquidity strategies &amp; risk</td>
<td>O30 - Strategies used &amp; perceptions of risk</td>
<td></td>
</tr>
<tr>
<td>liquidity strategies</td>
<td>O29 - Budget approaches used</td>
<td></td>
</tr>
<tr>
<td>liquidity strategies</td>
<td>O25 - Lack of income impacts budgeting – gender differences in strategy selection</td>
<td></td>
</tr>
<tr>
<td>utility &amp; rationality</td>
<td>O28 - what is rationality? How is utility defined?</td>
<td></td>
</tr>
<tr>
<td>goals</td>
<td>O27 - What goals? What is affordability?</td>
<td></td>
</tr>
<tr>
<td>goals</td>
<td>O32 - How do students manage money to meet goals?</td>
<td></td>
</tr>
<tr>
<td>debt</td>
<td>O31 - differences in debt type &amp; its treatment?</td>
<td></td>
</tr>
</tbody>
</table>
Parents sought to keep their students out of debt through multiple approaches (E105), some which appear to have delayed students learning about how to manage debt.

Table 27 - Secondary contributions relating to the sociology aspect of this study

<table>
<thead>
<tr>
<th>Topic</th>
<th>Observation (O) No.</th>
<th>Evidence (E) No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who has influence?</td>
<td>O19 – who has influence?</td>
<td>Socialisation was a key shaper of money management behaviour for students (E23, 36, 116, 117, 118, 119, 26). Formal education was not seen as a key influence (E10, 18) with students preferring to learn through observing others and personal experience (E17). Family (E11, 67, 46, 49, 24, 50, 13, 14, 48, 97, 55, 120, 121) and friends (E76) were key influencing factors. The depth of engagement with family was generally higher than friends indicating a deeper bond and more ongoing influence. Interesting variations existed between international and domestic students. Internationals developed greater fiscal control earlier than domestics living at home (E57, 58, 60, 59, 69) despite being dependent on family because of the difficulty in accessing instant support.</td>
</tr>
<tr>
<td>Who defines meaning?</td>
<td>O22 – How is meaning of money management derived from others?</td>
<td>Much knowledge is acquired by students through informal processes introducing bias (E36), mainly observation (E119). Restrictions exist around the level of money management discussed (E116, 117, 118). Again parents played a critical role in establishing meaning (E104, 11, 12, 46, 93, 49, 92, 108, 121, 122) but this was not an easy process even though it was generally appreciated by students (E55, 48, 106, 99, 95, 57, 58). Friends were also identified as key but this relationship was often managed closely (E123, 126, 26, 76, 43). Conflict arose around differences in opinion between parents, friends and parent/friends reflecting in different perspectives from different operating spaces.</td>
</tr>
<tr>
<td>Society</td>
<td>O18 – society influences student. Money management seen as sign of maturity.</td>
<td>Society sets expectations about adulthood often associated with increasing tension and responsibilities (E24, 53). Students resented being portrayed as irresponsible (E44).</td>
</tr>
<tr>
<td>Peer, media, society</td>
<td>O20 – Level of influence of peer, media, society?</td>
<td>Students are still developing emotional and financial maturity (E54) making them more open to peer &amp; media influence (E19, 15, 20, 65). Some students actively sought to manage this influence (E64, 21, 123, 124, 125) and therefore the different viewpoints and conflict that might arise as a result (E22, 26). Students did not want to be seen as irresponsible (E44).</td>
</tr>
<tr>
<td>Benchmark for debt</td>
<td>O21 – What is holistic benchmark</td>
<td>Technology increased the level of opportunities for liquidity enhancers and constrainers (E16, 32, 71). Parents concern meant they sought to guide their offspring away from debt.</td>
</tr>
</tbody>
</table>
regarding debt types? (E59, 105).

Table 28 - Secondary contributions relating to the psychology aspect of this study

<table>
<thead>
<tr>
<th>Topic</th>
<th>Observation (O) No.</th>
<th>Evidence (E) No.</th>
</tr>
</thead>
</table>
| Knowledge acquisition                | O2 – how is declarative & procedural knowledge acquired? | Parents were central to the acquisition of early knowledge and the shaping of later knowledge although at student level this was more through negotiation and influence than directive guidance (E104, 46, 55, 106, 121, 102, 119). The shape of that influence impacted student money management development (E69, 50, 107).

Age increased students’ confidence in their ability to apply knowledge and to build on it through experience (E68, 113) with context playing a critical learning role (E114, 116, 117, 118).

| Knowledge acquisition                | O3 – How are money management concept & principles categorised & used i.e. reasoning | Key money management concepts & principles of significance to students were those relating to managing operating spaces (E56, 45, 70, 37, 66, 76, 77), liquidity (E74, 72, 67), emotions (E54, 68, 75, 113, 114, 115) and parents (E104, 105).

| Knowledge acquisition – impact language | O4 – language influences money management interpretation (schema formation) | Differences were observed in money management definitions and behaviour (E70, 45). Who students talked to about what was a conscious decision introducing potential bias into their schema formation (E116, 117, 119, 126, 119 121). Students expressed a preference for personal experience and observation over the spoken or written word.

| Knowledge acquisition - Influences    | O17 – Who/what influences? | This section is discussed in more detail under the primary contributions section of this chapter.

| Learning & knowledge acquisition     | O6 – Which learning offers best reinforcement? | Students are at a time of significant developmental transition stage in their lives concerned with balanced educational commitment, expenses and the maintenance of liquidity (E24, 29, 35, 28, 38) which requires them to juggle emotions (E54, 34, 58), economic, social and psychological drivers, space considerations (E98, 76, 77) and relationships with others e.g. parents and friends.

Parents were identified as a key source of learning despite the tensions around that relationship as students moved from a dependent state to an independent state (E104, 102, 106, 49, 97, 55, 48, 50, 101, 108, 121).
Friends also influenced but this influence was generally managed (E123).

Experience also played a significant role in the learning process, either building or destroying their confidence in their ability to manage their operating space successfully (E62, 79, 109, 63, 51, 75).

These findings indicate that a multiple learning approach is needed to reinforce learning.

<table>
<thead>
<tr>
<th>Learning &amp; knowledge acquisition</th>
<th>07 – How to best enhance learning?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money management was not a topic of deep conversation for most students, even with their parents and close friends, unless these friends were also experiencing similar difficulties (E116, 117, 118, 119). Whilst important it just did not figure in the thinking of those at home, whilst those living out of home were more concerned about making ends meet. This recognises a limit to oral teaching.</td>
<td></td>
</tr>
</tbody>
</table>

Learning occurred when pressure was placed on liquidity options and mistakes were made (E52, 56, 62, 78, 63, 51, 36, 38). Common approaches and strategies were evident although individually and uniquely applied and learnt from (E66, 76, 67, 75, 45, 53, 44). Pressure, if applied properly, has the potential to drive learning but must be balanced against emotions (next paragraph).

Emotions played an important part in the learning process as they were linked to self-control and the ability to balance multiple factors (E100, 110, 87, 88). The construction of positive emotions are therefore a key part of learning.

Successful prior experience in space construction and maintenance built confidence in ability with achievement being linked to a sense of maturation even if this brought students into conflict with others (E68, 73, 107, 114, 94, 113, 98, 112, 77, 109). This makes this a powerful enhancer of learning.

Friends were listened to but their influence was generally closely managed (E123, 126), limiting their value as a learning enhancer.

Parents were instrumental in early childhood learning but their role changed more towards a mentorship role in student life (E93, 104, 49, 92, 102, 122, 95, 121, 96, 105, 48, 55, 50, 101, 57, 58). Some power resulted from parent loans and where students remained at home but this was often associated with tension and resentment (E84, 69, 60, 61, 86). As early teachers parents therefore play a key part but their role to mentor needs to be acknowledged at student level.

<table>
<thead>
<tr>
<th>Money Management dynamics</th>
<th>08 – What are money management dynamics?</th>
</tr>
</thead>
<tbody>
<tr>
<td>This section is discussed in more detail under the primary contributions section of this chapter.</td>
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<table>
<thead>
<tr>
<th>Money Management dynamics</th>
<th>013 – Money management strategies &amp;</th>
</tr>
</thead>
<tbody>
<tr>
<td>This section is discussed in more detail under the primary contributions section of this chapter.</td>
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</tr>
</tbody>
</table>
| Money Management dynamics & choice | O9 – Options and outcomes considered? | Students are impacted by a number of influences which impact their ability to sustain their operating space. Whilst common approaches to handling money management dynamics exist, their application is individualistic (E98, 35, 77, 37, 39, 40, 66, 41, 42) meaning that a full understanding of the options and outcomes considered by students can only be done through a dynamic systems model such as that proposed in this thesis.

A key consideration appearing in student’s money management decision making is the ability to balance work, study and social commitments in a way that does not impact operational space dimensions (E28, 78, 79, 81, 82, 67, 90, 91). Meeting individual liquidity requirements was a key part of this process with students adopting a number of cost-cutting and revenue-generating approaches (E43, 83, 47, 31, 56, 75, 71). Equally the ability to harness emotions to drive and learn useful money management behaviour was a key consideration (E34, 50, 51, 53, 54, 110).

Experience increased confidence in the ability to successfully manage liquidity challenges and in successfully adopting appropriate responses to them (E114, 62, 63, 58, 68, 73, 72, 86, 94, 95, 102).

Support was used strategically and opportunistically in a way that protected operating space whilst minimising obligation (E84, 69, 74, 85, 120, 121). This behaviour aligns with the desire expressed by many students to establish independent and be treated as an adult.

Students were selective about from whom they asked advice and what they asked about (E116, 117, 118, 119, 76, 123, 124, 125, 126) expressing a preference to learn from observation and doing.

| Money Management approaches | O15 – How do students compare & combine money management approaches? | Students considered a number of dynamics when considering which money management approach was suitable for their needs.

1) What financial instrument to use (E32, 47, 59, 67)

2) Whether the money management approach fed into the level of independence they were seeking at the particular time (E56, 62).

3) Whether they were able to meet their current liquidity requirements (E56, 62).

4) What were the emotional consequences of such a decision (E58).

5) Were students confident enough in their own ability to utilise this approach to meet their liquidity and space needs (E73, 68, 94, 114, 75, 113, 70, 72, 76, 85, 86, 95, 112, 115, 120, 123, 125, 66).

6) Did they satisfy the student’s perceptions about what was an acceptable level of support (E69, 74, 84).

This adds deeper insights into how students compare and combine money management approaches.

| Rationality & choice | O12 – Avoidance of negative or | This section is discussed in more detail under the primary contributions section of this chapter. |
| Strategies to overcome weakness in money management | O10 – Do students think decision making is flawed? How do they cope? | Students generally recognised that in learning about establishing and operating their space independently of others support, errors in their thinking were likely to occur, although this was not something they publicly talked about for fear of thinking they were irresponsible (E44). Causes of confusion arose from mixed messages from others, particularly parents (E26); inability to handle emotions (E30); inexperience (E33) and developing an over dependency on parents (E69). Successful management strategies arose from experience and observing others managing their space and liquidity (E75, 68, 36, 43, 123, 125, 126). |
| Strategies to overcome weakness in money management | O11 – How do students cope when ends don’t meet? | Challenges around managing individual operational space, particularly with regard to managing liquidity were constant (E27, 29, 62, 79). Part of coping was dealing with the related stress and emotion so strategies that helped to gain back control e.g. goal setting, tighter fiscal control, increasing income often through additional work, were often practiced (E33, 75, 34, 58, 61, 120, 125, 126, 72, 78). This was reflected in the economic focus of advice which students offered to their peers (E43). Making ends meet was a key measure of independence (E60). Coping strategies that caused problems included an inability to manage emotions, liquidity, poor usage and choice of financial instruments and developing an over dependency on parents. (E110, 63, 82, 69, 84). Students recognised that not making ends meet was a part of being a student and part of the learning process (E113). Many were thankful for parental and others support at this time but were selective of their use of it (E121, 76). This section supports the evidence which indicates students taking a proactive and considered approach to their money management. |
| Strategies to overcome weakness | O14 & O16 – Use of heuristics and automatic responses? | Common approaches and advice on money management identified across the student group (E66). |

### 10.5 Limitations

This thesis is an initial exploratory study utilising a qualitative research method to investigate the dynamics of student money management behaviour amongst a specific target group. The scope of this study was discussed in the first chapter and limited to a conceptualization of how university students manage their money. A major limitation
of this research therefore is that it was conducted amongst a group of university students
in Melbourne, Australia, and further research across other student populations needs to
be undertaken before any generalizations can be established. This study makes a
contribution because it provides an integrated and cross-disciplinary model to underpin
such studies, regardless of whether they employ qualitative or quantitative
methodologies.

There are various limitations identified in the research literature which apply to this
study originating from the research methods chosen. A detailed discussion of these, and
how they affect this study were identified and discussed in chapter four on research
methods.

10.6 Opportunities for future research

The study and its limitations outline the need for further research to test the findings and
conclusions in the wider student community, both within Australia and internationally,
and across different age groups. Further studies like this would enable wider
generalization of the theory developed in this thesis. The research confirms earlier
research (Geursen 1999) that a person’s state of liquidity can trigger economic, social or
psychological behavioural changes.

The models developed in this research provide a framework to explore the money
management behaviour of groups in different life cycle stages e.g. young adults (not just
students); adults (families, couples, singles); pre-retirees; retirees. In particular the
research methodology used in this thesis offers a way to explore different groups’
money management behaviour in Australia (ANZ, 2003, 2005, 2008) i.e. over 70’s and
young adults who are not at university.

This thesis argues the value of the methods, schema and model(s) developed here in
contributing to future studies investigating money management behaviour of other
social groups. These groups would be identified by their level of challenge in
transitioning to new environments in which maintaining financial liquidity in the face of
new and shifting social, economic and psychological pressures must be managed.

The case study method used in this research (adapted from Eisenhardt 1989) provides a
useful approach to the study of a difficult phenomenon. For the candidate this approach
raised important questions about the value of different epistemological approaches in
unearthing new theory i.e. does a deductive epistemology (where the phenomenon is
studied in order to draw conclusions about the individual) yield greater insights than an
inductive epistemology (where the individual is studied in order to gain insights about
the foundations of the phenomenon). For example Dangar Research (2003) used a
deductive approach to investigate youth debt and therefore missed the underpinning
structures identified in this research, such as the role of credit cards in maintaining
liquidity. The use of an inductive epistemology in this research yielded new theory and
deeper formative data. This suggests research utilising different epistemological
approaches may offer additional insights into money management and other areas
studying the personal management of self and resources.

This thesis challenges the assumption that undergraduate students in Australia see the
present and future as an extension of the past as indicated by some of the financial
literature. The focus in this research on the present (an existential view) suggests value
in additional exploration of the focal points of past, present and future to deepen
understanding of the management of money management in that new circumstances or
transitions can provide experience that influences present and future money
management behaviour. This view has its foundations in the Behavioural School and
Cognitive Thinking literature. Further studies into the role of emotions in altering an
individual’s focus could contribute to a deeper understanding of management issues as
suggested by Ashkanasy (2004).
Abbreviations
ABS – see Australian Bureau of Statistics.
RBA – see Reserve Bank of Australia.

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Appendix 1 – Sample questions asked during interview process

Sample Focus Group Questions for Students, parents, and peers

**How Undergraduates Manage their Money**

**DEMOGRAPHICS:**

Student Age? (18, 19, 20, 21, 22, 23, 24)

Sex? (Male/Female)

Living at home/not living at home?

In full time work/in part time work? Not working?

An international student?

**Income:**

- First, I need to ask some basic questions about your income.
- Where does your income come from (e.g. work, parents, family, friends, government)
- If there is more than one source of income, please provide the relative percentages

**Expenses and payment approaches**

- What are your/their main expenses? (e.g. housing, transport, entertainment, study)
- Are there any factors that influence you/them to spend more? What are these factors? How much of an impact do they have? (e.g. unforeseen circumstances like sickness, loss of job, car breaking down)
- What do you/they do when you/they don’t have enough money to pay your/their bills? (e.g. borrow from friends, family, banks, payday lenders)
- Do you/they feel responsible for paying all your/their own bills? If not which do you/they not feel responsible for paying and why? Who pays these bills?
- Do you/they use payment cards? If so what type? When do you/they use them? Why do you/they use them?
- Do you/they think it is better to save up for something or use credit to pay for it now?
- Is there any difference between credit and debt?
Assets and savings
- What are your/their main assets (e.g. car, house, sound system, computer equipment)
- Do you/they save regularly? What factors provide a barrier to you/them saving regularly?

Debts
- What are your/their main debts?
- Do these debts change the way you/they manage your/their money? How?

Feeling in control of your money management
- Do you/they generally feel in control of your money? What factors make you/they feel out of control? How often do these factors occur in a month?
- How do you/they manage your/their finances when you/they feel out of control?
- How do you/they manage your/their finances when you/they feel in control?

Key influences on how you manage your money
- Who do you/they think has the biggest influence on how you/they manage your/their money and why?

What are your biggest money management concerns at the moment?
- What are you/their biggest money management concerns at the moment?
Appendix 2 - Ethics approval stage 1

>>> Keith Wilkins 18/11/2008 4:00 pm >>>
To: Assoc Prof Sharon Kemp/Ms Catherine Jill Marshall, FHEL

Dear Sharon and Jill

SUHREC Project 2008/078 How Undergraduate Students Manage their Money
A/Prof Sharon Kemp FHEL Ms Catherine Jill Marshall
Approved Duration: 17/11/2008 To 30/11/2009 [Adjusted]

I refer to the ethical review of the above project protocol undertaken on behalf of Swinburne's Human Research Ethics Committee (SUHREC) by a SUHREC Subcommittee (SHESC4). Your responses to the review, as emailed on 17 November 2008, were put to a delegate of the Subcommittee for consideration.

I am pleased to advise that, as submitted to date, the project has approval to proceed in line with standard on-going ethics clearance conditions here outlined.

- All human research activity undertaken under Swinburne auspices must conform to Swinburne and external regulatory standards, including the National Statement on Ethical Conduct in Human Research and with respect to secure data use, retention and disposal.

- The named Swinburne Chief Investigator/Supervisor remains responsible for any personnel appointed to or associated with the project being made aware of ethics clearance conditions, including research and consent procedures or instruments approved. Any change in chief investigator/ supervisor requires timely notification and SUHREC endorsement.

- The above project has been approved as submitted for ethical review by or on behalf of SUHREC. Amendments to approved procedures or instruments ordinarily require prior ethical appraisal/clearance. SUHREC must be notified immediately or as soon as possible thereafter of (a) any serious or unexpected adverse effects on participants and any redress measures; (b) proposed changes in protocols; and (c) unforeseen events which might affect continued ethical acceptability of the project.

- At a minimum, an annual report on the progress of the project is required as well as at the conclusion (or abandonment) of the project.

- A duly authorised external or internal audit of the project may be undertaken at any time.

Please contact me if you have any queries about on-going ethics clearance. The SUHREC project number should be quoted in communication.

Best wishes for the project.
Yours sincerely

Keith Wilkins
Secretary, SHESC4

Keith Wilkins
Research Ethics Officer, Swinburne Research (H68), Swinburne University of Technology
Appendix 3 - Ethics approval stage 2

>>> Kaye Goldenberg 6/10/2011 10:43 AM >>>

To: Assoc Prof Dianne Bolton/Ms Catherine Jill Bamforth, FHEL
CC: Dr Sharon Grant, Research and Ethics Advisor, FHEL
     Ms Nadine White, Research Admin. Co-ordinator, FHEL

Dear Professor Bolton and Ms Bamforth,

SUHREC Project 2008/078 How Undergraduate Students Manage their Money
A/Prof Dianne Bolton, FHEL Ms Catherine Jill Bamforth
Extended Duration to: 30/09/2011, 30/05/2012

Thank you for your progress report for the above project received on 19 September 2011 which included a request for an extension of duration and modification, in particular, to conduct additional interviews. Your request was reviewed by a delegate and you were advised by separate e-mail that a revision was required to the Consent Information Statement. The revision was received on 3 October 2011.

I am pleased to advise that, as submitted to date, the further modified and extended project has approval to proceed in line with standard on-going ethics clearance conditions previously communicated and reprinted below.

Please contact the Research Ethics Office if you have any queries about on-going ethics clearance, citing the SUHREC project number. Copies of clearance emails should be retained as part of project record-keeping.

Best wishes for the modified project.

Yours sincerely

Kaye Goldenberg
Secretary, SHESC4
*******************************************
Kaye Goldenberg
Administrative Officer (Research Ethics)
Swinburne Research (H68)
Appendix 4 - Statement confirming ethics adherence

The author confirms that all conditions pertaining to the clearance were properly met and that annual/final reports have been submitted.
## Appendix 5 – Preliminary findings from research stage 1 & 2

<table>
<thead>
<tr>
<th>Topic area</th>
<th>Subtopic area</th>
<th>Student findings</th>
</tr>
</thead>
</table>
| Insights into student thinking about money management | How students define money management                | • Managing money when it comes in.  
• Saving and spending money wisely.  
• Not putting $3 of fuel in the car every day.  
• Knowing your finances.  
• Matching income with expenses.  
• Ensuring your sustainability – financially speaking.  
• Having money left after meeting expenses.  
• This is how I define money but it is not what I do.                                                                                                                                                                                                                                                   |
| Do students make rational decisions regarding money management? | • When stressed students have less control over their spending e.g. during a bad day an individual might spent everything on eBay in the evening; hungry so buy food from the cafeteria.  
• It depends on the situation – some students looked around carefully when making purchases e.g. buying a new computer.  
• Some individuals felt guilty whenever they spent money so didn’t see any point worrying about it.  
• “Sometimes desire drives you crazy”.                                                                                                                                                                                                                                                                 |
| How they learn about money management           | • Students preference was generally to learn from personal experience - “I’d rather be poor and learning life lessons rather than rich and throwing it away”.  
• Most students acknowledged that they had learnt some money management skills from their parents.  
• “Dad sat me down for a chat, pencilled something up, worked out expenses & needs, I manage that”.                                                                                                                                                                                                                 |
| The impact of changing contexts on money management learning | • Many individuals experienced financial strain when giving up full time employment to go back to university.  
• When living at home parents paid for everything. When returning to university after working, students have to cover most of the basic costs themselves.  
• The bible has had a big impact on how one student viewed and managed their money.  
• For some international students there was a need to adjust to higher living costs when studying and living in Melbourne.  
• When student returns to Hong Kong they think they will spend more because they are used to higher costs in Melbourne. It will take about one month to adjust.  
• Some students were looking forward to finishing university, paying off debt and then being more frivolous with money.  
• Some international students believed culture impacted their money usage. There was recognition that they managed their money differently and used different financial instruments (e.g. cash versus credit) at home versus living in Melbourne.  
• In India money was never a topic, everyone had it. In Melbourne everyone thinks about it.  
• One student noted that returning to university from working meant her salary had gone down by half but her lifestyle hadn’t been halved. She coped by adjusting how she did things i.e. how much she did things. At work she got used to certain lifestyle, now at university didn't have the money but pressure to maintain lifestyle.  
• Some Chinese students felt that those from wealthier families didn’t manage their money well because they didn’t need to.                                                                                                                                                                           |
This was contradicted by a wealthy Indian student who felt she was expected to manage her money closely in Melbourne.
- International student noted that when they were at home and had a job they spent more money.
- One parent noticed that his child matured in her last year of university, particularly after she moved out from home.

| Students attitude to money management | Students felt others did not realise how little they had to live on.  
- Students felt they were objective with their money – it was dependent on the context.  
- It was easier to spend on others rather than oneself.  
- There was the perception that others didn’t think that students managed their money well. There was a perception that students are drinkers and waste money.  
- Working friends don’t understand the challenges being faced by students. |
| ------------------------------------ |----------------------------------------------------------|
| Perceived gender differences        | Amongst students there were perceptions that:  
- Girls spend more on appearance.  
- Boys spend more on technology and alcohol.  
- Some felt girls they were more impulsive. |
| How others view student money        | Students gauged success in several ways by:  
- Making sure expenses are not greater than income.  
- Feeling in control of money.  
- Not asking for money. |
| management                           |----------------------------------------------------------|
| Gauging success                      |----------------------------------------------------------|
| Income                               | Income sources  
- Family – helping with bare necessities e.g. transport, cars, accommodation, tuition, food costs. Provide loans.  
- In rare cases students were actually giving their parents money. These students’ parents were either disabled or the family were from a socio-economic background.  
- Some families paid students for chores done at home.  
- Scholarships; Government funds e.g. Centrelink. |
| Income frequency | • Job salaries were paid weekly; fortnightly; monthly.  
• International students received parental support on a quarterly or yearly basis.  |
|------------------|---------------------------------------------------------------|
| Expenses         | Main expenses  
• Utility and accommodation bills, food costs, phone and internet bills, car and transport costs, taxes, course costs, entertainment and travel costs.  |
| Seasonal variations | • In winter living costs are higher because of heating.  
• Times around birthdays and Christmas were more expensive. “Certain times of year its worse, e.g. birthdays, you have no time to build reserves”.  
• In summer students spent more going out and catching up with friends.  
• At the end of semester some students had less money – they were working less and going out less.  
• International students’ costs prior to going home rose as they bought gifts for family.  |
| Feelings about spending | • Some students felt it was up to each individual as to how they spent their money.  
• Guilt can drive money management behaviour e.g. increased saving or tracking of expenditure.  
• Shopping was seen by some as a release from pressure but spending also could create tensions.  
• Some students managed the guilt associated with spending or stress from life by buying more things.  
• Feelings of guilt were reduced through planning, self-management or buying for a need e.g. I talk to myself after I’ve bought something and calm myself down.  
• Some students recognised that money didn’t bring happiness but friends did.  
• Some students noted that normal stresses aren’t often eased by money.  
• Others didn’t feel in control, they coped by not going shopping.  
• Some students felt it was unwise to have expensive hobbies as students – these should be saved for later.  
• Every student must go through not having money in order to learn how to manage it.  
• Technology also plays a part in spending - when buying online (i.e. digitally), the perception of costliness changed.  |
| Strategies to manage expenditure | A wide range of strategies were adopted by students in managing their money.  
• Using technology to reduce communication costs (using SMS rather than phoning) or to track expenditure and to alter availability of funds.  
• Some students took advantage of buying cheaper home brands or buying food in bulk. Also buying goods in sales or at markets, from the internet or at a reduced price in another country.  |
• Others saved for goods before purchase e.g. “I won't purchase anything unless I have saved for it, I set spending and saving targets and modify my behaviour to reach them”.
• Those short of money ate or entertained at home or limited going out with friends. Some avoided costs by acting as the designated driver.
• Other students tracked expenditure closely and were “a real tight ass” e.g. “I control spending, control feeling but with food can't, I'm into food not clothes”.
• Some students “pretended they didn't have any money” whilst others noted this approach didn’t work very well.
• Some students set up direct debits to pay for necessities out of a protected account. Others kept a jar of money as a reserve.
• Some set up clear objectives about what they want to do with their money and worked closely to those goals.
• Some students borrowed assets (e.g. car) from parents or borrowed as much as possible. “Can be stressful, big bills can clean me out, don't spend, borrow from family”.
• Other students didn’t bother trying to track expenditure – just have a good time and lived at home or spent until all reserves were used up e.g. “I work holidays - save money for semester, just use randomly till gone, when run out wait till work again”.
• International students converted the Australian Dollar into their home currency so they were aware how much they were spending.

<table>
<thead>
<tr>
<th>Constraints on money management</th>
<th>The global financial crisis</th>
</tr>
</thead>
<tbody>
<tr>
<td>The GFC was reported as having a mixed impact on students – some were affected, some were not. All could see the impact of the GFC around them.</td>
<td></td>
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<tr>
<td>• Impact on students’ parents e.g. no impact on student’s work but father lost job. Some students also noted an increased reluctance for parents to fund students or increased in comments about cost of funding student.</td>
<td></td>
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<tr>
<td>• Impact on jobs - Increased competition for jobs. Some design students were forced to finish university placement early because the sponsoring company couldn’t afford to keep student on. Some jobs like hospitality and advertising were impacted by the GFC, leading to job loss, reduced working hours or irregular job income payments.</td>
<td></td>
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<tr>
<td>• Some students changed their lifestyle choices to manage the impact of the GFC e.g. one student gave up her car because of rising fuel costs.</td>
<td></td>
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<tr>
<td>• Students noted fluctuating costs particular internationals impacted by currency changes.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>University and HECS</th>
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<tbody>
<tr>
<td>• There was a perception in some families that university was a waste of time and students should be out working.</td>
</tr>
<tr>
<td>• Some students were pressured to go to university by their parents and school.</td>
</tr>
<tr>
<td>• Several parents felt that university acted as a catalyst in</td>
</tr>
</tbody>
</table>
students’ development of their money management skills.
- Some students came to university because they couldn’t get a job. Their perception was that getting a degree would give them more income.
- Many students found juggling work and university very hard.
- Students were generally not concerned about HECS because it was not on their immediate horizon. Saw HECS as a socially acceptable debt. However those with prior HECS debt were worried about the longer term debt implications.

<table>
<thead>
<tr>
<th>Strategies adopted to manage spending</th>
<th>Defining needs and wants</th>
<th>Defining needs and wants:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Needs are basics.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• If my quality of life drops, then it’s a need. My current lifestyle is ok for a student.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• I think wants are extras, I can budget for need.</td>
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<tr>
<td></td>
<td></td>
<td>• Anything with a due date needs to be paid. What I can’t do without I classify as a need.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Needs are essentials. Anything that you need to get through your day.</td>
</tr>
</tbody>
</table>

How context changes needs and wants:
- Circumstances would impact when you buy like what is a want and what is a need.
- I think everything at the moment is a want. If it’s a want, I try and get it cheap online or discount outlets, sales.
- Wants are things that I can do without e.g. like going shopping, out, clothes. Transport, phone is a need.
- Many people don’t think about what they really need versus what they want.
- I'm spur of the moment, don't think about what I need beforehand, and go out, I'll do this now.

Pressures impacting needs and wants:
- We live in a society that is based upon wants. I think society has put a lot of pressure on us to purchase things that society makes out that much we need but it’s really a want, to be part of a group.
- I struggle with needs and wants.
- I can convince myself I need anything, I wake up with a mission to buy something.

Strategies to ensure needs get paid over wants:
- I pay for all my needs first, the rest I can use.
- I have a special amount to work with so it’s important that I prioritise my needs and wants.
- I will consider how many times I will wear it. If a lot I will get it.
- If I want something I will put it on hold until I have paid my needs off.
- I just try and ask myself do I actually need whatever I feel like buying.
- I have to think what if I don't have it can I still live, can I do well. If I don't have food I can't study, I can't work so that's a need.
### The consequences of balancing needs and wants

- I tell myself I need a new outfit, if I sat down and thought about it logically, that's how you justify stuff.
- Clothes and things are usually wants unless for a specific purpose like an interview, then it’s a need. Food that is something you don't compromise on no matter what.
- Clothes and things are usually wants unless for a specific purpose like an interview, then it’s a need. Food that is something you don't compromise on no matter what.
- If you have money and you go out you need more clothes, it turns into a bigger need. When you don't have money you don't go out, you need less clothes.
- Sometimes desire makes me crazy, it is not necessary we don't need it just I really like it so it's a real question for girls.
- If I didn’t buy wants then I could repay debt to parents.

### Budgeting

#### The reasons to budget:

- You've got to budget to keep track of how much you are spending.
- On a set amount, some students felt they needed a budget, if they spend over they must adjust their behaviour.
- Draw up budget, hard to stick to it, look for alternatives.
- If don't budget you don't keep track of spending, if overspend adjust next week.
- Modify spending to keep within set limits.
- I try not to spend on pointless things.

#### Budgeting strategies

- Always buy the cheapest. Buy things on special and buy the home brands.
- Limit the amount of money available to spend “you can’t spend if you don’t have the money”.
- Actively avoiding sales and socialising with friends or going out.
- Many students were using internet banking to manage their money by shifting between saving and working accounts to control expenditure and limit finance availability. Also some students used different accounts for different purposes. Others tracked expenditure through their ATM receipts.
- A number preferred being paid directly into their accounts to avoid being tempted by having cash on hand.
- Some students were tempted when go out, but tried not to set something too strict- ‘borrow from Peter to pay Paul’.

### Saving

#### The importance of saving:

- “Saving shifts your focus to what is important, what you need and don’t need”.
- Makes me aware of how I use my money, won't spend unless I have saved it.
- realised saving important for yourself not only bank account.
- I need to save I don't know what's happening in my future.

#### Saving is not important

- Having a saving goal at uni is not that important.
- I save but it’s such a small amount as a student.
| Reason for saving | • “Saving is really important. It’s important to have a buffer”.  
• “Save because mum can’t help”.  
• Culture of saving to buy assets. |
| --- | --- |
| Saving for what? | • Saving towards property & furniture.  
• Saving for a particular goal e.g. travel, technology, books, presents, emergencies. |
| Parents perception of child’s ability: | • Parent perception “she is biologically hard wired to be conservative, thought saving money was a good thing”.  
• Parent perception “She's always been a saver, she's always had a piggy bank and tins full of coin in her room”.  
• Parent perception “It’s been more of a gradual awakening process”. |
| Borrowing | • Most students borrowed from family first for larger items. They borrowed from friends for specific things and these debts were generally paid back within clearly defined time limits.  
• One student noted that if you don’t have a credit card you’re not in the norm anymore. A lot of students fall into the debt trap. |
| Using bank cards – credit cards | When students use credit cards:  
• “If I need money in a hurry I will use credit card if need money over asking families although they would lend it”.  
• “use a bit as a back-up, a safety net, I don't rely on it at the moment.”  
Advantages of using credit card over other financial instruments:  
• “If you lose your purse you lose the cash, if you lose your cc you just cancel it so I prefer it”.  
• “Like using cc because you are not using your own cash gives you more flexibility. In the meantime you are earning points”.  
• “I basically buy everything on cc and just pay it off when I get Centrelink or my work (own business). It works pretty well I think”.  
• “I think cc is good because you can save some. If I pay HK$300 on cc I will put this money into a box to pay cc at end of month. I think it’s safe. I check receipts at end”.  
Issues that must be managed with credit card usage:  
• “I have a visa card through my parents. The card has no limit so cash is better. I don't use it much unless I have to pay a huge amount. I do track it from time to time”.  
• “I think it is easy to out of control with a credit card”.  
• “I've had friends caught up with credit debt. I don't want to see myself in that situation. I've friends that think it’s cool - just chuck it on the credit card, they don't realise they have to pay it back”.  
• One student got a credit card at 16/17, maxed it out, and has been in a cycle of debt ever since. She thinks about them a lot, and hates having to put so much money on them.  
• “when you have consumer debt you are pretty much...
controlled by bank; when cleared control is gone, it’s all up to you”.

Credit cards are the norm in money management behaviour.
- “Most friends have credit cards. Upbringing makes Indians very aware of what we can spend on what we can spend. Everyone talks business at home, saving is a big thing”.
- Started off using card for emergencies, got sucked into free offers, shares troubles with friend in similar situation.

Parents observation of their children:
- Parent observation “Credit cards are deferred cost, they don't think about them in the same way. Daughter doesn't have credit cards, doesn't trust herself with it.”
- Parent observation: “Pretty sure my daughter got into credit card or phone bill problems, I'm sure mother arranged to bail her out.”

Using bank cards – debit cards

Reasons for preference for debit cards:
- Many students liked debit cards because expenditure was limited by what was sitting in the account and there was the awareness they were spending their own money. Some felt it was easier to track than the credit card. “As good as cash but a card”. Enables buying online.
- Other students did not like debit cards because they felt there was no limit – “you have to know the money is there”. “If I have card I just spend, spend, spend.”

Using cash

Preferences for using cash:
- Most students felt cash was the easiest to manage because it was tangible and you could physically see it diminishing as you spent it. It was also widely accepted as a payment mechanism. “If you've got cash its simpler and easier to keep track of what you spend in the night”.
- “Use cash, take out $100 and try to survive as long as possible keep track of myself, if save then reward myself in the end”.
- “$50 you think I don't want to break the $50 so leave it”.

Disadvantages identified by students in using cash:
- Others felt “With cash its gone, I have no idea how I spent it.” “Terrible with cash, if I don't put it into bank account I spend it”. “If you have cash in your pocket you are going to spend it”.

Students advice/observations to other students

Planning:
- Plan and organise finances – make a list of the pros and cons of taking a particular money management decision.
- Put money aside each week for emergencies. Ration yourself and save up for special things.
- Keep a list of what is wanted and then buy them in the sales.
- Be motivated to implement & stick to your plan; start off small and simple, reward yourself; avoid long term debt.
- It’s hard to connect the plan to the reality.
- It’s impossible nowadays – you need to earn money not just save money.

Mathematics ability:
- Understand basic maths and use an Excel spread sheet to
track money usage.

Self-control:
- Self-discipline, set goals, work hard to achieve them. Plan and use resources wisely, draw up a list of the pros and cons of actions before taking them.
- Practice self-control. Save for necessities and ask “do I need this?”
- Practice using less money.
- Don't waste money on wants, know your limits, be true to your responsibilities.

Advice given by international students to other international students:
- Advice from internationals students to other international students - be careful from the beginning, stay focused, fix most things before coming to Australia, spend later rather than at the beginning.

Parents thoughts about the challenges facing their children today:
- Parents commented on the difficulty of providing advice to their children at this key transitional time.
- Parents were divided between those that felt their children managed their money well, and those that did not.

<table>
<thead>
<tr>
<th>Influences and their management</th>
<th>Friends/Acquaintances</th>
<th>Public pressure to confirm:</th>
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<tbody>
<tr>
<td></td>
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<td>Everyone socialises, you don’t stop and think about the consequences.</td>
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<td>“You assume friends are going to judge you more than your family”.</td>
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<td></td>
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<td>Pressure to fit in and spend to make others feel better.</td>
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<td></td>
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<td>“I am the poorest of the group, puts a lot of pressure on me, often I am the one that spoils everything”.</td>
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<td></td>
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<td>“A bit of competition, if one person has it you want it too, I can do it too; base on experience of friends”.</td>
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<td></td>
<td></td>
<td>“Social activities tend to blow you out. Also electrical and car expenses. Hardest thing are friends not at uni, don't understand.”</td>
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<td></td>
<td></td>
<td>“Money is defining factor in how socialise, what you do where you go, if you go out at all”</td>
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<tr>
<td></td>
<td></td>
<td>“Sometimes the image thing is like a big thing for me so I try and make it look like I have the money”.</td>
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<td></td>
<td></td>
<td>“If they buy, why can’t I? It’s really easy to slip into that sort of stuff. You see others buy and you think I can too”.</td>
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<td></td>
<td></td>
<td>“I’m naturally drawn to those with similar budgets and personalities”.</td>
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<td></td>
<td></td>
<td>“When I see them buy that thing I want to buy that thing too, it’s hard to control”.</td>
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<td>Some students felt pressured by sales assistants to buy.</td>
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</table>

Parents view on the pressures that students face:
- Parents noted that students were under pressure to go out for social activities. Some parents felt that students managed their money well, when in fact they were not.

<table>
<thead>
<tr>
<th>Managing friends</th>
<th>Strategies used to manage pressure from friends:</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Manage the number of times they go out with friends, where they go and how they spend their money when out. Some</td>
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</table>
limited the amount of money they took out - taking cash and leaving their credit and debit cards at home.

- Explain to friends that can’t afford to go out – “It’s hard because you want to invest time in your social life. My friends are flexible and understand. I let them know if it’s difficult.” Some felt this was too difficult and would create too much tension in the friendship group. These students made excuses not to go out when they really couldn’t afford to go out. They mixed up their activities to manage their cost exposure.
- “I think logically is it want or need. I won't really spend that much money; nobody can influence me to spend it.”
- Chooses friends carefully. Don't associate with people into girly social norms or higher income.
- Other students felt they were not influenced by their friends’ attitudes and demands “My friends know me well enough to know that their opinion doesn't really matter when it comes to how I spend my money.”
- Some female students felt the pressure on them was higher to spend than their male counterparts.

Media

- The pressure of the media on how students manage their money:
- Some students felt that the media played a big role in society especially on the younger generation e.g. “The internet has the magical ability of showing you things that you never even knew you needed and you have to have it”.
- Some of the issues identified were - lack of education on how to manage money, learn through experience, pressured into purchase from media and friends, the freedom of turning 18.
- Some students noted that although something was not a necessity, there was media pressure to have particular things to be in the group. “You have to have a certain look”. Hard not to conform.
- It was very easy to spend money on the internet “one click and it comes to your door”. It was also noted that it was easy to sell things on the internet.
- There was an awareness amongst some students that they paid less attention to ‘digital’ money than cash.
- One international student noted that watching money management programs on TV had improved her money management ability.

Family/partner

- The influence of family and partners on students money management behaviour:
- Some parents and grandparents for advice. Otherwise sought specialist help from friends and acquaintances. Others sought no input from others as they felt it was their life and it was private.
- There was evidence of students borrowing from parents for short term (e.g. concert tickets) and long term (e.g. car purchase or running costs). Short term borrowing was usually paid back within relatively short timeframes. Longer term borrowing had longer term or unclear payback timeframes associated with them.
- A number of students talked about the desire to be independent from their family and spending a lot of time away from family in order to minimise family pressures.
- Some students noted differences in how their parents
managed their money, which for some students caused conflict around which style to pick.

- Other students noted that they followed parental influence but went beyond it.
- Some students were impacted by parental experiences e.g. going broke, being cautious with money. “How family treats money affects how you spend it”.
- “I have grown up in politically aware family, I understand dynamics of how society works”.
- “I stay within my budget so don’t have to ask parents for more money, otherwise I will be ashamed. Parents expect us to manage”.
- There appear to be cultural differences with Asian and Indian students more commonly talking about effect of parents’ behaviour.

<table>
<thead>
<tr>
<th>How money management is viewed differently between the generations</th>
<th>Areas of difference between parents and their children:</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>• Parents felt it was harder for students today to manage their money than 15 years ago because there was a pressure on students to have a higher standard of living and greater product/service ability and choice. Some parents felt that students were conditioned to want instant gratification.</td>
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<tr>
<td></td>
<td>• There has been a change in the availability of financial instruments (e.g. credit cards) between generations. Parents largely felt that they tended to save then buy. There was a perception that the younger generation didn’t have to save, they could just use credit.</td>
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<td></td>
<td>• Students often felt they had more money and greater freedom on how to manage then their parents had had at a similar age.</td>
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<td>• There was the perception by students that debt was normal for their generation and was perceived differently from previous generations.</td>
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<td>• Some students perception of credit cards and bank loans were that they were not the “student’s money” so they didn’t feel guilty about using it.</td>
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</table>
## Appendix 6 - Comparison of propositions and observations

**Economic environment sets parameters of mm**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Observation No.</th>
<th>Evidence No.</th>
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</thead>
<tbody>
<tr>
<td>Context</td>
<td>O24 – economic system key facilitator or constrainer</td>
<td>E5 – Liquidity needs drive working several jobs. E109 – Job key enabler of operation space change but insufficient to meet car needs (parents provided). E89 – uni courses impacted mm behaviour.</td>
</tr>
<tr>
<td>Liquidity &amp; choice</td>
<td>O26 – functioning economically is influenced by desired choices</td>
<td>Context E52 – Current financial environment demands innovative approaches &amp; strong mm understanding. Need to clarify dynamics to improve teaching.</td>
</tr>
<tr>
<td>Liquidity strategies &amp; risk</td>
<td>O30 - Strategies used &amp; perceptions of risk</td>
<td>Risk arising from context</td>
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<td>E52 – Current financial environment demands innovative approaches &amp; strong mm understanding. Need to clarify dynamics to improve teaching.</td>
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<td></td>
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<td>E66 – Common approaches and advice on mm.</td>
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<td>E7 – Significant self-control.</td>
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<td>E4 – balancing work &amp; education.</td>
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<td>E33 – Inexperience increases stress =&gt; overspending or cautious behaviour.</td>
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<td>E41 – Desire for Independence drives interesting choices.</td>
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<td>The ‘financial instruments’ strategy</td>
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<tr>
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<td>E32 – Financial instruments impact mm approaches.</td>
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<td>E31 – Liquidity influences financial instrument usage.</td>
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<td>E59 – Usage of parent credit cards by domestics, few parent provided credit cards.</td>
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<td>E71 – HECS not included in mm thinking because payment deferred.</td>
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<td>The ‘living at home’ strategy</td>
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<tr>
<td></td>
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<td>E9 – Living at home carries social and psychological price.</td>
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<tr>
<td>Liquidity strategies</td>
<td>O29 - Budget approaches used</td>
<td>E67 – Preference for financial instruments reflect ease of management and family preferences.</td>
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<td></td>
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<td>E125 – Shifting economics lead to shift in friendship base and interactions.</td>
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<td>E40 – Commonality in themes, but prioritisation individualistic.</td>
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<tr>
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<td>E66 – Common approaches and advice on mm.</td>
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<td>E125 – Shifting economics lead to shift in friendship base and interactions.</td>
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<td>E112 – Students adopt strategic and opportunist approaches to mm.</td>
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<tr>
<td>Goals</td>
<td>O27 - What goals? What is affordability?</td>
<td>Why goals are important?</td>
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<td>E75 – Goals stimulate self-management and changes in personal space.</td>
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<td>The goal of work</td>
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<td>E78 – work enabler of space development and lifestyle choice.</td>
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<td>E79 – falling income impacts space.</td>
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<td>E62 – Difficulty when moving between spaces because of liquidity.</td>
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<td>Goal to manage debt</td>
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<td>E63 – credit card debt aggravates tension around changing personal operating space.</td>
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<tr>
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<td></td>
<td>Tensions around balancing goals</td>
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<td>E28 – Tension between work, study, social leads to hard choices around needs, wants, liquidity.</td>
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<td>E77 – changes in space characteristics and development across age groups.</td>
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<tr>
<th>Goals</th>
<th>O32 - How do students manage money to meet goals?</th>
<th>Managing space changes</th>
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<tbody>
<tr>
<td></td>
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<td>E62 – Difficulty when moving between spaces because of liquidity.</td>
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<td>E78 – work enabler of space development and lifestyle choice</td>
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<td>E85 – Students living out of home sought greater independence but managed liquidity through parental support and aggressive mm strategies.</td>
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<td></td>
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<td>E112 – Students adopt strategic and opportunist approaches to mm.</td>
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<td>Managing the GFC</td>
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<td>E3 – GFC had mixed impact on liquidity – reprioritisation of needs and wants.</td>
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<td>Skills developed to meet goals</td>
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<td>E7 – Significant self-control.</td>
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<td>E71 – HECS not included in mm thinking because payment deferred.</td>
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<td>E105 – Parents sought to keep students out of bad debt.</td>
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The influence of socialisation on money management perception & behaviour

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<thead>
<tr>
<th>Topic</th>
<th>Observation No.</th>
<th>Evidence No.</th>
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<tbody>
<tr>
<td>Who has influence?</td>
<td>O19 – who has influence?</td>
<td>Context:&lt;br&gt; E23 – Socialisation is a key shaper of money management behaviour as seek independence.&lt;br&gt; E36 - Much knowledge acquired through informal processes introducing bias.&lt;br&gt; E116 – Talking about mm is general and not specific.&lt;br&gt; E117 – context drives acceptability of level of mm discussion.&lt;br&gt; E118 – Overlaps in context, values, ethos open up mm communication lines.&lt;br&gt; E119 – Advice mainly though influence – a listening rather than interventionist approach.&lt;br&gt; E26 – Exposure to different viewpoints =&gt; conflict.</td>
</tr>
</tbody>
</table>
| Schooling                    |                  | E11 – family upbringing key influence on early learning.<br> E67 – Preference for financial instruments reflect ease of management and family preferences.<br> E46 – Considerable effort invested by parents in child’s mm development.<br> E49 – Both parents mm input matters – differences can cause confusion.<br> E24 – adulthood brings changes in group dynamics and expectations => new feelings, dependency.<br> E50 – Desire for independence can override parental advice until difficulties arise.<br> E13 – Growing independence creates family conflict – supportive role adopted by parents.<br> E14 – Student views conflict with family due to poor understanding and generational differences .
| Family upbringing            |                  | E48 – Parental mm formed at different time possibly weakening their advice.<br> E97 – Parents support grounded in own experience<br> E55 – Parents mm experience different from childs => communication disconnect.<br> E120 – Parents safety net not always used – independence versus practicalities of living.<br> E121 – parent/student relationship dynamic, ongoing and negotiated. |
| Work                         |                  | E17 – Work impacts view of mm.                                                                 |
| Who influences internationals?|                  | E57 – Internationals highly dependent on parents who carry influence.<br> E58 – Internationals responsible and learn to mm quickly. Embarrassment over asking parents for money. |
| Who influences domestics?     |                  | E60 – Access to income allows domestics greater independence from parents, except need parent provided cars.<br> E59 – Usage of parent credit cards by domestics, few parent |
provided credit cards.
E69 – parental support for domestics slows mm development.

**Advice across age groups**
E76 – subtle changes in mm advice across age groups.

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<tr>
<th>Who defines meaning?</th>
<th>O22 – How is meaning of mm derived from others?</th>
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**Context**
E36 - Much knowledge acquired through informal processes introducing bias.
E116 – Talking about mm is general and not specific.
E117 – context drives acceptability of level of mm discussion.
E118 – Overlaps in context, values, ethos open up mm communication lines.
E119 – Advice mainly though influence – a listening rather than interventionist approach.

**Parents**
E104 – Parents saw their role in child’s development as crucial.
E11 – family upbringing key influence on early learning.
E12 – family influence continues into adulthood.
E46 – Considerable effort invested by parents in child’s mm development.
E93 – Parents & offspring recognise importance of parents in developing mm.
E49 – Both parents mm input matters – differences can cause confusion.
E92 – Parents and child’s mm views match.
E108 – Parents encouraged dependency in several ways.
E121 – parent/student relationship dynamic, ongoing and negotiated.
E122 – Parents used financial support as teaching aid.

**Challenges faced by parents**
E55 – Parents mm experience different from childs => communication disconnect.
E48 – Parental mm formed at different time possibly weakening their advice.
E106 – Generally good alignment between parent & offspring view of operating spaces.
E99 – Changing operating space leads to alignment and conflict of views with parents & impacted support levels.
E95 – Students draw from upbringing but go beyond .

**Who has influence over international students?**
E57 – Internationals highly dependent on parents who carry influence.
E58 – Internationals responsible and learn to mm quickly. Embarrassment over asking parents for money.

**Friends**
E123 – Friends influence managed and friends chosen around similar views.
E126 – In some cases communication used to define parameters of interaction.
E26 – Exposure to different viewpoints => conflict.

**Advice from own peer group**
E76 – subtle changes in mm advice across age groups.
E43 – Student advice to each other economic focused.
| Society | O18 – society influences student. Mm seen as sign of maturity. | Reaching adulthood  
E24 – adulthood brings changes in group dynamics and expectations ⇔ new feelings, dependency.  
E53 – Transition to adult increases mm tensions and responsibilities.  
E44 – Students resent being portrayed as irresponsible. |
|---|---|---|
| Peer, media, society | O20 – Level of influence of peer, media, society? | E54 – Students still developing emotional and financial maturity.  
Peers & the media  
E19 – Peers influence significant and complex.  
E15 – Media can drive what valued in peer group.  
E20 – Peers influence students own sense of right to things.  
E65 – Currency of group access for internationals food travel shopping, domestics alcohol, clubs, shopping, social events. |
| | | Management of peer influence  
E64 – Personal operating space influence by peers so can be carefully selected.  
E21 – individual manages socialisation.  
E123 – Friends influenced managed and friends chosen around similar views.  
E124 – Money not friendship decider but impacts level of interaction.  
E125 – Shifting economics lead to shift in friendship base and interactions. |
| | | Other aspects of influence  
E22 – Partners influence.  
E26 – Exposure to different viewpoints ⇔ conflict.  
E44 – Students resent being portrayed as irresponsible. |
| Benchmark for debt | O21 – What is holistic benchmark regarding debt types? | Context  
E16 – technology increases options, society condones use of debt to pay for them.  
E32 – Financial instruments impact mm approaches.  
E71 – HECS not included in mm thinking because payment deferred.  
Parents and debt  
E59 – Usage of parent credit cards by domestics, few parent provided credit cards.  
E105 – Parents sought to keep students out of bad debt. |
### Psychological considerations and impact on behaviour

<table>
<thead>
<tr>
<th>Topic</th>
<th>Observation No.</th>
<th>Evidence No.</th>
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</table>
| Knowledge acquisition                | O2 – how is declarative & procedural knowledge acquired? | Knowledge acquisition from parents  
E104 – Parents saw their role in child development as crucial.  
E46 – Considerable effort invested by parents in child’s mm development.  
E55 – Parents mm experience different from childs => communication disconnect.  
E106 – Generally good alignment between parent & offspring view of operating spaces.  
E121 – parent/student relationship dynamic, ongoing and negotiated.  
E102 – Students reflected parental advice when talking of raising own offspring.  
E119 – Advice mainly though influence – a listening rather than interventionist approach.  

Some issues around knowledge acquisition from parents  
E69 – parental support for domestics slows mm development  
E50 – Desire for independence can override parental advice until difficulties arise.  
E107 – Independence evolutionary, driven by social, psychological & emotional pressures.  

Impact of age on knowledge acquisition  
E68 – increasing age builds confidence in mm ability.  
E113 – mm is ongoing learning process, achievement linked to sense of maturation.  

Aspects impacting knowledge acquisition  
E114 – Context and liquidity drive learning process.  
E116 – Talking about mm is general and not specific.  
E117 – context drives acceptability of level of mm discussion.  
E118 – Overlaps in context, values, ethos open up mm communication lines.  

| Knowledge acquisition                | 03 – How are mm concept & principles categorised & used i.e. reasoning | Impact of context  
E56 – Liquidity central but factors influencing differ between groups.  
E45 – MM behaviour sometimes does not match mm definitions.  
E70 – subtle differences in mm definition across age groups.  
E37 – Common mm approaches across students.  
E66 – Common approaches and advice on mm.  
E76 – subtle changes in mm advice across age groups.  
E77 – changes in space characteristics and development across age groups.  
E74 – Those at home adopt freer mm approach.  
E72 – Needs and wants change by age group.  
E67 – Preference for financial instruments reflect ease of management and family preferences.  

Impact of emotions & financial immaturity  
E54 – Students still developing emotional and financial maturity.  
E68 – increasing age builds confidence in mm ability.  
E75 – Goals stimulate self-management and changes in personal space.  |
| Knowledge acquisition – impact language | O4 – language influences mm interpretation (schema formation) | Differences in mm definitions and behaviour
E70 – subtle differences in mm definition across age groups.
E45 – MM behaviour sometimes does not match mm definitions.

Talking about mm
E16 – Talking about mm is general and not specific.
E17 – context drives acceptability of level of mm discussion.
E18 – Overlaps in context, values, ethos open up mm communication lines.
E126 – In some cases communication used to define parameters of interaction.
E19 – Advice mainly though influence – a listening rather than interventionist approach.
E21 – parent/student relationship dynamic, ongoing and negotiated.

O5 – How are mm mental models & knowledge constructed, reconstructed & influence of context | Contextual influences on mental model formation
E98 – MM driven by economic, social and psych drivers.
E35 – Context interpretation and knowledge usage individualistic and circumstance driven.
E56 – Liquidity central but factors influencing differ between groups.
E36 - Much knowledge acquired through informal processes introducing bias.
E37 – Common mm approaches across students.
E66 – Common approaches and advice on mm.
E76 – subtle changes in mm advice across age groups.
E77 – changes in space characteristics and development across age groups.
E45 – MM behaviour sometimes does not match mm definitions.

Impact of becoming an adult on mental model construction
E24 – adulthood brings changes in group dynamics and expectations => new feelings, dependency.
E107 – Independence evolutionary, driven by social, psychological & emotional pressures.
E94 – Maturity changes mm behaviour. Uni is change catalyst.
E53 – Transition to adult increases mm tensions and responsibilities.
E68 – increasing age builds confidence in mm ability.
E112 – Students adopt strategic and opportunistic approaches to mm.
E70 – subtle differences in mm definition across age groups
E72 – Needs and wants change by age group.
E73 – Age increases awareness of context, liquidity and impact on needs and wants.
E50 – Desire for independence can override parental advice until difficulties arise.
E55 – Parents mm experience different from childs => |
communication disconnect.

Emotional influences on mental models
E110 – Emotions affects balance of uni, work, social => learning.
E100 – MM & emotions intertwined. Ability to self-control linked to emotions.
E30 – Managing emotions = managing money.
E54 – Students still developing emotional and financial maturity.
E87 – females reported higher emotional responses to mm and need for self-control.
E88 – males more able to self-control.

Parental role generally on mental model formation
E93 – Parents & offspring recognise importance of parents in developing mm.
E104 – Parents saw their role in child development as crucial.
E106 – Generally good alignment between parent & offspring view of operating spaces.
E92 – Parents and offspring’s mm views match.
E96 – Student development affected by level of parental support. High support delayed development.
E108 – Parents encouraged dependency in several ways.
E97 – Parents support grounded in own experience.
E95 – Students draw from upbringing but go beyond .
E102 – Students reflected parental advice when talking of raising own offspring.
E99 – Changing operating space leads to alignment and conflict of views with parents & impacted support levels.
E105 – Parents sought to keep students out of bad debt.
E121 – parent/student relationship dynamic, ongoing and negotiated.

Parental role on international students mental models
E57 – Internationals highly dependent on parents who carry influence.
E58 – Internationals responsible and learn to mm quickly. Embarrassment over asking parents for money.

Parental role on domestic students mental models
E69 – parental support for domestics slows mm development.
E74 – Those at home adopt freer mm approach.
E60 – Access to income allows domestics greater independence from parents, except for parent provided cars.
E61 – Domestics showed tighter fiscal control when living out of home.

Impact of financial instruments on mental model construction
E63 – credit card debt aggravates tension around changing personal operating space.
E67 – Preference for financial instruments reflect ease of management and family preferences.

Impact of work on mental model formation
E78 – work enabler of space development and lifestyle choice.
E79 – falling income impacts space.
E109 – Job key enabler of operation space change but
insufficient to meet car needs (parents provided).

**Impact of learning on mental model formation**
E114 – Context and liquidity drive learning process.
E113 – mm is ongoing learning process, achievement linked to sense of maturation.
E117 – context drives acceptability of level of mm discussion.
E116 – Talking about mm is general and not specific.
E118 – Overlaps in context, values, ethos open up mm communication lines.
E119 – Advice mainly though influence – a listening rather than interventionist approach.
E75 – Goals stimulate self-management and changes in personal space.

**Impact of friends on student mental model formation**
E123 – Friends influenced managed and friends chosen around similar views.
E125 – Shifting economics lead to shift in friendship base and interactions.
E126 – In some cases communication used to define parameters of interaction.

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<td>E56 – Liquidity central but factors influencing differ between groups.</td>
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**Talking about money management**
E117 – context drives acceptability of level of mm discussion.
E116 – Talking about mm is general and not specific.
E118 – Overlaps in context, values, ethos open up mm communication lines.
E126 – In some cases communication used to define parameters of interaction.

**Maturity issues and solutions**
E29 – Adulthood raises liquidity considerations.
E94 – Maturity changes mm behaviour. Uni is change catalyst.
E53 – Transition to adult increases mm tensions and responsibilities.
E47 – New financial instruments allow students to behave outside traditional mm principles.
E33 – Inexperience increases stress => overspending or cautious behaviour.
E62 – Difficulty when moving between spaces because of liquidity.
E63 – credit card debt aggravates tension around changing personal operating space.
E36 - Much knowledge acquired through informal processes introducing bias.
E43 – Student advice to each other economic focused.
E75 – Goals stimulate self-management and changes in personal space.

**Age as an influence**
E54 – Students still developing emotional and financial maturity.
E114 – Context and liquidity drive learning process.
E98 – MM driven by economic, social and psych drivers.
E68 – increasing age builds confidence in mm ability.
E70 – subtle differences in mm definition across age groups.
E72 – Needs and wants change by age group.
E73 – Age increases awareness of context, liquidity and impact on needs and wants.
E113 – mm is ongoing learning process, achievement linked to sense of maturation.
E115 – 4 key liquidity relationships.

Emotions as an influence
E100 – MM & emotions intertwined. Ability to self-control linked to emotions.
E110 – Emotions affects balance of uni, work, social => learning.
E30 – Managing emotions = managing money.
E87 – females reported higher emotional responses to mm and need for self-control.
E88 – males more able to self-control.
E34 – fear and guilt used to motivate mm.
E44 – Students resent being portrayed as irresponsible.

Parents as an influence
E93 – Parents & offspring recognise importance of parents in developing mm.
E46 – Considerable effort invested by parents in child’s mm development.
E96 – Student development affected by level of parental support. High support delayed development.
E97 – Parents support grounded in own experience.
E92 – Parents and offsprings mm views match.
E55 – Parents mm experience different from childs => communication disconnect.
E50 – Desire for independence can override parental advice until difficulties arise.
E99 – Changing operating space leads to alignment and conflict of views with parents & impacted support levels.
E95 – Students draw from upbringing but go beyond .

Influences on international students
E57 – Internationals highly dependent on parents who carry influence.
E58 – Internationals responsible and learn to mm quickly. Embarrassment over asking parents for money.

Influences on domestic students at home
E84 – Living at home defines space build on dependency.
E69 – parental support for domestics slows mm development.
E74 – Those at home adopt freer mm approach.
E59 – Usage of parent credit cards by domestics, few parent provided credit cards.

Influences on domestic students living out of home
E60 – Access to income allows domestics greater independence from parents, except need parent provided cars.
E61 – Domestics showed tighter fiscal control when living out of home.

Work as an influence
E83 – Work helped individuals to shift spaces.
E80 – working carries social, psychological and physiological costs.
E81 – Not working limits access to credit cards & safety net.
E82 – Lack of credit card creates stress as safety net harder to establish.
E79 – falling income impacts space.
E89 – uni courses impacted mm behaviour.
E71 – HECS not included in mm thinking because payment deferred.

Peer influences
E64 – Personal operating space influence by peers so can be carefully selected.
E123 – Friends influenced managed and friends chosen around similar views.
E124 – Money not friendship decider but impacts level of interaction.

Parental influences
E101 – Parents challenged by how to provide support.
E102 – Students reflected parental advice when talking of raising own offspring.
E104 – Parents saw their role in child development as crucial.
E105 – Parents sought to keep students out of bad debt.
E122 – Parents used financial support as teaching aid.
E106 – Generally good alignment between parent & offspring view of operating spaces.
E107 – Independence evolutionary, driven by social, psychological & emotional pressures.
E108 – Parents encouraged dependency in several ways.
E109 – Job key enabler of operation space change but insufficient to meet car needs (parents provided).
E121 – parent/student relationship dynamic, ongoing and negotiated.
E119 – Advice mainly though influence – a listening rather than interventionist approach.

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<td>E38 – Current learning inadequate – more research needed.</td>
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Emotional considerations
E54 – Students still developing emotional and financial maturity.
E34 – fear and guilt used to motivate mm.
E58 – Internationals responsible and learn to mm quickly. Embarrassment over asking parents for money.

Drivers of change
E98 – MM driven by economic, social and psych drivers.
E76 – subtle changes in mm advice across age groups.
E77 – changes in space characteristics and development across age groups.
Parents as drivers of learning
E104 – Parents saw their role in child development as crucial.
E102 – Students reflected parental advice when talking of raising own offspring.
E106 – Generally good alignment between parent & offspring view of operating spaces.
E49 – Both parents mm input matters – differences can cause confusion.
E97 – Parents support grounded in own experience.
E55 – Parents mm experience different from childs => communication disconnect.
E48 – Parental mm formed at different time possibly weakening their advice.
E50 – Desire for independence can override parental advice until difficulties arise.
E101 – Parents challenged by how to provide support.
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E121 – parent/student relationship dynamic, ongoing and negotiated.

Experience as drivers of learning
E62 – Difficulty when moving between spaces because of liquidity.
E79 – falling income impacts space.
E109 – Job key enabler of operation space change but insufficient to meet car needs (parents provided).
E63 – credit card debt aggravates tension around changing personal operating space.
E51 – Mistakes drive learning.
E75 – Goals stimulate self-management and changes in personal space.

Friends as drivers of learning
E123 – Friends influenced managed and friends chosen around similar views.

Learning & knowledge acquisition
O7 – How to best enhance learning?
Talking about money management
E116 – Talking about mm is general and not specific.
E117 – context drives acceptability of level of mm discussion.
E118 – Overlaps in context, values, ethos open up mm communication lines.
E119 – Advice mainly though influence – a listening rather than interventionist approach.

Contextual considerations
E52 – Current financial environment demands innovative approaches & strong mm understanding. Need to clarify dynamics to improve teaching.
E56 – Liquidity central but factors influencing differ between groups.
E62 – Difficulty when moving between spaces because of liquidity.
E78 – work enabler of space development and lifestyle choice.
E63 – credit card debt aggravates tension around changing personal operating space.
E51 – Mistakes drive learning.
E36 - Much knowledge acquired through informal processes introducing bias.
E38 – Current learning inadequate – more research needed.
What we know about student mm behaviour
E66 – Common approaches and advice on mm.
E76 – subtle changes in mm advice across age groups.
E67 – Preference for financial instruments reflect ease of
management and family preferences.
E75 – Goals stimulate self-management and changes in
personal space.
E45 – MM behaviour sometimes does not match mm
definitions.
E53 – Transition to adult increases mm tensions and
responsibilities.
E54 – Students still developing emotional and financial
maturity.
E44 – Students resent being portrayed as irresponsible.

The role of emotions in learning
E100 – MM & emotions intertwined. Ability to self-control
linked to emotions.
E110 – Emotions affects balance of uni, work, social =>
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E87 – females reported higher emotional responses to mm and
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E88 – males more able to self-control.

The role of age in learning
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E73 – Age increases awareness of context, liquidity and
impact on needs and wants.
E107 – Independence evolutionary, driven by social,
psychological & emotional pressures.
E114 – Context and liquidity drive learning process.
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E113 – mm is ongoing learning process, achievement linked to
sense of maturation.
E98 – MM driven by economic, social and psych drivers.
E112 – Students adopt strategic and opportunist approaches to
mm.
E77 – changes in space characteristics and development across
age groups.
E99 – Changing operating space leads to alignment and
conflict of views with parents & impacted support levels.

The role of work in learning
E109 – Job key enabler of operation space change but
insufficient to meet car needs (parents provided).

The role of friends in learning
E123 – Friends influenced managed and friends chosen around
similar views.
E126 – In some cases communication used to define
parameters of interaction.

The role of parents in learning
E93 – Parents & offspring recognise importance of parents in
developing mm.
E104 – Parents saw their role in child development as crucial.
E49 – Both parents mm input matters – differences can cause
confusion.
E92 – Parents and offsprings mm views match.
E102 – Students largely reflect parental advice when talking of
raising own offspring.
E122 – Parents used financial support as teaching aid.
E95 – Students draw from upbringing but go beyond.
E121 – parent/student relationship dynamic, ongoing and negotiated.

E96 – Student development affected by level of parental support. High support can delay development.
E105 – Parents sought to keep students out of bad debt.
E48 – Parental mm formed at different time possibly weakening their advice.
E55 – Parents mm experience different from childs => communication disconnect.
E50 – Desire for independence can override parental advice until difficulties arise.
E101 – Parents challenged by how to provide support.

E57 – Internationals highly dependent on parents who carry influence.
E58 – Internationals responsible and learn to mm quickly. Embarrassment over asking parents for money.
E84 – Living at home defines space build on dependency.
E69 – parental support for domestics slows mm development.
E60 – Access to income allows domestic students greater independence from parents, except need parent provided cars.
E61 – Domestics showed tighter fiscal control when living out of home.
E86 – Living out of home created new spaces, tighter fiscal control, and development of mm.

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<td>E66 – Common approaches and advice on mm.</td>
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</table>

Impact of university and work
E27 – university raises social and economic concerns – how to make ends meet?
E28 – Tension between work, study, social leading to hard choices around needs, wants, liquidity.

Parents
E58 – Internationals responsible and learn to mm quickly. Embarrassment over asking parents for money.
E102 – Students reflected parental advice when talking of raising own offspring.
E95 – Students draw from upbringing but go beyond.

Financial instruments
E67 – Preference for financial instruments reflect ease of management and family preferences.
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<th>MM dynamics</th>
<th>O13 – MM strategies &amp; implications?</th>
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<td>E42 – Conscious mm decision making needs to be explored through dynamic model.</td>
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<td>E115 – 4 key liquidity relationships.</td>
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E50 – Desire for independence can override parental advice until difficulties arise.

Using others resources e.g. parents
E93 – Parents & offspring recognise importance of parents in developing mm.
E97 – Parents support grounded in own experience.
E99 – Changing operating space leads to alignment and conflict of views with parents & impacted support levels.
E108 – Parents encouraged dependency in several ways.
E60 – Access to income allows domestics greater independence from parents, except need parent provided cars.
E69 – Parental support for domestics slows mm development.
E84 – Living at home defines space build on dependency.
E105 – Parents sought to keep students out of bad debt.
E59 – Usage of parent credit cards by domestics, few parent provided credit cards.
E85 – Students living out of home sought greater independence but managed liquidity through parental support and aggressive mm strategies.
E86 – Living out of home created new spaces, tighter fiscal control, and development of mm.

E120 – Parents safety net not always used – independence versus practicalities of living.

Use of financial instruments
E67 – Preference for financial instruments reflect ease of management and family preferences.
E63 – Credit card debt aggravates tension around changing personal operating space.

Experience
E107 – Independence evolutionary, driven by social, psychological & emotional pressures.
E73 – Age increases awareness of context, liquidity and impact on needs and wants.
E68 – Increasing age builds confidence in mm ability.
E94 – Maturity changes mm behaviour. Uni is change catalyst.
E76 – Subtle changes in mm advice across age groups.
E96 – Student development affected by level of parental support. High support delayed development.

Work & university
E78 – Work enabler of space development and lifestyle choice.
E83 – Work helped individuals to shift spaces.
E80 – Working carries social, psychological and physiological costs.
E81 – Not working limits access to credit cards & safety net.
E82 – Lack of credit card creates stress as safety net harder to establish.
E109 – Job key enabler of operation space change but insufficient to meet car needs (parents provided).
E89 – Uni courses impacted mm behaviour.
E90 – Design students had higher uni costs – self-management high.
E91 – Business and social science/psychology students had lesser uni costs than Design students.
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<td>MM approaches</td>
<td>O15 – How do students compare &amp; combine mm approaches?</td>
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<td>E39 – Rationality assumes commonality - some commonality in understanding.</td>
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<td>E37 – Common mm approaches across students.</td>
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<td>E40 – Commonality in themes, but prioritisation individualistic.</td>
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E27 – university raises social and economic concerns – how to make ends meet?

**Decision considerations:**

**financial instruments**
E32 – Financial instruments impact mm approaches.
E47 – New financial instruments allow students to behave outside traditional mm principles.
E59 – Usage of parent credit cards by domestics, few parent provided credit cards.
E67 – Preference for financial instruments reflect ease of management and family preferences.

**Independence**
E41 – Desire for Independence drives interesting choices.
E50 – Desire for independence can override parental advice until difficulties arise.

**Liquidity**
E56 – Liquidity central but factors influencing differ between groups.
E62 – Difficulty when moving between spaces because of liquidity.

**Emotional consequences**
E58 – Internationals responsible and learn to mm quickly. Embarrassment over asking parents for money.

**Confidence in own ability**
E73 – Age increases awareness of context, liquidity and impact on needs and wants.
E68 – increasing age builds confidence in mm ability.
E94 – Maturity changes mm behaviour. Uni is change catalyst.
E114 – Context and liquidity drive learning process.
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E70 – subtle differences in mm definition across age groups.
E72 – Needs and wants change by age group.
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E112 – Students adopt strategic and opportunist approaches to mm.
E115 – 4 key liquidity relationships.
E120 – Parents safety net not always used – independence versus practicalities of living.
E123 – Friends influenced managed and friends chosen around similar views.
E125 – Shifting economics lead to shift in friendship base and interactions.
E66 – Common approaches and advice on mm.
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**Value of experience**

E75 – Goals stimulate self-management and changes in personal space.
E68 – increasing age builds confidence in mm ability.
E36 - Much knowledge acquired through informal processes introducing bias.
E43 – Student advice to each other economic focused.
E123 – Friends influenced managed and friends chosen around similar views.
E125 – Shifting economics lead to shift in friendship base and interactions.
E126 – In some cases communication used to define parameters of interaction.

**Need to be recognised as independent adult**

E44 – Students resent being portrayed as irresponsible.

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<th>Strategies to overcome weakness</th>
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**Responses to stress**

E33 – Inexperience increases stress => overspending or cautious behaviour.
E75 – Goals stimulate self-management and changes in personal space.
E34 – fear and guilt used to motivate mm.
E58 – Internationals responsible and learn to mm quickly.
Embarrassment over asking parents for money.
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E125 – Shifting economics lead to shift in friendship base and interactions.
E126 – In some cases communication used to define parameters of interaction.
E72 – Needs and wants change by age group.

**Advice to others**

E43 – Student advice to each other economic focused.
E60 – Access to income allows domestics greater independence from parents, except need parent provided cars.

---

Coping strategies that cause problems

E110 – Emotions affects balance of uni, work, social => learning.
E63 – credit card debt aggravates tension around changing personal operating space.
<table>
<thead>
<tr>
<th>Strategies to overcome weakness</th>
<th>O14 – Use of heuristics?</th>
<th>O16 – Automatic response usage?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>E66 – Common approaches and advice on mm.</td>
<td></td>
</tr>
</tbody>
</table>

- **E82** – Lack of credit card creates stress as safety net harder to establish.
- **E69** – Parental support for domestics slows mm development.
- **E84** – Living at home defines space build on dependency.

**Work**

- **E78** – Work enabler of space development and lifestyle choice.

**Value of learning**

- **E113** – mm is ongoing learning process, achievement linked to sense of maturation.
- **E121** – Parent/student relationship dynamic, ongoing and negotiated.
- **E76** – Subtle changes in mm advice across age groups.
Appendix 7 - Detailed overview of findings from Chapters 5 to 7

<table>
<thead>
<tr>
<th>Findings chapter 5</th>
<th>Sections</th>
<th>Supported in chapters 6 &amp; 7?</th>
<th>Further insights</th>
</tr>
</thead>
</table>
| P1 – Complex environment | 6.2 Local & international  
6.3 Age groups  
6.4 Working/not working  
6.5 Living in and out of home  
6.6 Gender  
6.7 Degree type  
6.8 Parent/student | Supported across all cases |                                                                                                                                             |
| P1 – Handling liquidity indicates thinking sophistication. | 6.2 Local & international | Depth added | Variations in approaches between domestics/internationals due to liquidity flow differences. Common themes.  
Cultural variations in use of financial instruments.  
Management of economic themes seen as key. |
|                   | 6.3 Age groups                                | Depth added               | Younger focused on acquiring basic skills. Older on matching plans to life.  
Younger exploring possibilities, middle age group implementing space, older age group struggling to consolidate or sustain space. |
|                   | 6.4 Working/not working                       | Supported                  | More established jobs are less susceptible to market forces. |
|                   | 6.5 Living at home/not living at home         | Depth added               | Living at home allows creation of space built on liquidity not delivered through own earnings.  
Living out of home stimulates innovative and entrepreneurial behaviour. |
|                   | 6.6 Gender                                    | Not emerging              |                                                                                                                                             |
|                   | 6.8 Parent/student                             |                              |                                                                                                                                             |
|                   | 6.9 Degree                                    | Depth added               | Course requirements demand significant entrepreneurial thinking. |

410
<table>
<thead>
<tr>
<th>Findings chapter 5</th>
<th>Sections</th>
<th>Supported in chapters 6 &amp; 7?</th>
<th>Further insights</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>P2 – Liquidity supports socialisation</strong></td>
<td>6.2 Local &amp; international</td>
<td>Depth added</td>
<td>Socialisation supports liquidity preservation approaches.</td>
</tr>
<tr>
<td></td>
<td>6.3 Age groups</td>
<td>Not emerging</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.5 Living at home/not living at home</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>6.4 Working/non-working</td>
<td>Depth added</td>
<td>Liquidity can be used to place pressure on others to spend.</td>
</tr>
<tr>
<td></td>
<td>6.6 Gender</td>
<td>Depth added</td>
<td>Females influenced by socialisation – get stressed when insufficient liquidity. Males use self-control to manage social pressure.</td>
</tr>
<tr>
<td></td>
<td>6.7 Degree</td>
<td>Partially supported</td>
<td>Clear needs &amp; wants but image &amp; friendship group issues impact behaviour.</td>
</tr>
<tr>
<td></td>
<td>6.8 Parent/student</td>
<td>Not emerging</td>
<td></td>
</tr>
<tr>
<td><strong>P2 – Liquidity drives work needs</strong></td>
<td>6.2 Local &amp; international</td>
<td>Depth added</td>
<td>For internationals privacy about liquidity issues drives work needs.</td>
</tr>
<tr>
<td></td>
<td>6.3 Age groups</td>
<td>Not emerging</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.6 Gender</td>
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<tr>
<td></td>
<td>6.8 Parent/student</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.4 Working/non-working</td>
<td>Depth added</td>
<td>Work is key driver of income/liquidity and therefore independence. Costs of working impacts socialisation and space construction.</td>
</tr>
<tr>
<td></td>
<td>6.5 Living at home/not living at home</td>
<td>Partially supported</td>
<td>Living at home allows creation of space built on liquidity not delivered through own earnings.</td>
</tr>
<tr>
<td></td>
<td>6.7 Degree</td>
<td>Partially supported</td>
<td>Clear needs and wants but image and friendship group issues impact behaviour.</td>
</tr>
<tr>
<td>Findings chapter 5</td>
<td>Sections</td>
<td>Supported in chapters 6 &amp; 7?</td>
<td>Further insights</td>
</tr>
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</tr>
<tr>
<td><strong>P2 – University &amp; work broaden exposure increasing understanding of space</strong></td>
<td>6.2 Local &amp; international</td>
<td>Depth added</td>
<td>Situation broadens exposure and increases understanding of space – common behaviour evident but causes of the behaviour are different.</td>
</tr>
<tr>
<td>6.3 Age groups</td>
<td>Not emerging</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.6 Gender</td>
<td></td>
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<td>6.7 Degree</td>
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<tr>
<td>6.8 Parent/student</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4 Working/non-working</td>
<td>Supported</td>
<td>Understanding role of working helps uncover dynamics associated with moving from dependency to interdependency.</td>
<td></td>
</tr>
<tr>
<td>6.5 Living at home/not living at home</td>
<td>Depth added</td>
<td>Living out of home broadens exposure to liquidity issues increasing learning.</td>
<td></td>
</tr>
<tr>
<td><strong>P3 – Aging &amp; experience improve ability to segregate needs/wants, utilise tools to preserve space.</strong></td>
<td>6.2 Local &amp; international</td>
<td>Extended</td>
<td>Needs drives learning overriding age and experience.</td>
</tr>
<tr>
<td>6.3 Age groups</td>
<td>Supported</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4 Working/non-working</td>
<td>Not emerging</td>
<td></td>
<td></td>
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<tr>
<td>6.6 Gender</td>
<td></td>
<td></td>
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<tr>
<td>6.7 Degree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5 Living at home/not living at home</td>
<td>Not supported</td>
<td>Living at home reduces costs increases liquidity allowing existence within operating space outside income parameters. Living out of home broadens exposure to liquidity issue increasing learning.</td>
<td></td>
</tr>
<tr>
<td>6.8 Parent/student</td>
<td>Extended</td>
<td>Money management improved with age &amp; experience but also exposure.</td>
<td></td>
</tr>
</tbody>
</table>
| **P3 – Emotion plays role** | 6.2 Local & international | Extended | Independence drives acceptable level of parent support.  
Need for privacy from parents drives need for work. |
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>6.3 Age groups</td>
<td>Extended</td>
<td>Goals stimulate self-management.</td>
<td></td>
</tr>
<tr>
<td>6.4 Working/non-working</td>
<td>Depth added</td>
<td>Emotional challenges around balancing work/social/university balance</td>
<td></td>
</tr>
<tr>
<td>6.5 Living at home/not living at home</td>
<td>Not emerging</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 6.6 Gender                  | Extended                  | Females talked of higher emotional responses, more impulsive, more influenced under stress overspend then guilty, uses economical techniques to manage emotions.  
Males use self-control to manage social pressure. |
| 6.7 Degree                  | Extended                  | Clear needs wants but image and friendship group issues impact behaviour. |
| 6.8 Parent/student           | Supported                 | Mixed responses to parental support.     |

<table>
<thead>
<tr>
<th><strong>P3 – Can lead to conflict with others.</strong></th>
<th>6.2 Local &amp; international</th>
<th>Not emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3 Age groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5 Living in and out of home</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.6 Gender</td>
<td></td>
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<tr>
<td>6.7 Degree type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.8 Parent/student</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4 Working/not working</td>
<td>Extended</td>
<td>Work/social/university balance required.</td>
</tr>
</tbody>
</table>

### P4 - Significant overlap student/parent understanding

<p>| | | | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>P4</td>
<td>6.2 Local &amp; international</td>
<td>Extended</td>
<td>Liquidity needs support student/parent overlap.</td>
</tr>
<tr>
<td></td>
<td>6.3 Age groups</td>
<td>Extended</td>
<td>High dependency delays independence and learning. Younger students use parents’ credit card. Older wants own.</td>
</tr>
<tr>
<td></td>
<td>6.4 Working/not working</td>
<td>Not emerging</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.6 Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.7 Degree type</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.5 Living in and out of home</td>
<td>Extended</td>
<td>Parents play critical role in maintenance and development of student’s independence by protecting liquidity.</td>
</tr>
<tr>
<td></td>
<td>6.8 Parent/student</td>
<td>Supported &amp; extended</td>
<td>Students focus on skill, parents on skill application. High support delays development – conscious decision by parent to protect child’s welfare, reflecting parent’s space.</td>
</tr>
<tr>
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<tr>
<td></td>
<td>6.8 Parent/student</td>
<td>Extended</td>
<td>Most students would raise their children as they have been raised.</td>
</tr>
</tbody>
</table>

### P4 – Friends lesser influence.

<p>| | | | |</p>
<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>P4</td>
<td>6.2 Local &amp; international</td>
<td>Depth added</td>
<td>Friends encourage liquidity achievement.</td>
</tr>
<tr>
<td></td>
<td>6.3 Age groups</td>
<td>Not emerging</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.4 Working/not working</td>
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<td></td>
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<tr>
<td></td>
<td>6.5 Living in and out of home</td>
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<td></td>
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<tr>
<td></td>
<td>6.8 Parent/student</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6.6 Gender</td>
<td>Partially supported</td>
<td>Males use self-control to manage social pressure.</td>
</tr>
<tr>
<td></td>
<td>6.7 Degree type</td>
<td>Not supported</td>
<td>Clear needs &amp; wants but image &amp; friendship group issues impact behaviour.</td>
</tr>
<tr>
<td>P4 – Additional findings</td>
<td>6.4 Working/not working</td>
<td>Depth added</td>
<td>Students can be motivated and not motivated to use tools.</td>
</tr>
<tr>
<td>--------------------------</td>
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<td>---------------------------------------------------------</td>
</tr>
<tr>
<td>6.5 Living in and out of home</td>
<td>Extended</td>
<td>Liquidity pain stimulates learning.</td>
<td></td>
</tr>
<tr>
<td>6.8 Parent/student</td>
<td>Extended</td>
<td>Emotions play a part in parent/student interaction.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>P5 – Rationality assumes complex thinking. Student age questions this ability.</th>
<th>6.2 Local &amp; international</th>
<th>Supported</th>
<th>Credit card aggravates situation challenging rationality in economic sense. Need drives learning overriding age &amp; experience.</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3 Age groups</td>
<td>Extended</td>
<td>Shifts in rationality consideration in relation to space changes, linked to moving out of home and shifts in concerns.</td>
<td></td>
</tr>
<tr>
<td>6.4 Working/not working 6.6 Gender 6.7 Degree type</td>
<td>Not emerging</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5 Living in and out of home</td>
<td>Extended</td>
<td>Living at home reduces costs which increases liquidity allowing existence within operating spaces outside income parameters. Most feel guilty when spend up big – response by being cautious or cavalier. Living out of home broadens exposure to liquidity issue increasing learning.</td>
<td></td>
</tr>
<tr>
<td>6.8 Parent/student</td>
<td>Extended</td>
<td>Students focus on skill (current focus), parents on practical skills, education and application. Parental support driven by concern for students’ welfare (arising from parents past experience and current child/parent relationship).</td>
<td></td>
</tr>
</tbody>
</table>
### P5 – Other considerations beyond economic e.g. independence/maturity

<table>
<thead>
<tr>
<th>6.2 Local &amp; international</th>
<th>Extension</th>
<th>Space change dynamic in response to situation. HECS not consideration as not impacting today – current focus of rationality.</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3 Age groups</td>
<td>Not emerging</td>
<td></td>
</tr>
<tr>
<td>6.4 Working/not working</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5 Living in and out of home</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.6 Gender</td>
<td>Supported</td>
<td>Females talked of higher emotional responses, more impulsive, more influenced under stress than male counterparts. Females tend to overspend then feel guilty. Females use economical techniques to manage emotions.</td>
</tr>
<tr>
<td>6.7 Degree type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.8 Parent/student</td>
<td>Extended</td>
<td>Emotion plays part.</td>
</tr>
</tbody>
</table>

### P7 – Parents help weakened by divers financial instruments and acceptability of debt

<table>
<thead>
<tr>
<th>6.2 Local &amp; international</th>
<th>Not emerging</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3 Age groups</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4 Working/not working</td>
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</tr>
<tr>
<td>6.6 Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.7 Degree type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5 Living at home/not living at home</td>
<td>Extended</td>
<td>Moderating factor: Living at home reduces costs increases liquidity allowing existence within operating space outside income parameters. Living out of home broadens exposure to liquidity issue increasing learning.</td>
</tr>
<tr>
<td>6.5 Living at home/not living at home</td>
<td>Not supported</td>
<td>Context drives liquidity needs which drives student learning.</td>
</tr>
<tr>
<td>6.8 Parent/student</td>
<td>Supported</td>
<td>Money management improves with age.</td>
</tr>
</tbody>
</table>
### P6 – Questions over whether traditional money management protects liquidity/space & incorporate drivers of independence, preferred learning styles, parental role, friends, financial instruments, contextual needs.

<table>
<thead>
<tr>
<th>6.2 Local &amp; international</th>
<th>Extended</th>
<th>Liquidity needs drive usage of money management in entrepreneurial and innovative ways.</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3 Age groups</td>
<td>Not emerging</td>
<td></td>
</tr>
<tr>
<td>6.4 Working/not working</td>
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<tr>
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<td>Extended</td>
<td>Liquidity needs drive usage of money management in entrepreneurial and innovative ways.</td>
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</tr>
<tr>
<td>6.7 Degree type</td>
<td>Extended</td>
<td>Some courses carry difficult to quantify courses, at key times which cannot be curtailed.</td>
</tr>
<tr>
<td>6.8 Parent/student</td>
<td>Not supported</td>
<td>Students focus on skill, parents on skill application.</td>
</tr>
<tr>
<td></td>
<td>Partially supported</td>
<td>Emotions play a part.</td>
</tr>
</tbody>
</table>

### P7 – Aging changes student money management

<table>
<thead>
<tr>
<th>6.2 Local &amp; international</th>
<th>Not emerging</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6.3 Age groups</td>
<td>Extended</td>
<td>Younger focused on acquiring skills, older on matching plans to life.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Younger exploring possibilities, middle age group implementing space, older age group struggling to consolidate or sustain space.</td>
</tr>
<tr>
<td>6.4 Living at home/not living at home</td>
<td>Extended</td>
<td>Moderating factor: Living at home reduces costs increases liquidity allowing existence within operating space outside income parameters.</td>
</tr>
<tr>
<td>6.5 Living at home/not living at home</td>
<td>Not supported</td>
<td>Context drives student learning.</td>
</tr>
<tr>
<td>6.8 Parent/student</td>
<td>Supported</td>
<td>Money management improves with age.</td>
</tr>
</tbody>
</table>

| 6.7 Degree type           | Extended | Some courses carry difficult to quantify courses, at key times which cannot be curtailed. |
| 6.8 Parent/student        | Not supported | Students focus on skill, parents on skill application. |
|                           | Partially supported | Emotions play a part. |