STUDENTS' ATTITUDES TOWARD PERSONAL FINANCIAL PLANNING: A CASE STUDY OF MASTER OF BUSINESS ADMINISTRATION STUDENTS AT THE UNIVERSITY OF NAMIBIA.

A RESEARCH THESIS SUBMITTED IN PARTIAL FULFILMENT

OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION IN FINANCE

OF

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BY

ANANIAS SHAANIKA

200323318

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Supervisor: Dr. Josephat M. Kiweu, Strathmore University, Nairobi, Kenya.

DECLARATION

I, Ananias Shaanika, hereby declare that this study is a true reflection of my own research, and that this work, or part thereof has not been submitted for a degree to any other institution of higher education.

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Mr. Ananias Shaanika

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I would also like to acknowledge the support from the administration of the Namibia Business School for having allowed me to conduct the study on students enrolled at the school. Lastly, a round of applause to the students who despite their busy schedules, took the time to carefully consider the questionnaire and subsequently provide answers and valuable contributions, which form part of the substantial support that bolsters the successful completion of this study.

DEDICATION

I dedicate this study to my parents, brothers, sisters, friends and my family at large who had faith in me, supported and directed me all along. I also dedicate this thesis to my lower primary teachers, for having played a role in my upbringing in terms of disciplining me and teaching me how to read and write. To my high school teachers, it's because of their constant encouragement and motivation that I have progressed this far in the sphere of education and life overall.

I equally dedicate this thesis to the entire personnel in the entire financial sector who work tirelessly and took an extra mile, to ensure the stable and sustainable progress of the entire economy and the entire financial system. This thesis is also dedicated to the University of Namibia's academic staff and the non - academic staff, the former, for having inspired my mind and thus helping me shape my future and the latter for the supporting function performed to allow me to navigate smoothly during and after my academic years on campus. Last but not least, I dedicate this thesis to the Lord Almighty Jesus Christ, for his forever unfading and unconditional love, praises to the Lord.

ABSTRACT

The objective of this study was to evaluate the attitude of MBA students of the Namibia Business School at the University of Namibia, toward personal financial planning. The study followed a quantitative research approach using an explorative descriptive design. A survey method using a questionnaire adopted from a previous study on financial literacy and personal financial planning, namely the Financial Planning Scale, was adopted for this study. The population comprised of all NBS-MBA students. The sample consisted of 30 NBS - MBA students, selected using the random sampling method. The reaction of the study was positive as a 100% response rate was obtained. The data was analysed using Microsoft Excel Data Analysis Tool-pack. The results of the study revealed that NBS-MBA students have a positive attitude toward personal financial planning. However, the high degree of uncertainty as well as the disagreeing degree requires remedial action such as NBS cooperating with other stakeholders in providing support to its MBA students to improve their personal financial planning.

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LIST OF ACRONYMS

Abbreviations Meaning

AIDS……………….Acquired Immunodeficiency Syndrome

BIC………………....Bank Identifier Code

BON………………..Bank of Namibia

GDP………………..Gross Domestic Product

HIV………………...Human Immunodeficiency Virus

MBA……………….Master of Business Administration

NAMFISA…………Namibia Financial Institutions Supervisory Authority

NBS………………..Namibia Business School

PSG………………..PSG Konsult Group Limited

SME………………..Small Medium Enterprises

UNAM…………….University of Namibia

CHAPTER 1

INTRODUCTION AND ORIENTATION OF THE STUDY

1.1 INTRODUCTION

The creation of wealth and its constant sustainable growth depends on how well the financial and economic administrators are advanced in financial and economic matters relating to their financial system in which they are bound to operate. In modern societies, the young people specifically are encouraged to be focused on and maintain focus in all material aspects of life, with the view that, in future they will be the torch bearers. This expectation of future prospects has resulted in many young Namibians taking their careers seriously. Consequently, many young Namibians aspire to achieve greater goals and heights in their careers, such as pursuing a Master of Business Administration (MBA) degree at the Namibia Business School (NBS) of the University of Namibia (UNAM).

The benefits associated with and derived from having studied at postgraduate level are wide-ranging from a career perspective and they become transparent in the personal lifestyles of those achievers. However, the adverse can also hold true should an individual not have understood some essential financial elements theoretically and subsequently craft and implement an inaccurate strategy to observe these fundamental financial elements in practice. One such fundamental element is personal financial planning.

Personal financial satisfaction arises from the ability to manage financial resources effectively. Individuals and students alike, today face great challenges in managing their finances due to increased exposure to marketing activities, stemming from increased competition by businesses for their money. However, even though various business courses comprise financial management content that focuses on the importance of managing and maximising wealth, it is important to determine the magnitude of the concern expressed by students about their financial status, future wealth and retirement planning as they are considered future professionals and leaders. In addition, the latter are salient to industries, including financial institutions and those involved in financial management, especially in financial planning.

According to the Financial Planning Institute of South Africa (2013), personal financial management is concerned with managing personal finances through developing a strategic plan for productively managing an individual's or family unit's personal income, lifestyle expenditures and assets, and includes assisting them to achieve their lifetime goals, taking into account various financial risks and future life events.

Successful management of personal finances requires not only having an understanding of certain financial concepts, but also knowing how to budget and being aware of the ratio between one's assets, savings and debt. A major hurdle in this regard is that many individuals have no formal training on how to manage their finances effectively (Botha & Musengi, 2007).

Swart (2012) defines personal financial planning as the organisation of an individual's financial and personal data for establishing a strategic plan to manage income, assets and liabilities in a constructive manner to satisfy short and long-term goals and objectives. Understanding money matters and the financial management process are therefore prerequisites for efficient personal financial planning (Boon, Yee & Ting, 2011).

The areas of financial planning include career planning, income tax planning, estate planning, investment planning, insurance planning, credit planning, retirement planning, project planning, family planning, productivity planning, emigration planning and business planning (Cooper & Worsham, 2002; Warschauer, 2002; Lai & Tan, 2009; Swart, 2012).

This study is designed to determine the attitude of Master of Business Administration (MBA) students toward personal financial planning and to recommend eventual long-term sustainable strategies or methodologies that will preserve a positive attitude based on the research findings.

1.2 BACKGROUND

Globalised capital markets offer a constantly increasing diversity of financial products and investment opportunities, making personal financial planning an imperative to achieving personal financial goals (Boon *et al.*, 2011). The development of an effective financial plan requires knowledge of the various personal financial planning areas, as each has potentially extensive positive and negative financial repercussions (Swart, 2012).

Furthermore, efficient personal financial planning requires constantly trying to predict future events and paying attention to future financial needs as early as possible (Swart, 2009). Unfortunately, many individuals, students alike, make personal financial decisions based purely on chance or on the informal advice of friends and/or family. Such a casual attitude towards money would include having a savings plan based simply on the surplus funds at the end of the month (Murphy & Yetmar, 2010).

It is therefore very important that the attitude of MBA students towards financial planning is determined in order to establish whether or not they understand the financial products investment opportunities presented to them by the global capital market.

1.2.1 Country Profile

Namibia, with a total surface area of 824,292 square km, is amongst the largest countries in Africa. It is located in the south western part of the continent and it is bordered by the Atlantic Ocean in the west, Botswana and Zimbabwe in the east, South Africa in the south, and Angola and Zambia in the north and north-east. The country is divided into a total of 14 administrative regions (Figure 1.1).

The population of Namibia is about 2.2 million, with a growth rate of 0.67% and a population density of 2.2 persons per square kilometer. The estimated life expectancy at birth is 51.85 years. In addition, the country's adult literacy rate was estimated to be 88.8% in 2010 and the HIV/AIDS adult prevalence rate was estimated at 13.3% for 2012. Lastly, the population living below the poverty line was estimated at 28.7% in 2010.

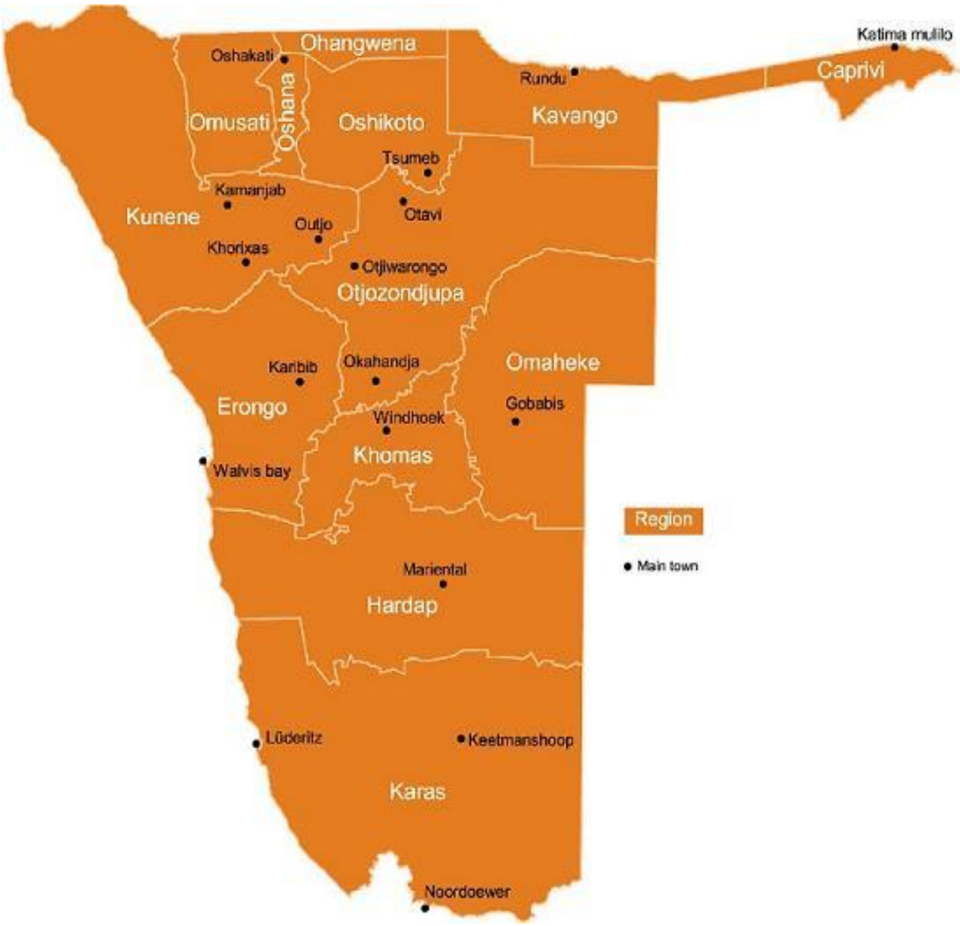

Figure 1.1: Map of the Republic of Namibia (http://doinglifeswork.blogspot.com/)

1.2.2 Socio-economic features

The Namibian economy is closely linked to South Africa with the Namibian dollar pegged one-to-one to the South African rand. The country is categorised as a stable democratic nation. It is a sparsely populated country; two thirds of its population live in rural areas and engage in subsistence farming and livestock production. The GDP per capita is estimated at US$ 5,482; as such the country is classified as an upper-middle-income country by the World Bank (PSG Namibian, 2014). According to the Namibia Statistics Agency (2014), unemployment is extremely high at 29.6% in 2013. The economy is mainly dependent on the export of primary commodities such as diamonds, uranium and gold.

The main economic challenges remain redressing the inequalities in income and welfare as well as reducing the high levels of poverty. In addition, natural disasters such as floods and droughts frequently confront the country.

1.2.3 The Namibia Business School and the University of Namibia

The Namibia Business School, also known as NBS, is part of the University of Namibia. NBS is renowned for its provision of professional qualifications focused on business administration, as well as a variety of hands-on executive education programmes. The objectives of NBS are to equip aspiring managers and entrepreneurs with the required skills in a conducive, learning environment to enable them to excel in the competitive environment in which business leaders operate.

The programmes at NBS enable students to transform their personal commitment into public leadership. These programmes consist of a variety of subjects regarding the fundamental and topical aspects of business practice. Moreover, the institution is committed to working in partnership with both public and private sectors with the aim of contributing towards capacity building, as it is of the view that well-harnessed talent will help to promote good governance and good management in Namibia, in Africa and beyond (Namibia Business School, 2013).

1.2.4 The Namibian financial system

The Namibian financial system is amongst others, composed of the banking and the non-banking financial institutions. The banking financial institutions such as the First National Bank Namibia, Nedbank Namibia, Standard Bank Namibia, Bank Windhoek, SME Bank and the recently established E-Bank and the Bank BIC Namibia are regulated by the Reserve Bank, namely the Bank of Namibia (BON), which is responsible for the execution of the monetary policy, while the non-banking financial institutions such as the micro-lenders, stock exchanges, friendly societies, pension funds institutions and insurance companies are regulated by the Namibia Financial Institution Supervisory Authority (NAMFISA).

Apart from regulating, supervising and ensuring that financial institutions comply with the applicable statutes, the BON and NAMFISA are also vested with the responsibility of consumer education, ensuring that the Namibian consumers of financial services are financially literate and know their rights and responsibilities as far as transacting with financial institutions is concerned.

1.3 STATEMENT OF THE PROBLEM

Owing to increased exposure to marketing activities, stemming from increasing competition for consumers' money, individuals and UNAM NBS-MBA students alike face greater challenges in managing their finances (Falahati, Paim, Ismail, Haron & Masud, 2011). Worryingly though, James, Leavell, and

Maniam (2002), found "a significant amount of students expressed little concern about their financial status, future wealth and retirement planning, even though various business courses comprise financial management content that focuses on the importance of managing and maximising wealth".

Although students have wide access to various financial services, such as education loans and credit cards (Robb & Sharpe, 2009, p. 29), they are often considered a high-risk group when it comes to finances because of the lack of financial management knowledge, and experience in managing their financial resources successfully (Sabri, Cook, & Gudmunson, 2012, p.153). Moreover, this may lead to financial problems and ineffective financial behaviours and attitudes, such as low levels of savings (Sabri & MacDonald, 2010, p.103). As indicated by Sabri, Cook & Gudmunson. (2012), high debt levels, low income levels and low levels of financial literacy combined, will have negative consequences on students' financial well-being.

1.4 OBJECTIVE OF THE STUDY

The objective of the study is to evaluate the attitudes of NBS-MBA students toward personal financial planning.

1.5 SIGNIFICANCE OF THE STUDY

The study is important because it will assist the students to realise and recognise that financial planning will better equip them to manage their personal finances through developing a strategic plan to productively managing their individual or family unit's personal income, lifestyle expenditures and assets. Moreover, it will further guide them in achieving their lifetime goals as they will become aware of the prevailing various financial risks and future life events.

Furthermore, similar researches were conducted in different parts of the world at different universities with the exception of Namibia as also evident in the international financial literacy survey result by Van Nieuwenhuyzen (2009). The research reported on will determine and establish the overall personal financial planning attitudes of NBS-MBA students of the University of Namibia, considering the role of responsibility and leadership students are expected to uphold. In addition, the research will also derive and recommend further potential significant areas for research.

1.6 LIMITATION OF THE STUDY

The study was limited to students who were enrolled for the MBA programme at UNAM - NBS from 1 February 2012 to 30 November 2015. Moreover, this study only placed significant focus on five constructs of financial planning, namely the financial planning process construct, the credit planning construct, the insurance planning construct, the investment planning construct and the estate planning construct.

1.7 DEFINITION OF TERMS

Attitudes: a way of feeling or thinking about someone or something, especially as this influences ones behaviour (Oxford Dictionary, 2002, p. 57).

Personal Financial Planning: refers to the structuring and organising of financial resources in such a way as to ensure life goals are met, and provide financial certainty and clarity on one's present and future financial well-being (Financial Planning Institute of South Africa, 2013a).

Personal Financial Management: is concerned with managing individual's or family unit's personal finances through developing a strategic plan for productively managing the individual's or family unit's personal income, lifestyle expenditures and assets, including assisting in achieving lifetime goals and objectives, taking into account various financial risks and future life events (Financial Planning Institute of South Africa, 2013).

1.8 ORGANISATION OF PROPOSED STUDY

The dissertation is organised into five chapters:

Chapter 1: Introduction and orientation to the study

The attitude of students toward personal financial planning in general was discussed and the problem statement was highlighted. Also the aims, objectives and relevance of the study are included and the relevant terminology was clarified.

Chapter 2: Literature Review

A literature review of relevant articles, journals, books, research reports and other information sources was conducted with the aim of establishing and identifying available knowledge and evidence on MBA student's attitude towards personal financial planning in general. Information sought includes the financial planning process (five items), credit planning (five items), insurance planning (five items), investment planning (eight items) and estate planning (three items).

Chapter 3: Research Methodology

The research design and techniques are explained. Detailed information about the population and sample, instrumentation used, methods for data collection and analysis are presented.

Chapter 4: Analysis of the data from the questionnaire is presented

The demographical data collected from the respondents were presented in this chapter in addition to a broad variety of aspects relating to determining the attitude of NBS-MBA students towards financial planning. An analysis of data revealed the opinion and views of NBS-MBA students regarding their personal attitude toward financial planning.

Chapter 5: Conclusion and recommendation

In the final chapter, the results are discussed and compared and conclusions derived from the results. Recommendations and suggestions for further studies are outlined and a methodology for developing and improving the attitude of NBS-MBA students toward personal financial planning is proposed.

1.9 CONCLUSION

This chapter presented the research problem and aim of the study that was developed steaming from the contemplation of the attitude of UNAM

NBS - MBA students toward personal financial planning. Moreover, a detailed background linking personal financial planning and the status of the Namibian economy as well as the objectives of UNAM-NBS were also presented in this chapter in addition to discussing the format followed by this research study. The next chapter, chapter 2, deals with the literature review.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The importance of personal financial planning cannot be stressed enough. The future financial success of an individual significantly depends on his or her comprehension of financial aspects, the individual's attitude towards financial planning and the management thereof. Given the dynamics of the financial systems in which NBS-MBA students operate and the ever increasing variety of financial products and services made available in the market, it has now more than ever become important for NBS-MBA students to closely follow and understand the evolvement, innovation and introduction of these financial products and services.

Albeit embracing change, as it ultimately aims to ease and improve the standard of living of the people pursuing such improved standards of living, it is equally important to remain conscious of the challenges that advancement of the financial system and growing responsibilities bring. With advantages comes disadvantages and visa-versa.

This chapter discusses the literature review pertaining to various aspects of financial planning. The review aims to explore, identify, clarify and establish aspects relating to financial planning. The review further discusses the available literature, and compares and contrasts the findings of previous research findings relating to the attitude of students towards personal financial planning.

In order to establish the focus of this study, it is vital to discuss the following aspects of personal financial planning, namely personal financial planning, credit planning, insurance planning, investment planning, estate planning, measuring and assessing personal financial performance, fundamental principles of personal financial management, financial literacy and consumer behaviour. The aforementioned aspects form the theoretical framework which underpins the basis of the study and are discussed in the next section.

2.2 Theoretical Framework

(Burns & Grove, 2003, p.155) define a theory as "an integrated set of defined concepts and statements that present a view of a phenomenon and can be used to do one or more of the following: describe, explain, predict or control the phenomenon". Moreover, conceptual models are similar to, but more abstract than theories, and each model broadly explains phenomena of interest, express assumptions and reflects a philosophical stance according to Burns and Grove (2003).

The ultimate goal for most individuals, from a financial perspective, is to obtain financial freedom at the earliest possible stage of life. The degree of financial freedom may differ significantly from one person to another and is predominantly associated with their background, parental guidance and their perception of money. To attain the aforementioned, it is essential that a certain degree of financial literacy is obtained by every individual, irrespective of age, race or gender, to ensure the end result translates into practicing financial planning.

Enhanced financial knowledge contributes towards a more structured and well thought out financial planning by individuals, which is imperative to an individual’s wealth maximisation. Wealth maximisation is a long-term practice of intelligently managing one’s moneys with the aim of obtaining intended enduring financial goals, while being able to overcome financial barricades at every level of lifecycle (Sundarasen., *et al*, 2014).

According to Cunningham (2000) and Mae (2002), young adults often begin their college careers without ever having been solely responsible for their own personal finances. This lack of experience may make them particularly vulnerable to both the aggressive marketing tactics of financial institutions and the psychological costs associated with high debt.

College students are considered to be a lucrative market for financial institutions, both as a source of immediate revenue and as a way to establish brand-loyalty throughout adulthood (McCoy, 2006). However, a lack of experience in financial management may be particularly detrimental to students’ financial futures (Mae, 2002). Students may not realise the immediate impact of credit card use, for example, the fee structures employed for credit card use or the penalties applied for failure to live up to the terms of use (Joo *et al.,* 2003).

In addition to the short-term effects, many young adults do not consider the long-term consequences surrounding the misuse of credit, including years of financial debt, low credit scores impeding future plans, and in extreme cases, personal bankruptcy (Holub, 2002; Roberts & Jones, 2001). Young adults may be unprepared to effectively manage the psychological costs associated with high debt; for example, increased levels of stress and decreased levels of psychological well-being (Norvilitis & Santa Maria, 2002; Roberts & Jones, 2001).

In addition, an administrator from Indiana University asserted that their institution loses more students to credit cards and debt than to academic failure (Commercial Law Bulletin, 1998; Holub, 2002; Parks-Yancy et al., 2007). Furthermore, high levels of debt have been reported among the stressors that led students to commit suicide (Holub, 2002; Roberts & Jones, 2001).

Holub (2002) suggests that the accumulation of student loans, credit card debt, and lack of financial planning for the future can be overwhelming for students. Thus, it is important for educators to assist college students in acquiring effective money management practices, including regular review of bank and credit card statements, budgeting, disciplined spending, financial record keeping, and planning for taxes, insurance, investment, retirement, and estate issues (Muske & Winter, 2001).

2.2.1 Importance of financial planning

Individuals with a significant amount of financial resources are likely to benefit even more from personal financial planning, as it provides assistance on how to spend and invest prudently (Gitman & Joehnk, 2008). According to Koh and Fong (2011), personal financial planning is a necessity if the individual desires to improve their standard of living, minimize their possibility of financial ruin, invest optimally and accumulate adequate wealth over time. Garman and Forgue (2008) state that being more astute regarding personal financial matters when facing the financial challenges, responsibilities and opportunities that life offers typically leads to several financial benefits.

Examples of such benefits include marginal credit costs, reduced income taxes, better mortgage rates, lower insurance premiums and the like. In addition, financially astute individuals are more likely to make successful investment choices, plan better for their retirement and ensure that their estate is in order in the event of their death.

2.2.2 The importance of financial responsibility in student success

Financial responsibility is one of the many skills students need if they are to be successful in college and life. Like time management and career decisions, making good financial decisions in college will help students make the transition into the working world. Bad financial decisions in college can impact a student's life for many years afterward (Hitchcock, 2014).

2.3 Defining personal financial planning

According to the Financial Planning Institute of South Africa (2013), personal financial management is concerned with managing personal finances through developing a strategic plan for productively managing an individual's or family unit's personal income, lifestyle expenditures and assets, and includes assisting them to achieve their lifetime goals, taking into account various financial risks and future life events. Successfully managing personal finances require not only having an understanding of certain financial concepts, but also knowing how to budget and being aware of the ratio between one's assets, savings and debt. A major hurdle in this regard is that many individuals have no formal training on how to manage their finances effectively (Botha & Musengi, 2007).

Swart (2012) defines personal financial planning as the organization of an individual's financial and personal data for establishing a strategic plan to manage income, assets and liabilities in a constructive manner to satisfy short and long term goals and objectives. Understanding money matters and the financial management process are prerequisites for efficient personal financial planning (Boon *et al*., 2011).

Furthermore, efficient personal financial planning requires constantly trying to predict future events and paying attention to future financial needs as early as possible (Swart, 2009). Unfortunately, many individuals make personal financial decisions based purely on chance or on the informal advice of friends and/or family. Such a casual attitude towards money would include having a savings plan based simply on the surplus funds at the end of the month (Murphy & Yetmar, 2010).

Globalised capital markets offer a constantly increasing diversity of financial products and investment opportunities, making personal financial planning an imperative to achieving personal financial goals (Boon et al., 2011). The development of an effective financial plan requires knowledge of the various personal financial planning areas, as each has potentially extensive positive and negative financial repercussions (Swart, 2012).

Whilst the areas of financial planning include career planning, income tax planning, estate planning, investment planning, insurance planning, credit planning, retirement planning, project planning, family planning, productivity planning, emigration planning and business planning (Cooper & Worsham, 2002; Warschauer, 2002; Lai & Tan, 2009; Swart, 2012).

According to Smith (2000), personal finance addresses the “great difficulty” of getting a little money. It is about learning to manage income and wealth to satisfy desires in life or to create more income and more wealth. It is about creating productive assets and resources that can be used to create future economic benefit, such as increasing income, decreasing expenses, or storing wealth, as an investment and about protecting existing and expected value in those assets. In other words, personal finance is about learning how to get what you want and how to protect what you’ have.

2.3.1 Financial management

Altfest (2004) states that personal financial management involves a process of managing financial resources in order to achieve personal economic satisfaction and indicates that because individuals move through different life cycle stages, which cause their goals and needs to evolve, personal financial management has become a self-motivated process. Boon *et al.* (2011) maintain that financial freedom does not necessarily equate to great wealth but rather that individuals optimally utilize their income, irrespective of the level of that income.

The planning component of personal financial management gives direction to an individual’s finances, minimizes risk and uncertainty, and aids in avoiding the need for crisis management. It involves setting measurable and attainable goals and developing strategies to achieve those goals (Van Rensburg *et al.*, 2008).

The organising process component of personal financial management commences once individuals have set financial goals and established strategies for achieving those goals. During this process, resources are allocated in a manner that allows for the execution of the planned strategies (Swart, 2012).

There is no trick to managing personal finances. Making good financial decisions is largely a matter of understanding how the economy works, how money flows through it, and how people make financial decisions. The better your understanding the better your ability to plan, take advantage of opportunities, and avoid disappointments. Life can never be planned entirely, of course, and the best-laid plans do go awry, but anticipating risks and protecting against them can minimize exposure to the inevitable mistakes and "the hazards and vicissitudes" (Roosevelt, 2009).

2.3.2 Credit planning

Credit planning involves prudently and purposefully incurring debt for the purpose of satisfying individual needs and achieving financial goals, while simultaneously managing cash inflows and outflows. This necessitates the development of a personal financial budget (Swart, 2012). Credit planning strategies include paying off loans, overdrafts, store and credit cards with the highest interest rate first, as well as selling non-essential assets or liquidating investments to settle debts such as mortgage bonds in order to benefit from early payment cost of capital savings (Botha *et al*., 2012).

2.3.3 Insurance planning

Insurance planning is the process of recognizing, investigating and prioritizing risks, followed by the process of employing strategies to mitigate, monitor and control the likelihood and/or consequence of unfortunate occurrences (Botha *et al*., 2011). In addition, insurance-related risks are planned by employing several strategies, such as risk avoidance (actions taken to avoid risky financial circumstances), risk reduction (actions taken to alleviate exposure to financial risks) and risk transference (purchasing short and long-term insurance) are recognized methods of transferring risks (Botha *et al*., 2012). Consequently, in insurance planning, it is important to balance the risk and the cost of insuring against the risk.

2.3.4 Investment planning

The fourth aspect in personal financial planning is investment planning, which is the utilisation of funds with the intention of earning an income from those funds (Swart, 2012). Prior to making an investment decision, individuals need to consider their short, medium and long-term financial goals, financial risks (such as death or disease) and financial needs (such as a life policy or medical scheme/insurance).

Thereafter, they need to be able to evaluate and compare different investments and be knowledgeable on the different types of investment options available (Swart, 2009). Swart (2012) emphasises that investment planning is one of the principal areas of personal financial planning because it is a fundamental part of retirement planning.

Investments are also pertinent to personal financial planning. Investment management involves having understanding about common stock, bonds, bank accounts, commodities, real estate and other assets. Formulation of long term and short term goals are formulated and statement of various investment vehicles to achieve these goals is the main purpose of investment management (Bansal, 2012).

2.3.5 Retirement planning

Retirement planning is more complex than merely contributing to a pension, provident or retirement annuity fund, as it requires knowledge of tax laws, compound interest, present and future time value of money, and investment strategy (Botha *et al.*, 2012). Retirement planning is about saving an amount of money whilst working in order to provide an income after retirement (Van Gijsen, 2002). In other words, the sooner an individual starts planning and saving for retirement, the greater the amount that will be available for retirement.

Retirement planning also involves the knowledge of different types of pension plans, profit sharing, flexible benefit plan, and other deferred compensation plans. In addition to this, the knowledge of relevant legislation is also required. Basically, retirement planning is to choose retirement goals, i.e. when to retire and probable income needed for retirement, how the present income to be used for future (Bansal, 2012).

2.3.6 Estate planning

Estate planning involves the organisation, management and securement, and disposition of an individual's estate so that the individual, his/her family, and other heirs may benefit and continue to benefit to the maximum from the individual's estate and assets during the individual's lifetime and after death, irrespective of when death may occur (Botha *et al*., 2012). Comprehensive estate planning requires timely planning (during the estate owner's life), testamentary planning (in the individual's will) and other planning (such as insurance planning). Subsequently estate planning is a continuous process. Moreover, estate planning requires one to have knowledge of various forms of ownership of property with their merits and demerits, gifts and estate taxes with allowable deductions and exemptions, wills contents and uses under different circumstances as well as the consequences in case not having one (Bansal, 2012).

2.3.7 Measuring and assessing personal financial performance

The next section deals with measuring and assessing personal financial performance. As stated by Swart (2012) "individuals have to measure financial performance to assess whether, in fact, the stated goals, which personal financial planning is based on, are achieved". Principal measuring and assessment tools used to evaluate financial performance include annual financial statements, personal financial budgets such as the statement of comprehensive income (Gitman & Joehnk, 2008), the statement of financial position (Koh & Fong, 2011), the cash flow statement, as well as personal financial budgets (English *et al.*, 2003). Garman and Forgue (2008) however, explain that “annual financial statements are compiled using personal financial data with the purpose of communicating information on money matters”. Kohn and Fog (2011) are of the opinion that “the development of one comprehensive financial plan, comprising all the financial goals, is ideal but unrealistic since different goals require different plans”. Table 2.1 provides a summary of the different types of financial plans and goals.

Table 2.1: Types of financial plans and goals (Koh & Fong, 2011)

Financial plan	Goal
Money management plan	Control expenses and employ the budgeting tool for money management
Savings plan	Meet target expenditures and emergencies, acquire target level of wealth
Investment plan	Obtain major real and financial assets
Credit plan	Manage level / cost of borrowings
Insurance plan	Protect yourself/ assets/ dependents
Real estate plan	Decide on optimum time to acquire or sell property
Retirement plan	Guarantee financial independence at retirement
Estate plan	Ensure organized allocation of wealth to inheritors

Individuals should ascertain whether the identified goals and objectives are being achieved during the phase depicted in Table 2.1. In addition, periodic revision of the financial plan is vital due to financial goals inexorably changing as individuals proceed through the financial life cycle stages.

2.3.8 Financial literacy

Another aspect that is significant in the context of this study is financial literacy. According to Shuttleworth (2009), financial literacy is “generally defined as individuals’ capacity to make educated financial decisions, manage financial resources efficiently and to take proper financial measures to ensure financial well-being and increased financial wealth”. Hence, Chinen and Endo (2012) indicate that financial literacy likely encompasses a thorough understanding of the necessity to increase savings, decrease spending and lessen the debt burden. Shuttleworth (2009) furthermore states that “financial literacy relates to different individuals, including students, who should all be proficient in making informed financial decisions”.

According to Louw (2009), it is inevitable that all individuals, at some stage of the financial life cycle, will be facing the task of making financial decisions that could affect future well - being. It is evident that various definitions pertaining to financial literacy exist, yet consistencies are noticeable. However, for the purpose of this study, a financially literate individual is an individual that portrays a favourable attitude towards personal finances and learning, understands the importance of taking control of their financial resources, possesses the ability to distinguish good financial decisions from bad ones and finally, implementing it through employing personal financial management skills (Louw *et al*., 2013).

2.3.9 Consequences of low and high levels of financial literacy

Deficiencies in the level of financial literacy can have distressing negative consequences. According to Sabri *et al.* (2012), inadequate savings and ineffective credit management, such as increased debt and high spending, are negative consequences of insufficient financial literacy. Various authors (Braunstein & Welch, 2002; Gutter & Copur, 2011; Symanowitz, 2006) agree that insufficient financial literacy may have an effect on the individual's everyday financial resource management, the individual's credit rating, and capability to attain long-term goals such as purchasing property and a vehicle, obtaining insurance and bank loans, making provision for higher education, and reaching the desired savings level for retirement. Mahdzan and Victorian (2013) agree that it is doubtful whether financially illiterate individuals are planning for retirement and add that these individuals are unlikely to accumulate wealth.

Financial illiteracy, as stated by Mandell and Klein (2009), may not only influence the individual but could have detrimental consequences for the economy as well. Potential consequences include impaired business cycles, a greater variation in the distribution of income and wealth, depreciation of the value of the currency as well as inflation. Symanowitz (2006) adds that financial institutions' financial standings are negatively affected owing to individuals' ineffective financial decisions; therefore, these institutions face the risk of higher-than-expected financial losses as a result of individuals' financial misbehaviour and bankruptcies.

Whereas, high levels of financial literacy may positively influence individuals and may exert positive financial attitudes. Robb and Sharpe (2009) discovered that the expectation for individuals with higher levels of financial knowledge is that they pay all balances in full every month. Furthermore, significantly higher financial literacy levels enable individuals to make better-informed financial decisions, possibly resulting in the attainment of long - term goals (Symanowitz, 2006). This gives an indication that there might be a relationship between financial literacy, attitudes and personal financial management.

2.3.10 Consumer behaviour

The last aspect pertinent to the study is consumer behaviour. Kempson *et al*. (2006) are of the opinion that financial literacy and financial skills alone are insufficient to warrant the appropriate management of individuals' financial resources. According to Gitman and Joehnk (2008), financial resources and its function are not only closely interconnected with economic concepts, but also associated with psychological notions of values, emotion and personality. Therefore, individuals must be willing to take the necessary steps to relate financial knowledge and apply financial skills, and this is mainly dependent on the individual's attitude. Mandell (2006) agrees with this statement. Garman and Forgue (2008) highlight that an individual's value system, which comprises the fundamental beliefs about what is important to the individual, what the individual desires, and what the individual perceives to be worthwhile, will shape the individual's attitude towards money and personal financial management.

Furthermore, Venter (2008) indicates that money attitudes and feelings of individuals affect the manner in which the individuals earn, spend, save and invest money. Gitman and Joehnk (2008), claim that if the individual regards status and image as important, a large percentage of their current income will be devoted to purchasing luxury goods and services. This is an indication that the individual's financial attitudes are related closely to financial goals and decisions.

Financial plans should convey the individual's financial attitude and values to ensure optimal personal financial satisfaction and an increased standard of living (Garman & Forgue, 2008, p.60). The following (Table 2.2) depicts the financial attitudes of different groups of people.

Table 2.2: Typology of financial attitudes (Van Nieuwenhuyzen, 2009, p. 112)

Group	Financial Attitudes
Conservatives: Focused on the future, both short and long-term and are vigilant with money matters.	Opposed to debt, value saving for the future and emergencies, associate with parental money attitudes and way of life.
Hedonists: Focused on the present time, live on a day-to-day basis, are very optimistic and are pleasure seekers.	Debt is unavoidable, spends guilt-free, irresponsible when it comes to money matters.

Mixed: Focused on the present and future time and combine elements of each parent’s philosophy where these vary.	Divided between saving and spending, feel some culpability about spending.
Aspirers: Future directed, with the future clearly mapped out. This group forestalls and desire material success and will work hard and embark on proper planning to ensure this attainment. This group is also viewed as being entrepreneurial and innovative.	View money as a tool for financial security and prosperous financial future; more financially literate owing to an interest in financial affairs.

2.4 Empirical Study

Swart (2012) explains that personal financial planning has an effect on all individuals and with knowledge of basic financial issues, individuals can take responsibility for a promising financial future that enables the transference of skills to others especially their children, guaranteeing a positive financial future for the younger generation. Worryingly though is that, according to a study done by the ANZ Banking Group in Australia and New Zealand, 37 percent of the participants (adults aged between 18 and 70 years and older) do not know the amount of money needed to fund a comfortable retirement (Louw, 2009).

Moreover, Swart (2012) claims that less than one out of every ten individuals in South Africa is financially independent when retiring. These statistics are suggestive of the reality that most individuals do not know what personal financial planning involves or how to embark on such planning.

Table 2.3 provides a summary of international survey results pertaining to financial literacy. It indicates the international financial evidence on financial literacy read by Mandell and Klein (2009) as well their findings.

Table 2.3: International financial literacy survey results

(Van Nieuwenhuyzen, 2009, p.69)

Country	**Main findings**
New Zealand	More than 50 percent of the participants are of the opinion that fixed income investments generate a higher return than stocks over a time period of 18 years when this is in fact untrue.
Germany	While 80 percent of the participants were confident in understanding financial topics, only 42 percent managed to answer half of the questions correctly (in line with my findings of uncertainty).

Japan	71 percent, 57 percent and 29 percent of the participants lack knowledge about equities, bonds and financial products in general i.e. insurance and pension, respectively.
Korea	Only 60 percent of the students in the Korean survey were able to answer financial literacy questions correctly in 2003.
United States of America	Grade 12s scored an average of 52.3 percent in a 2004 personal finance survey. During surveys conducted in 2000 and 2002, students taking personal finance and/or economics performed worse than average.

Zhou (2003) conducted a study on post-retirement financial planning and found that optimal allocation strategies vary in different situations and are not trivial or intuitive. For example, the buy annuity-reinvest strategy has potential to accumulate more estate than a pure investment strategy. Also, catastrophic illness coverage is a necessary piece of any optimal asset allocation strategy so a life annuity is always an important component in optimal strategies.

Gounaris (2004) concludes with a model for a financial therapy seminar with couples**.** The latter emphasises that financial planning services will be most effective if couples have a thorough understanding of their psychological relationship with money; the role money plays in their marriage, and the psychological forces that operate on actual financial decision making.

Todd (1997) surveyed parents of college students' satisfaction with retirement planning and the use of retirement savings for children's college expenses. The survey found that parents with two children in college were more likely to have used retirement savings to pay for college costs. When the first child contributed less to college, parents were more likely to use retirement savings. It was also found that upper income parents were less likely to use retirement savings for college expenses.

Cutler (2001) reports on an important study conducted by the National Council on the Aging on retirement planning implications. The following summarises the trends found:

A) Retirement does not necessarily imply that clients stop working.
B) Accumulated savings and health concerns are the two major factors that consumers consider when deciding when to retire.
C) Responsibility for wealth accumulation has moved away from the employer and the government has begun to rest with the client.
D) Financial counselling for retirement is necessary now more than ever.

Lusardi and Mitchell (2011) report on a purpose-built survey module on planning and financial literacy for a health and retirement study which measures how people make financial plans, collect the information needed to make these plans, and implement the plans. Results show that financial illiteracy is widespread among older Americans, particularly women, minorities, and the least educated. He also found that the financially savvy are more likely to plan and to succeed in their planning, and they rely on formal methods such as retirement calculators, retirement seminars, and financial experts, instead of family /relatives or co-workers. These results have implications for targeted financial education efforts.

Neidermeyer and Neidermeyer (2010) found only 3 out of 131 four-year institutions reviewed have a required personal financial planning course in their curriculum. They suggested 10 steps for a required PFP course for all students majoring in Business Administration. These steps are depicted in Figure 2.1.

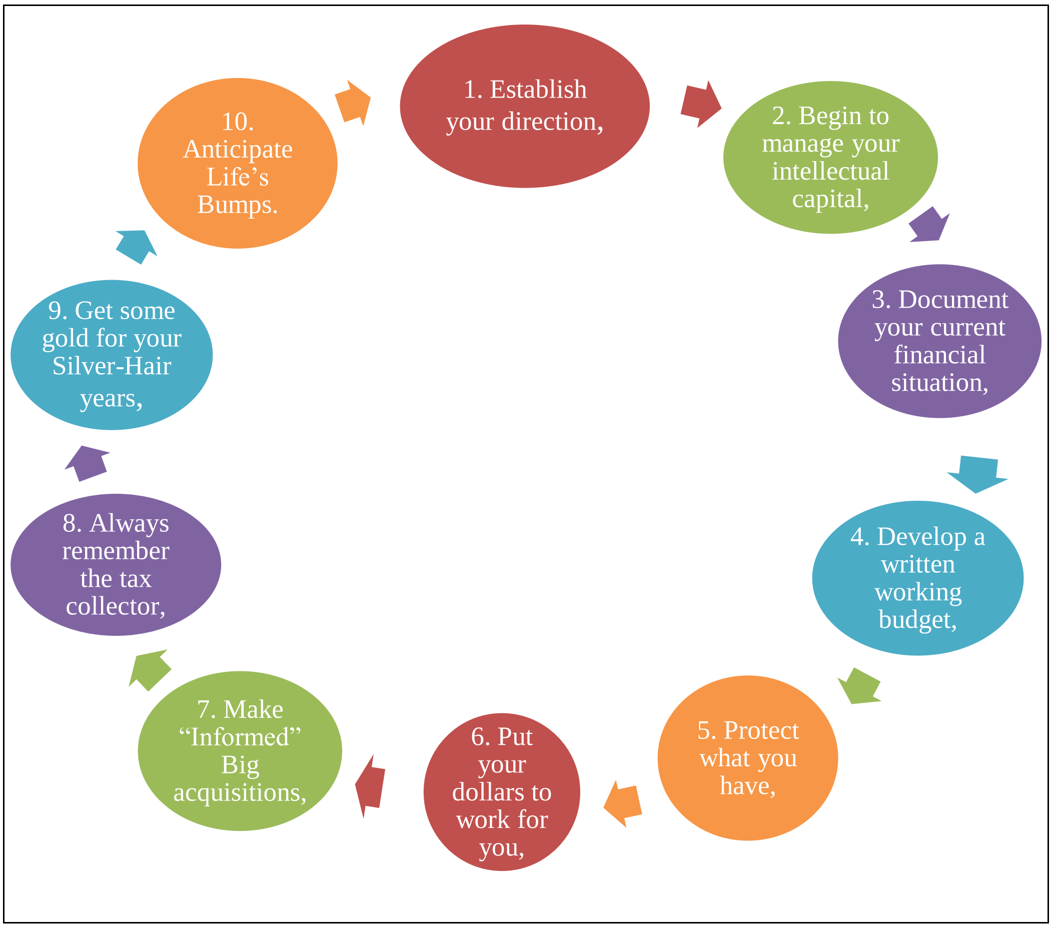

Figure 2.1: Ten steps for personal financial planning (Neidermeyer & Neidermeyer, 2010)

In gaining capacity for the desired financial well-being and lifestyle, it is essential that individuals constantly review the current impact of their financial affairs on the financial status as well as gauge the resources necessary to support the desired status in future. Figure 2.2 illustrates the review process that is useful in helping individuals establish a baseline for future financial management and set objectives and targets constituting the directions of the financial plan (Lee & Ong, 2001).

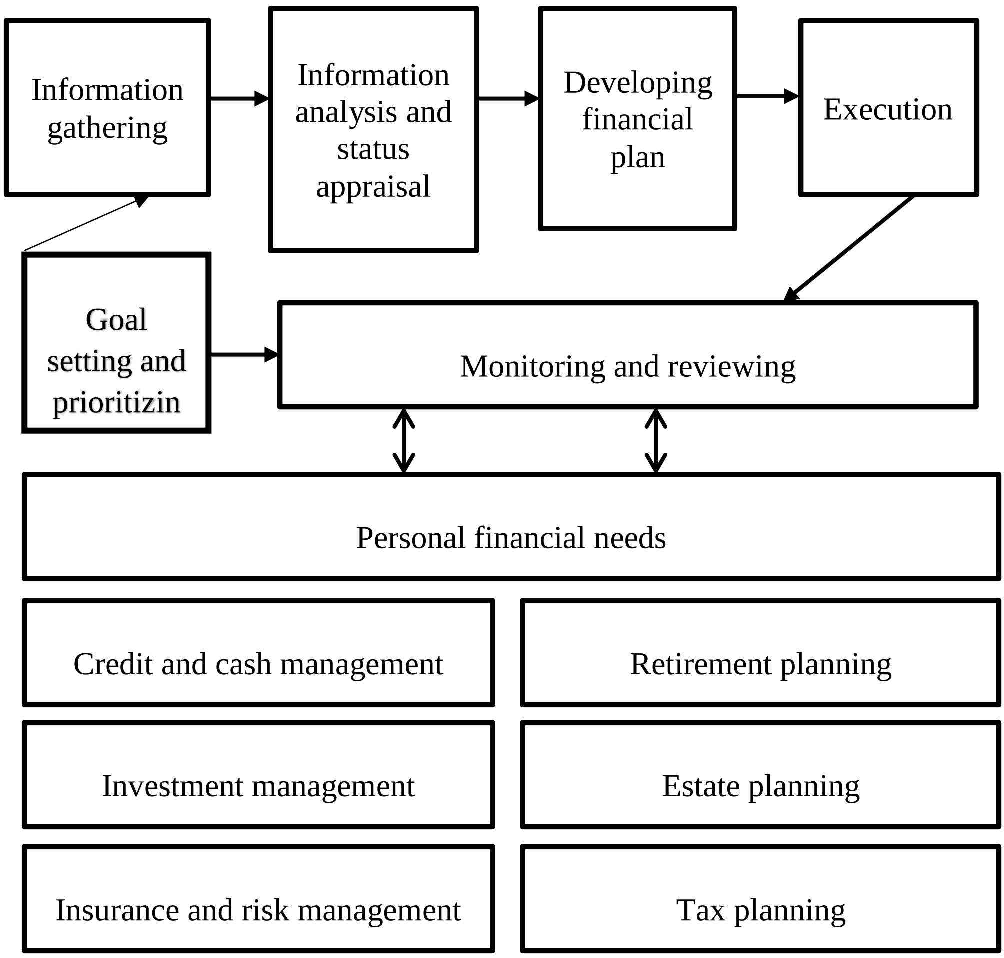

Figure 2.2: Framework for the engineering of individual financial health (Lee & Ong, 2001).

The review process depicted in Figure 2.2 requires individuals to be equipped with not only cognitive ability but perhaps more importantly financial literacy. They specifically require the ability to read, analyse, manage and discuss their personal financial conditions and issues that affect the overall financial well-being (Vitt, 2011). Additionally, they must be capable of identifying economic problems, appreciate the consequences and conducting cost-benefit analysis of a range of alternatives available to them (Manning, 2008).

2.5 Conclusion

This chapter discussed a theoretical framework for the analysis of the attitude of NBS-MBA students toward financial planning. Moreover, the concept of wealth maximisation as submitted by a number of scholars was also considered in detail. In addition, the theory of financial distress was also lengthy discussed as it significantly affects one's negative attitude towards financial planning.

The literature also discussed in detail, the concept of financial planning and financial management. The literature focused on defining the key components used in determining the attitude of NBS-MBA students toward financial planning, namely credit planning, insurance planning, investment planning, retirement planning and estate planning.

Furthermore, various previous research done as well as the respective findings relating to the components used in determining the attitudes of NBS-MBA students towards financial planning were also considered in the literature. Moreover, aspects such as measuring and assessing personal financial performance, the fundamental principles of personal financial management, financial literacy and consumer behaviour were also explained.

Lastly, the study reported on confirms the importance for NBS-MBA students to have a positive attitude towards financial planning. The next chapter will describe the research methodology adopted for this study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The preceding chapter established and discussed the various theoretical aspects which relate and underpin the attitudes of NBS-MBA students toward personal financial planning. This chapter describes the research methodology that was applied in determining the attitude of NBS-MBA students toward personal financial planning. “Research methodology refers to the techniques used to structure a study and gather and analyse information in a systematic way” (Polit & Beck, 2004). The methods used are described comprehensively, inclusive of the context in which the data collection took place, particularly the relationship between the research questions and data collected (De Vos, Strydom, Fouche & Delport, 2005).

It includes the aims and objectives of the study, the research design, the description of the population and sample, the data collection tools and process for data collection, the content of the instruments, the validity and reliability of the instruments, pre-testing of the data collection instruments and the pilot study. In addition, information relating to the data analysis procedure and ethical concerns is also furnished.

3.2 AIMS AND OBJECTIVES

The study aims to provide recommendations based on its findings, in order to improve the attitude of NBS-MBA students toward personal financial planning.

The objective of the study is:

To evaluate the attitude of NBS-MBA students toward personal financial planning.

3.3 RESEARCH DESIGN

The study followed a quantitative research approach using an explorative and descriptive design. According to Polit and Beck (2004), quantitative research seeks to answer questions of how much and how many, and is concerned with relationships between variables. It often takes the form of experiment, quasi-experiment or non-experimental design.

True experiments are ways of testing cause and effect relationships between variables. According to Polit and Beck (2004), there are three features of experimental research. Firstly, the manipulation of independent variables in order to observe whether this has an effect on the dependent variable. Secondly, control over one or more experimental variables. Thirdly, randomisation of subjects in a control or research group, these features prevent the researcher from distorting results through systematic bias.

The quasi-experimental design does not have all the characteristics of the true experiment and lacks either randomised or control group characteristics.

Quasi - experiments involve manipulation of independent variables and can possibly test whether variables can be correlated.

The non-experimental design is used where some of the independent variables are amenable to manipulation. Non-experimental design includes descriptive research that investigates situations and relationships in variables without manipulation of independent variables (Polit & Beck 2004).

The survey method is a non-experimental approach whereby a group of people or a community is investigated. The advantage of the survey is that it offers insight into the situation studied (Varkevisser *et al.*, 1991). In this study, the survey method was used and it provided information that made it possible to gain an insight into the attitude of NBS-MBA students towards personal financial planning. The research was carried out using quantitative research methods to gather data. A structured self-administered questionnaire was used to gather the required data, and was distributed to a total of thirty MBA students for completion at the premises of UNAM NBS.

The questionnaire included an existing scale from previously published research, namely the Boon, Yee and Ting (2011) Financial Planning Scale which was adapted in order to survey the NBS-MBA students' attitudes toward personal financial planning. Moreover, the questionnaire included a section designed to gather relevant demographical data from the participants. The questionnaire was also accompanied by a cover letter explaining the purpose of the study and thus requesting honest responses from the students.

According to Varkevisser, Pathmanathan and Brownlee (1991), the advantage of this method is that it is less expensive, permits anonymity and may result in more honest responses. In addition, the researcher does not have to be present and this therefore eliminates bias due to phrasing questions differently for different respondents.

The third type of design is the exploratory design. The latter allows the use of questionnaires distributed to a large sample of the population and is therefore intent on finding facts which relate to the field of study (Couchman & Dawson, 1995). This type of research design is particularly relevant to the context of the study since no previous studies have evaluated the attitude of NBS-MBA students towards personal financial planning in Namibia.

According to Struwig and Stead (2001) and Polit and Hungler (1989), exploratory research probes more by allowing for an in-depth exploration of dimensions of the phenomenon existing in the present and links it to the phenomena that happened in the past. In other words, the researcher is investigating a current outcome by attempting to determine previous factors that caused it.

According to Burns and Grove (1993), descriptive research enables a researcher to explore and describe a phenomenon in its real situation. It also allows the researcher to generate new knowledge of the subject by describing characteristics of persons, situations and the frequency with which certain phenomena occur. Descriptive studies also measure incidence rates, occurrence rates and relative risk (Polit & Beck 2004).

This study was led by a problem statement which guided and directed the exploration of the study area, especially where there is a gap in the knowledge

(Burns & Grove 2003). According to Polit and Beck (2004), the problem statement articulates the nature, context and significance of the study problem.

3.4 POPULATION

According to Polit and Beck (2004), a population is an entire aggregation or eligible group from which a sample can be drawn. Furthermore, the accessible population refers to the aggregate of cases that conform to the designated criteria and that are accessible as a pool of subjects. The target population, on the other hand, is the aggregate of cases of which the researcher would like to make generalisations.

In this study, the population comprised of all MBA students of the Namibia Business School of the University of Namibia who were admitted and registered during the period of 01 February 2012 to 30 November 2015. The population, for the mentioned period as per the official net figures provided by the academic office of the Namibia Business School, upon request amounted to 216 students.

3.4.1 Sampling

According to Pilot and Hungler (1989), "sampling refers to the process of selecting a portion of the population to represent the entire population. The representative sample consists of subsets of the elements of a population. This allows for the findings of the study to be generalised. The characteristics of the sample population are intended to be representative of the target population".

The random sampling technique was used in this study in order to draw a sample from the population that comprised of 216 NBS-MBA students. The inclusion criteria consist of all students enrolled for the MBA qualification at UNAM NBS. Tolerating a margin of error amounting to 17%, with a confidence level of 95% and a response distribution of 50% as inputs figures, a sample size of 30 NBS-MBA students was derived using the sample size calculator. This sample size is in the range of other studies of this nature, such as Lai and Tan (2009) with a sample size of 400, and Falahati, *et al*., (2011) whose study had a sample size of 350 and, as such, it was proportionately considered to be sufficiently large.

3.4.1.1 Sample design

Probability sampling is the preferred way of selecting a sample that is representative of the population from which it is drawn. In probability sampling, every element has an equal chance of being selected for the sample. Probability sampling allows for the calculation of the desired size for the margin of error the researcher will agree to (De Vos *et al*.,2005; Polit & Beck, 2004; Brink & Wood, 2001). There are four types of probability sampling, namely systematic, simple random, stratified random and cluster (De Vos *et al*., 2005; Polit & Beck, 2004; Babbie, 2005; Brink & Wood, 2001).

The simple random sampling method was used for the purpose of this study. This method was selected because it allows for any student in the defined population to furnish the information required as per the questionnaire. According to Varkevisser *et al.* (1991), random sampling ensures that units of the sample are selected on the basis of chance, and all units have an equal chance to be included in the sample. Moreover, the majority of NBS-MBA students enrolled during February 2012 and November 2015 have since been in the process of finalising their studies.

3.4.1.2 Sample selection

The sample was selected from the pool of all MBA students at UNAM NBS, irrespective of their specialisation. The selected sample represented the total population. Simple random sampling was used to select the sample and the process of selecting the sample is explained in the next section.

Tolerating a margin of error of 17%, with a confidence level of 95%, representing the amount of uncertainty that can be tolerated with a population size of 216 NBS-MBA students, and a response distribution of 50% as input figures, a sample of 30 NBS-MBA students was derived using a sample size calculator. This sample size is in the range of other studies of this nature, such as the studies of Lai and Tan (2009) and Falahati *et al.*, (2011) and as such the sample is considered to be proportionate and sufficiently large.

According to De Vos *et al.* (2005), large samples allow for drawing more representative and accurate conclusions and generalisations, implying that the larger the sample, the smaller the sampling error. In addition to this, generalization is a very important aspect in the results of a study. It extends the study results to the larger population. However, small samples may not provide enough scope for generalisation. Moreover, according to De Vos *et al.* (2005), small sample sizes can have an impact on statistical tests and can make them insensitive or over-sensitive. Another aspect of sampling is bias. According to

Polit and Beck (2004), sampling bias refers to the systematic over - or under-representation of some segments of the population in terms of characteristics relevant to the research questions.

With regard to estimating the correct size of a sample, Seaberg (1988), Grinnel and Williams (1990) as quoted De Vos *et al*. (2005) stated that 10 per cent of a sample should be sufficient to control any sampling errors. The sample size in this study amounted to 14 per cent. Apart from selecting samples based on percentage, another way of estimating the correct size of a sample is through the use of a power analysis, a method of estimating that the sample is large enough to assume that the statistical analysis is meaningful and large enough for detecting errors (Brink & Wood 2001).

3.5 INSTRUMENTATION

According to Enarson, Kennedy Miller and Bakke (2001), questionnaires are often used for recording data. Well-designed questionnaires should collect accurate and reliable information. In addition, the advantage of questionnaires is that they are simple and relatively inexpensive and can provide information from large numbers of subjects. The disadvantage, however, is that they depend on personal reporting and therefore may be biased or inaccurate.

The main research instrument used for this study was a questionnaire. In addition to the demographic section and the section provided to the respondent for other comments, the questionnaire comprised five main constructs with sub-parameters, namely the financial planning process comprising five parameters, credit planning comprising five parameters, insurance planning comprising five parameters, investment planning comprising eight parameters and the estate planning construct with a composition of three parameters. Responses were measured on a six-point Likert scale (1= strongly disagree, 6 = strongly agree).

The respondents were also provided with guidance and an opportunity to ask for clarity on any aspect forming part of the questionnaire that was not clear, prior to providing their responses and their overall comments.

One aspect salient to research instruments is that of validity. The latter refers to the degree to which an instrument measures what it is supposed to be measuring (Polit & Hungler, 1989). Varkevisser, Pathmanathan and Brownlee (1991) and Polit and Hungler (1989), identified three approaches for establishing the validity of instruments designed to collect quantitative data: content validity, criterion-related validity and construct validity. Content validity refers to how relevant the questions are to the subject under study. In this study, the content validity of instruments was ensured by including concepts relevant to the research topic.

Another aspect to consider when using research instruments is reliability. The reliability of an instrument can be equated to clarity, stability, consistency and accuracy of a measuring tool (Polit & Hungler 1989; Varkevisser *et al.,* 1991). According to Polit and Hungler (1989), various methods exist for assessing the stability aspect which concerns the extent to which a questionnaire will provide the same results on repeated administration. In addition, internal consistency reliability which refers to the extent to which all the subparts of an instrument will measure attributes should be taken into account. The questionnaire used for this study was adopted from a study conducted by Boon, Yee and Ting (2011), namely the Financial Planning Scale.

Data collection, in this study, refers to gathering information for research purposes. Data may be collected through a variety of methods using the appropriate instruments (Mouton, 2001). In this study, data was collected with a questionnaire which served as the most appropriate instrument.

A seven-step self-administered questionnaire for NBS-MBA students (See Appendix 3), was designed for collecting and recording data. The questionnaire consisted of six components, namely demographic information, financial planning process comprising five items credit planning comprising three items, insurance planning comprising five items, investment planning comprising eight items and estate planning comprising four items. A space for any other additional comments that the respondent might want to make was also provided on the questionnaire. The questionnaire took approximately 10 to 15 minutes to complete.

According to De Vos *et al*. (2005), questionnaires are the most frequently used data collection instruments. A questionnaire is a collection of questions based on the subject of interest to the researcher and completed by the respondents. Questionnaires are also called surveys for quantitative research and are sometimes referred to as survey research (Burns & Grove 2003).

The questionnaire was used because it is the simplest and least expensive method of obtaining information from a large numbers of subjects. It allows for anonymity and may result in more honest responses. It eliminates bias due to phrasing questions differently for different respondents, since the researcher is not present. If well designed, questionnaires collect accurate data. The disadvantage is that questionnaires depend on personal reporting and therefore may be biased or inaccurate (Enarson *et al*., 2001; Burns & Grove, 2003; Brink & Woods, 2001).

3.5.1 Design of questionnaires

After completion of the literature review, the questionnaire was developed. The adopted questionnaire included an existing scale from previously published research, namely the Boon *et al.* (2011) Financial Planning Scale and the general objective of the questionnaire was to determine the attitude of NBS - MBA students towards personal financial planning.

The design of the structured questionnaire was guided by the objectives of the study and the literature review. There were open-ended and closed questions. The open-ended questions allowed respondents to be spontaneous while presenting their perceptions and viewpoints in their own words (Struwig & Stead, 2001).

The questionnaire required the respondents to make a choice from the provided personal and demographic elements listed. A rating scale with five response alternatives was used to measure opinion, reaction and attitude in relation to the statement given. In particular the Likert scale was used (Burns & Grove 2003). The response alternatives were: strongly agree, agree, uncertain, disagree and strongly disagree. This scale applied to Part 2 to Part 5 of the questionnaire, excluding Part 1 and Part 7 of the questionnaire comprising demographic data and the section for any other comments on the questionnaire respectively, with the latter being the last part of the questionnaire reserved as a platform for any additional related comments from the respondents.

3.5.2 Content of questionnaires

The questionnaire was divided into 7 parts. Part 1 of the questionnaire was aimed at obtaining demographic data, such as age, gender, marital status, qualification, occupation, employment status, gross salary bracket, etc. of the respondents, while Part 7 of the questionnaire provided the respondent an opportunity for any other comments. This last part aimed to elicit any other views, comments or remarks from respondents that the respondents in relation to personal financial planning. The respondents were requested to make a choice from the listed elements by placing an X to what is applicable.

Parts 2 to 6 of the questionnaire focused on the financial planning process. Part 2 requested respondents to make a choice on what is applicable to them in relation to financial planning process to determine whether the respondents knew what financial planning is, whether they set personal financial goals and objectives, whether they gather relevant data and analyse current financial positions before making a financial decision, whether the respondents implement a personal financial plan with the help of experts and lastly, whether the respondents review their financial plans regularly to take into account the changing needs and circumstances.

Part 3 of the questionnaire required the respondents to make a choice with regard to what is applicable to them concerning credit planning. This part determined whether the respondents pay off outstanding amounts on accounts in full every month, whether they pay all their accounts on time each month and whether they avoid maxing out or going over the limit on accounts.

Part 4 included statements that tried to determine the knowledge of the respondents with regards to insurance planning. This part determined whether the respondents list their needs for life insurance, whether the respondents do comparison shopping for life insurance, whether they plan to have enough life insurance, whether they consider life insurance as the most important type of insurance and can distinguish between the different types of insurance policies.

Part 5 of the questionnaire comprises statements formulated to determine the knowledge of the respondent in relation to investment planning. Part 5 determined whether the respondents knew the importance of investing, whether the respondents use an investment plan for reaching financial goals, consider the opinion of friends and/or family before investing, understand risk profiling, invest in different investment instruments with minimal knowledge and research, have knowledge to invest, and lastly study alternatives carefully before investing.

Part 6 of the questionnaire is composed of statements that aimed to determine the respondent's knowledge about estate planning. This part determined whether the respondents knew the importance of having a will, knew the importance of estate planning, knew the importance of setting up a family trust as part of estate planning and whether they knew that having estate planning will give peace of mind, when one ceases to exist.

3.5.3 Reliability and validity of instruments

Validity and reliability are the most important criteria for evaluating quantitative instruments. The reliability of the Boon *et al.* (2001) Financial Planning Scale was determined using the Cronbach's Alpha, and is discussed in more detail in the subsequent section.

3.5.3.1 Reliability

According to Polit and Beck (2004) "reliability is the consistency with which the instrument used to collect data measures the target attribute". This means that administering the same instrument by various researchers will provide the same results under comparable conditions (De Vos *et al.*, 2005). Reliability of an instrument can be equated to clarity, quality, stability, consistency, adequacy and accuracy, of the measuring tool (Polit & Hungler, 1989; Varkevisser *et al*., 1991).

According to Garson (2006) reliability can be estimated in one of the following four ways, namely internal consistency, split half reliability, test-retest reliability and inter reliability. Cant, Gerber-Nel. Nel and Kotzè (2005) state that the analysis of reliability has to be employed prior to the final study to determine if the scale variables are reliable, to ensure consistency. They further indicate that the reliability of a measurement scale employed in a survey questionnaire, can be evaluated by determining the correlation between scores from different administrations of the scale. Furthermore, Struwig and Stead (2010) add that "the validity of the scores is reliant on the score's reliability, in view of the fact that if the reliability is insufficient, the validity will also be inadequate”. Hence, reliability is a necessary but insufficient condition for validity (Leedy & Ormrod, 2010).

Therefore, the reliability of the research instrument applied in this study was analysed before the final study. The internal consistency reliability approach was employed in determining the reliability of the scale, through the application of the Cronbach alpha coefficient technique. An acceptable Cronbach alpha value of 0.820 was calculated for the overall Financial Planning Scale, whereas the Cronbach alphas of the individual constructs ranged from 0.289 for retirement planning, 0.524 for credit planning, 0.628 for investment planning, 0.711 for both insurance planning and financial planning and 0.817 for estate planning.

Consequently, the pilot study, which was performed prior to the final study, ascertained the measuring instrument’s consistency as well as the reliability of the items included in the scale. Cronbach’s alpha coefficient was also applied in the final study.

3.5.3.2 Validity

The second essential criteria for evaluating quantitative instruments is validity. The latter refers to the degree to which an instrument measures what it is supposed to measure. Validity ensures that the instrument actually measures the concept it is supposed to measure (Polit & Hungler, 1989; Varkevisser *et al.*, 1991; De Vos *et al.*, 2005). According to Polit and Beck (2004) and De Vos *et al.*,(2005) the three main approaches for assessing the validity of instruments designed to collect quantitative data are content validity, criterion - related validity and construct validity.

The content validity of an instrument refers to validating the fact that the instrument designed does represent the subject under study, and this is substantiated by the study (Garson, 2006b). This type of validity denotes the degree to which the measuring instrument covers the all-embracing content of the specific construct that it is set out to measure (Maree *et al.*, 2011). Malhotra (2010) states that the content validity of a measuring instrument can be evaluated by professional judgement, in which the item domain of the instrument corresponds with a comprehensive description of the domain of the construct. In other words, Experts in the specific study field can be called upon to judge whether or not the instrument reflects the known content area (De Vos *et al.* 2005; Brink &Wood 2001; Burns & Grove, 2003).

Face validity, which is a subtype of content validity and not a technical validation, merely establishes that the tool appears to measure the variables in the content. In other words, it does not examine whether an instrument actually measures what it is expected to measure (De Vos *et al.* 2005; Brink & Wood, 2001).

In this study, construct and content validity were used to assess the validity of the instruments by means of assessing the adequacy, appropriateness, inclusiveness and relevancy of the questions to the subjects under study. The average inter-item correlation values of each construct were computed in order to assess the construct validity of the scale. Findings show that the average inter-item correlation coefficient for each of the construct fell within the recommended range of 0.15 and 0.50, thereby suggesting both convergent and discriminant validity (Clark & Watson, 1995).

3.5.4 Pre-testing of data collection instrument

Although the instrument used for the purpose of this research was adopted from the study by Boom *et al.* (2011) in Financial Planning, the need to give copies of provisional questionnaires to experienced professionals and academic experts in financial planning to examine each item of the questionnaire in relation to others and to help refine the questionnaire to make it more suitable to the MBA students at UNAM, was considered very important and was subsequently done. Pre-testing allowed for the modification of the design of the questionnaire, by considering aspects such as language sensitivity, rephrasing of components and the time estimate required to complete the questionnaire.

A cover page in the form of a letter (Appendix 2) accompanied the questionnaires indicating the title, the aims and objectives of the study to enable experts to evaluate the content and items against the study. After proposing some changes, there was consensus amongst these experts that the instrument was valid for the study to commence.

3.6 PILOT STUDY

After permission was obtained from the UNAM-NBS, a pilot study was carried out at UNAM involving four MBA students who did not form part of the major study. According to Burns and Grove (2003), a pilot study is defined as a smaller version of a proposed study and is conducted to refine the methodology. A pilot study also allows the researcher to test the prospective study and is done on a small number of people having characteristics similar to those of the target respondents.

Moreover, the pilot study helps to identify possible problems in the proposed study and allows the researcher to revise the methods and instruments before the actual study, with the aim of improving the success and effectiveness of the study (De Vos *et al*. 2005; Varkevisser *et al*. 1991). According to De Vos *et al.* (2005), the pilot study offers an opportunity for assessing the suitability of the questionnaire as well as testing and adopting the measuring instruments such as assessment scales, standards scales for sufficiency, validity and reliability. In addition, it also allows for determining the suitability of the procedures for collecting data, testing the suitability of the sampling frame and determining the number of codes per questions and making the necessary changes prior to the study as well as estimating the amount of time for completing the questionnaire or interview schedule.

The research instrument was adopted from the Financial Planning study done by Boon *et al.* (2011), and as depicted in Table 3.1, four students were selected for the pilot study. A total of four questionnaires (Appendix 3) accompanied by a cover letter (Appendix 2) explaining the purpose of the pilot study were personally distributed to the students. The respondents were asked to give constructive feedback with regards to comprehension, clarity of components and the time necessary to complete the questionnaires.

Table 3.1: Pilot study responses

	Number Distributed	Number Collected	% Returned
Questionnaires	4	4	100
Total	**4**	**4**	**100**

The respondents were satisfied with the initial questionnaire and they did not experience difficulty in completing the questionnaire in the specified time but commented that the questionnaire was lengthy. The questionnaire was subsequently shortened by excluding some constructs of financial planning such as retirement planning in addition to some demographic information that was added to the initial questionnaire. Moreover, the respondents mentioned that completing the questionnaire requires someone to have a certain level of knowledge relating to financial planning.

3.7 DATA COLLECTION

The questionnaires were distributed to the MBA students at NBS for completion taking into account some of the problems associated with data collection, such as the possibility of questionnaires not being properly completed, misunderstanding of items, as well as questionnaires not being returned (De Vos *et al*., 2005). To mitigate these negative aspects, the box in which the questionnaires were placed by the respondents was collected from class by the researcher prior to the resumption of the next class.

The researcher also explained the aim and importance of the study, as well as the importance of returning the questionnaire as suggested by Burns and Grove (2003). The answer of choice was selected by marking with an X or a tick in the square corresponding to the respondents preferred answer of choice.

3.8 DATA ANALYSIS

Data analysis refers to the systematic organization and synthesis of research data and the testing of research hypothesis (De Vos *et al.* 2005). In other words, data analysis gives meaning to data collected during research (Burns & Grove, 2003). According to Varkevisser *et al.* (1991), “it is important to design a processing and analysis plan which should include issues such as sorting of data, performing a quality control check, data processing and analysis”. In the study, the primary data obtained from the research questionnaires was analysed using the Microsoft Excel Statistical Analysis Tool Pak programme. Following the primary data analysis, the same programme was used to present the data in the form of graphs in order to clearly present the findings of this study.

A total of 30 completed questionnaires were collected. Of these, 25 (83%) were hard copies and 5 were soft copies (17%). Each questionnaire was scrutinised by the researcher to examine the response pattern and identify abnormalities in the completion of the questionnaire. Thereafter, the statistical analysis Toolpack of Microsoft Excel was used to analyse the data. Descriptive statistics that included frequencies and percentages were used for the analysis of data.

3.9 PERMISSION TO CONDUCT RESEARCH

Prior to the distribution of the questionnaire amongst the NBS-MBA students, a complete research proposal including the summary of the research proposal and questionnaire were presented to the management of NBS for scrutiny. Written permission from the research office of UNAM-NBS (Appendix 4) to conduct research at the school was granted and the MBA students registered at the school became the respondents after it was established that, no material risk relating to UNAM-NBS will result from conducting this research or from the presentation of the research findings. Even though permission for the study was granted, the research office approved the time in which the questionnaires were distributed. The overall response from the sampled students was positive.

3.10 ETHICAL CONSIDERATIONS

According to De Vos *et al*. (2005), the term ethics means preferences that influence behaviour in human relation. Ethics is mostly associated with morality and deals with issues of right and wrong among groups, society or communities. It is therefore important that everyone who is dealing with or involved in research should be aware of the ethical concerns (Babbie, 2005). The following ethical issues, though not exhaustive, have been identified by various authors as important to consider during any research: informed consent, avoidance of harm, violation of privacy, anonymity and confidentiality, deceiving respondents or concealing of information, respect for human dignity that include right for full disclosure, debriefing respondents and presentation and interpretation of data. (De Vos *et al*., 2005; Polit & Beck, 2004).

With regards to this study, the aims and objectives were conveyed to all the relevant authorities during the process of acquiring permission to conduct the research. A covering letter which explained the aims and objectives of the study also accompanied each questionnaire. Respondents were told that their participation was voluntary and that they had the right to withdraw from the study at any time if they so wished. Anonymity and confidentiality were promised and ensured, by requiring that the questionnaires be inserted in a box placed at the class entrance. In addition, respondents were requested not to write their names on the questionnaires. The questionnaires were kept in a locked cabinet accessible only to the researcher in the researcher's office.

3.11 CONCLUSION

This chapter discussed the research design, population, sample and sampling design. Data collection instruments, the data collection process, pre-testing of the data collection tools, validity and reliability of data collection instruments were also discussed. Furthermore, permission for the research, pilot testing and ethical consideration were also explained. The next chapter will deal with the analysis and interpretation of the results acquired from the questionnaire.

CHAPTER 4

RESEARCH FINDINGS

4.1 INTRODUCTION

This chapter presents the research findings on the attitude of NBS-MBA students toward personal financial planning. The objective of the study was as follows:

- To evaluate the attitude of NBS-MBA students toward personal financial planning.

The findings are organised in relation to the questionnaire that directed the study. The questionnaire was directed to MBA students enrolled at UNAM - NBS, for the period started in February 2012 and ending in December 2015.

Although it was desired to collect data from the students for the above mentioned period, it was not possible as some questionnaires that were e-mailed to the students were not returned despite weekly reminders and numerous follow-up telephone calls made to the students. As they were too far to reach, only some of the e-mailed questionnaires were returned and the majority of the questionnaires were collected prior to the commencement of class after the semester break.

All the questions were answered by all the respondents. Thus, the frequencies indicated in the tables and figures are not less than the total number of respondents. That is, there is no missing value to be noted and the total number of the sample, for example 30, is indicated when the respondents answer all the questions.

4.2 PERSONAL INFORMATION

A brief personal profile of the respondents is provided in this section. This information was obtained from the first section of the questionnaires. Personal information includes respondent's age range, gender, marital status, highest qualification, occupation, employment status, gross salary bracket, as well as the initial year of the MBA registration.

4.2.1 Respondents

The respondents of the questionnaire were MBA students of NBS at UNAM. All 30 questionnaires that were distributed were returned by the respondents, resulting in a response rate of 100 per cent for the questionnaire.

Table 4.1: Questionnaires distributed and returned

QUESTIONNAIRES	NUMBER SENT OUT	NUMBER RECEIVED
	N	N
Distributed	30	30
Total	**30**	**30**

Table 4.1 indicates the general response rate for the respective questionnaire, providing a response rate of 100 per cent, which is considered to be very good (Polit & Beck 2004)

4.2.2 Age of the respondents

The age of the respondents is an important aspect during the interpretation of the results. The figures (Figure 4.1 & 4.2) present the results relating to the age and gender distribution of the respondents respectively. 37% of the respondents' age ranged between 30 and 35 years, while 30% of the respondents were classified in the age range of others. 20% of the respondents' age ranged between 36 and 45, while the remaining 13% of the respondents' ages ranged between 23 and 29 years. Factors such as the students' readiness to pursue the

MBA studies, affordability of the MBA programme and availability of opportunities to pursue the MBA studies at UNAM - NBS, explain why the majority of the students' ages ranged between 30 and 35 years.

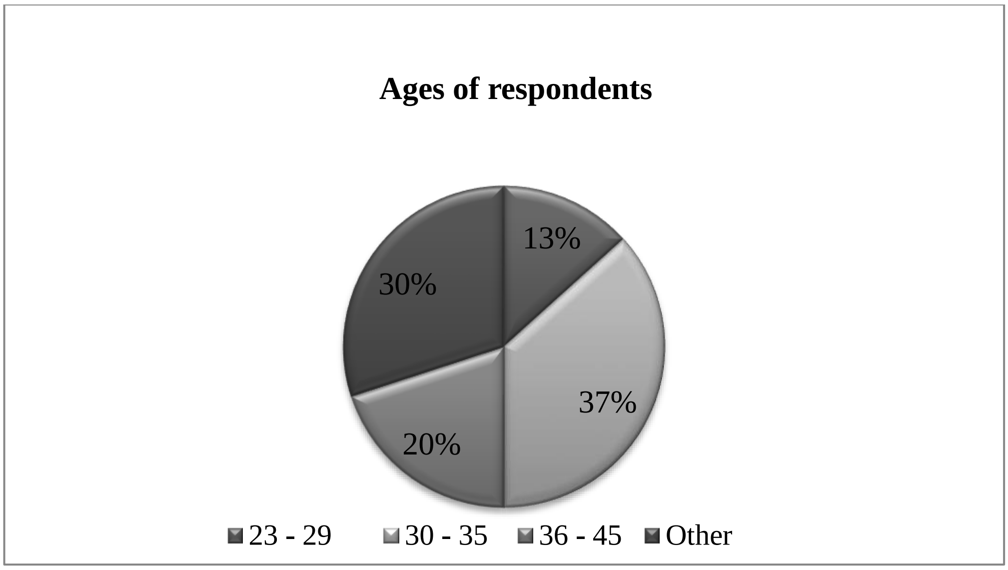

Figure 4.1: Age range of the respondents (n=30)

4.2.3 Gender of the respondents

Figure 4.2 depicts the gender of the sampled students who responded to the questionnaire. The figure illustrates that the majority of the students who responded to the questionnaire were mostly females constituting 57%, while the male respondents constituted the remaining 43%.

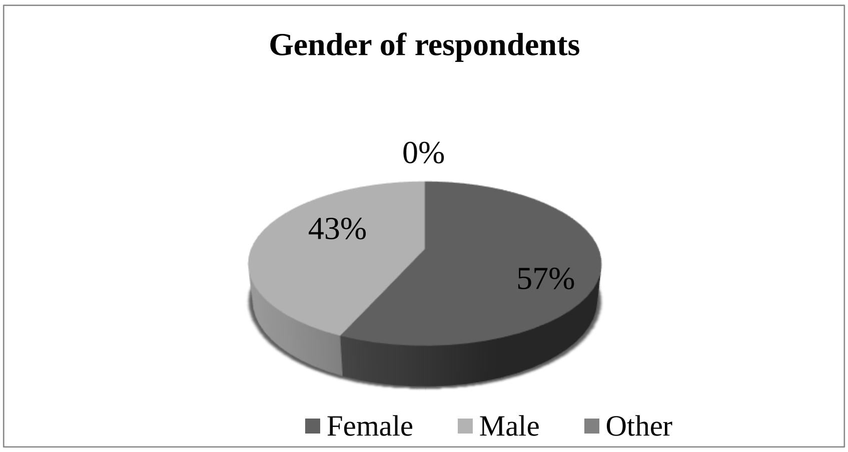

Figure 4.2: Gender of MBA students (n=30)

4.2.4 Marital status of the respondents

The following figure (Figure 4.3) depicts that 77% of the respondents indicated that they were unmarried while 23% of the respondents indicated that they were married at the time of carrying out the study. No other information relating to other marital status was furnished by the respondents.

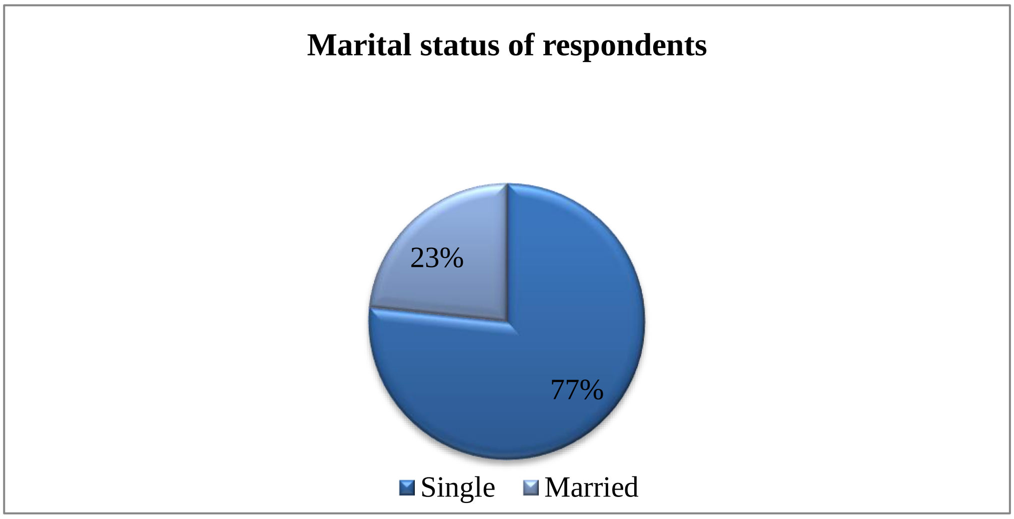

Figure 4.3: Marital status of respondents (n=30)

4.2.5 Highest qualification

In an attempt to ascertain respondents' academic qualification and thus their academic knowledge, the respondents were requested to provide their highest educational qualification. Table 4.2 presents the results pertaining to the highest qualification of the respondents. It is evident from the table that 40% of the respondents had an honour's degree, 33% of the respondents had an undergraduate university degree while the remaining 27% indicated their qualifications as other.

Table 4.2: Highest educational qualification of the respondents (n=30)

Qualification	**N**
Degree	10
Honours	12
Other	8
Total	**30**

4.2.6 Occupation

Figure 4.4 indicate the different sectors in which the respondents were employed. 43% of the respondents were employed in the public sector, while

27% of the respondents were employed in the private sector. Another 27% of the respondents are employed in sectors classified as other, while the remaining 3% stated that they are self - employed.

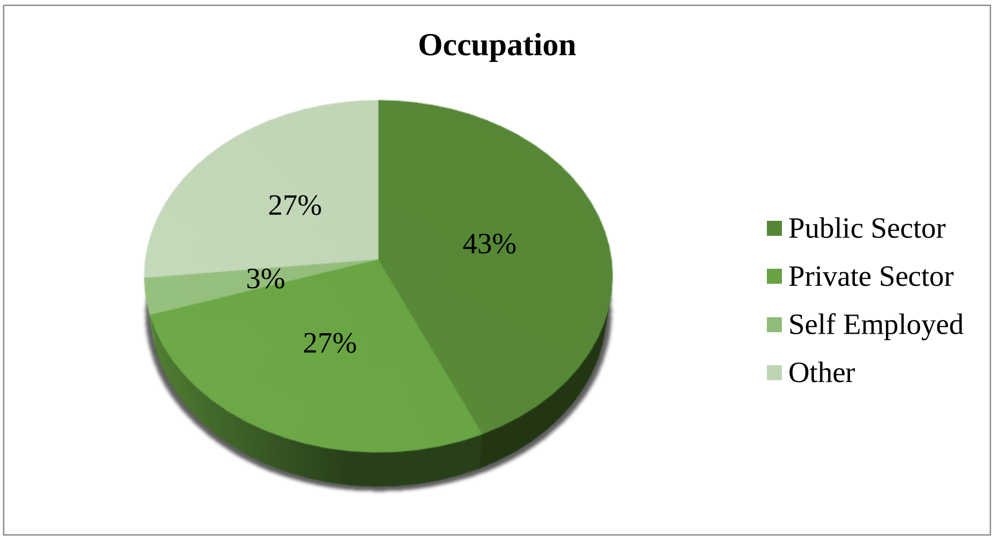

Figure 4.4: Occupation of the respondents (n=30)

4.2.7 Gross Salary Bracket

The next figure (Figure 4.5) presents the gross salary bracket of the respondents. 63% of the respondents indicated that their gross salary falls in the bracket other than the brackets that were provided while 17% of the respondents indicated that their gross salary falls within the N$26 000 to N$35 000 bracket. Furthermore, 13% of the respondents indicated that their salary fall within the N$18 000 to N$25 000 bracket. The last group of respondents which make up 7% indicated that their salary falls within the N$36 000 to N$45 000 bracket.

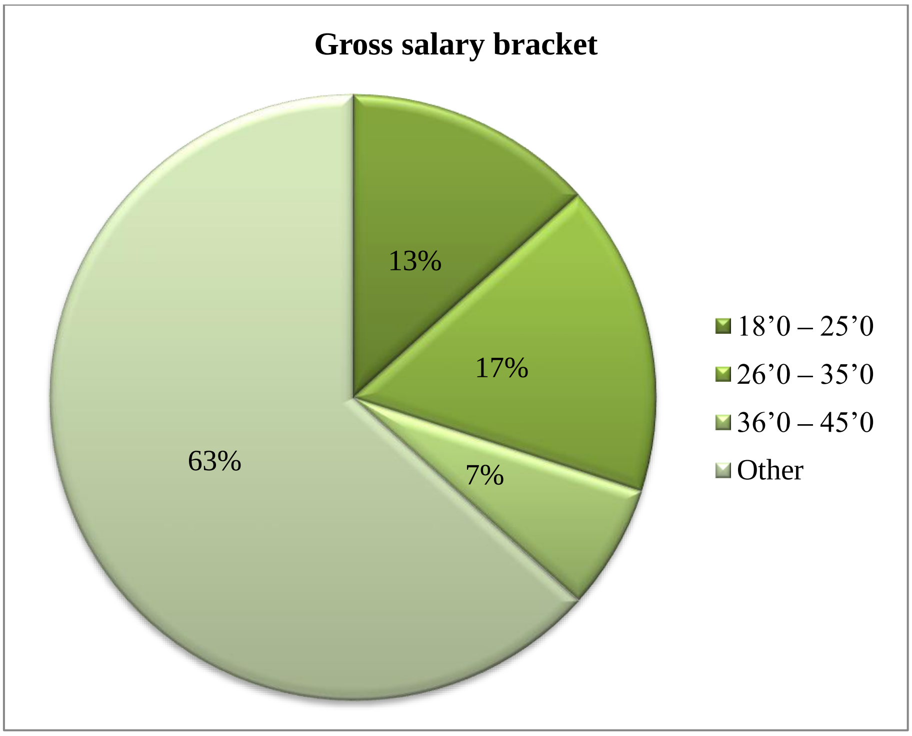

Figure 4.5: Gross salary bracket of the respondents (n=30)

4.2.8 Initial year of MBA registration

In an attempt to ascertain the MBA students’ initial year of registration, the respondents were asked to furnish details relating to their first year of registration for the MBA programme at NBS. The study found that 53% of the respondents initially registered for their MBA programme in 2014, while 27% of the respondents registered in 2013 with the remaining 20% having registered in 2012.

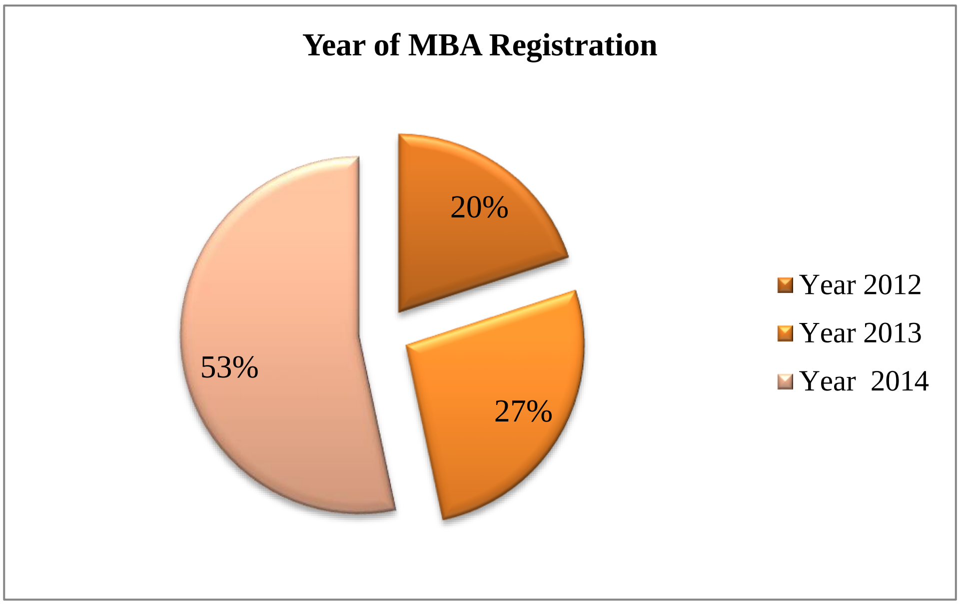

Figure 4.6: Initial year of MBA registration of the respondents (n=30)

4.3 RESULTS OF THE QUESTIONNAIRE

The purpose of this section is to present the information obtained from the remaining parts of the questionnaire as guided by the objective of the study as indicated in Section 4.1. The parts are presented according to the order in which the questions are constructed; starting with the financial planning process, followed by credit planning, insurance planning, investment planning and lastly, estate planning. The statistical information presented was collected from 30 questionnaires completed by the MBA students at UNAM-NBS.

4.3.1 Financial planning process

The second set of statements in the questionnaire deals with the financial planning process. Findings show that the research participants are aware of the financial planning process. A combined total of 54 scores were obtained for the agreeing scale, while 39 scores were obtained for the disagreeing scale. Furthermore, 57 of the scores were recorded for the uncertain scale. It is evident from Figure 4.7 below that the majority of the research participants do have a positive attitude toward the financial planning process. However, the 57 scores recorded for the uncertain scale presents a concern and suggests a need to reduce this trend in order to improve the attitudes of students toward the financial planning process. As a result, more students will be aware and informed about the financial planning process rather than being uncertain about the concept.

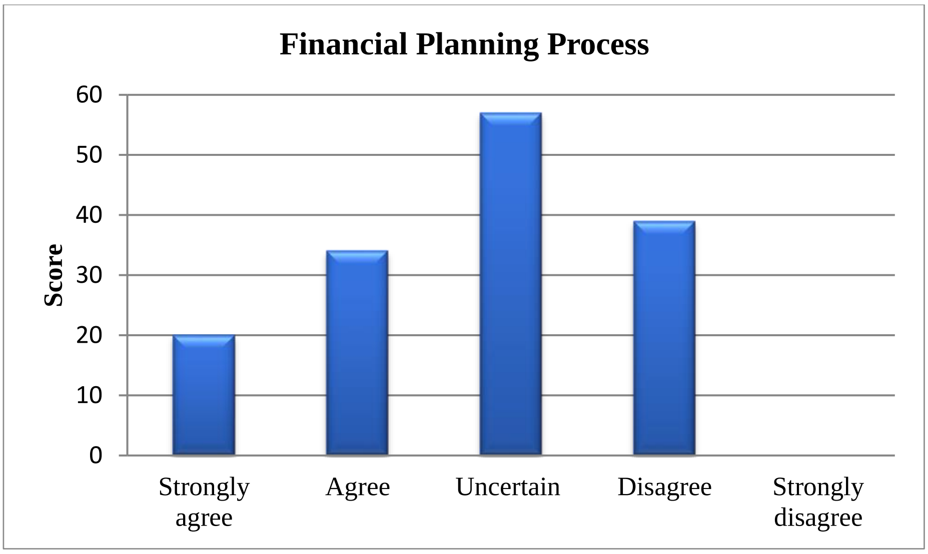

Figure 4.7: Financial planning process

From Figure 4.7, it can be concluded that even though NBS-MBA students have a positive attitude towards the financial planning process, an intervention is required to ensure an on-going reduction in the number of students who are uncertain about their attitude toward the financial planning process, as well as those who are disagree with some aspects related to the financial planning process.

4.3.2 Credit planning

Credit planning was the third parameter in the questionnaire and it comprised three statements that form the gauges of the construct. In this construct a total of 30 scores were recorded for the agreeing scale, while 13 scores were obtained for the disagreeing scale. The uncertain scale obtained 47 scores, which was the highest score recorded for this construct as indicated in the Figure 4.8 below.

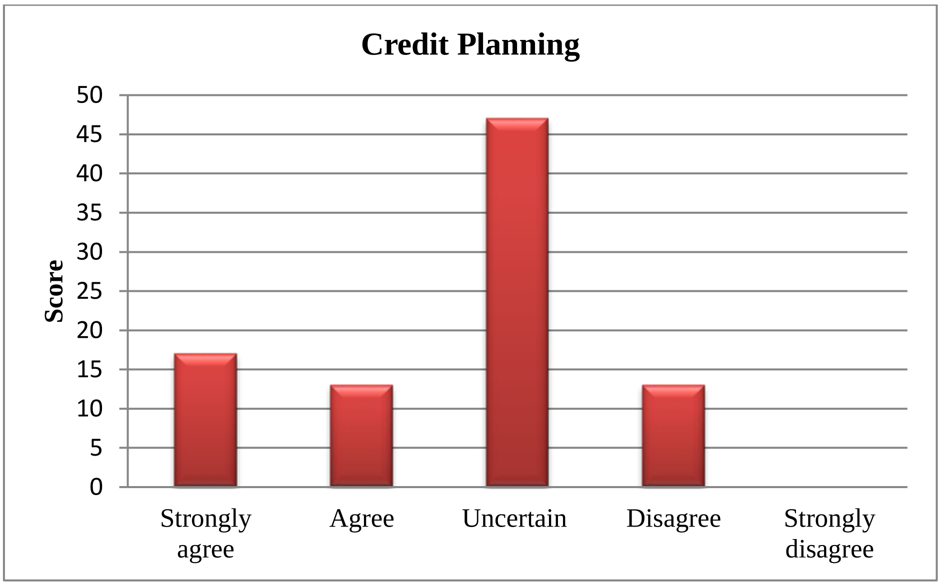

Figure 4.8: Credit planning

From Figure 4.8 it can be concluded that albeit the majority of those surveyed agreeing to credit planning, it is evident from the statistics that the majority of the research respondents are uncertain about their attitude towards credit planning. A further analysis of this construct suggests a great need to reduce the scores obtained for the uncertain category, as well as the disagreeing scale. Students need to be encouraged to become aware of credit planning and consider it. This finding is similar to that of Cudmore, Patton, Ng and McClure (2010) who found that students face the challenge of making financial decisions in an increasingly complex financial environment and therefore financial knowledge in all areas of personal financial planning should be improved. Supplementary to this finding, Joo and Grable (2004) added that individuals with generally stronger perceptions and favourable financial attitudes tend to be more satisfied with financial judgments and manage financial resources more effectively, contributing to effective financial management, whereas those with a negative financial attitude will possibly face a higher level of financial difficulties.

4.3.3 Insurance planning

Insurance planning was the fourth parameter in the questionnaire and the construct comprised of a gauge in the form of five statements that were considered by the research respondents. The reaction from the surveyed students indicated that a total of 48 scores were obtained for the agreeing scale, while 44 scores were obtained for the disagreeing scale. Breaking down the responses further, the uncertain scale obtained 58 scores, which was the highest score as presented in the following figure, (Fig. 4.9).

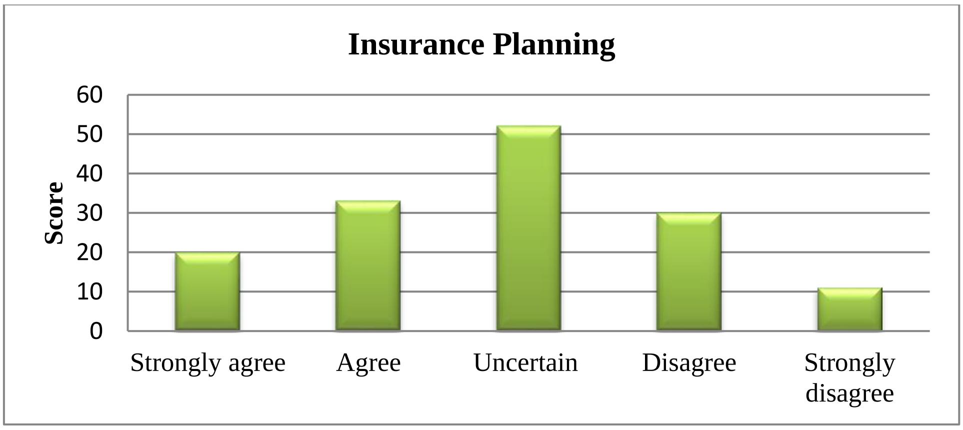

Figure 4.9: Insurance planning

From Figure 4.9 above it can be established that albeit the majority of the research respondents agreeing to insurance planning, it is evident that most of the respondents are uncertain about insurance planning. Furthermore, the scores in the disagreeing category were relatively high. This signals a great need to reduce the number of scores in the uncertain and disagreeing categories to ensure that students clearly understand insurance planning.

4.3.4 Investment planning

Investment planning was the fifth parameter in the questionnaire and it comprised of eight statements that moulded the investment planning construct. An analysis of the research results indicates that a total of 83 scores were obtained for the agreeing scale, while 55 scores were obtained for the disagreeing scale. The uncertain scale obtained 102 scores, which was once again the highest score obtained as indicated in the investment planning figure below (Fig. 4.10).

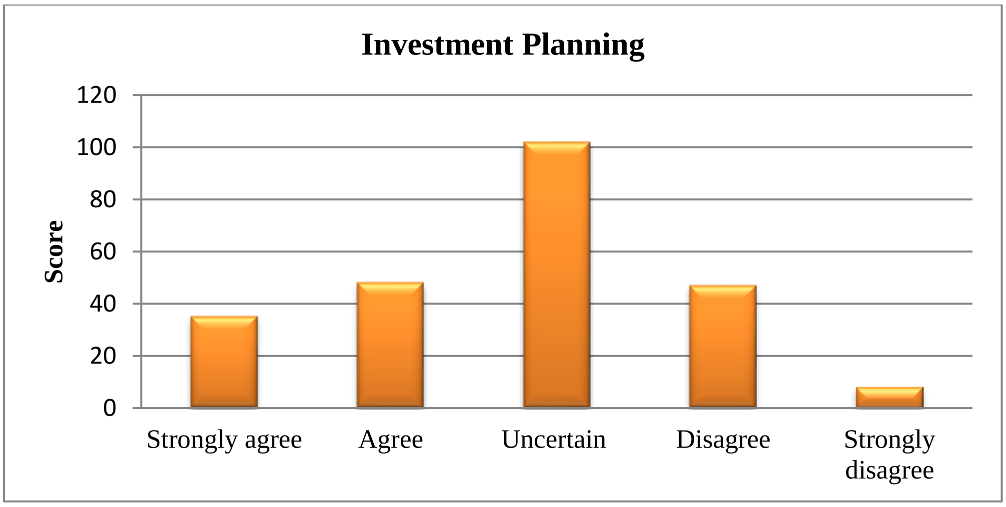

Figure 4. 10: Investment planning

From Figure 4.10, it can be concluded that although some of the respondents agree to investment planning, most of them are uncertain about investment planning. There was however a group of respondents who disagree with the statements concerning investment planning. This illustrates a need to reduce the uncertain as well as the disagreeing scores indicated in Figure 4.10 to ensure that students are clear about investment planning.

4.3.5 Estate planning

Estate planning was the sixth parameter in the questionnaire and it consisted of four statements that build the construct of estate planning. The analysed statistical data indicates that a total of 44 scores were obtained for the agreeing scale, while 28 scores were obtained for the disagreeing scale for estate planning. Similar to the preceding constructs, the uncertain scale obtained 48 scores, which was the highest score as indicated in the following estate planning figure (Fig. 4.11) below.

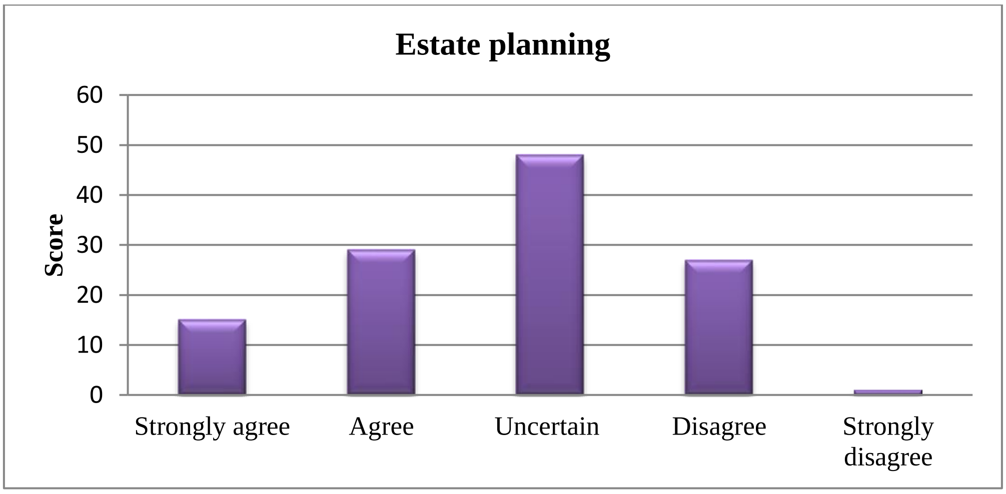

Figure 4.11: Estate planning

In view of the results in Figure 4.11 it can be concluded that albeit the majority of the respondents agreeing to estate planning, it is evident that most of the respondents were uncertain. The latter and the number of disagreeing scores is worrisome. There is definitely a need to reduce the uncertain as well as the disagreeing scales as illustrated in Figure 4.11 above by ensuring that students understand estate planning.

4.3.6 Consolidated parameter responses

The scores obtained for the different constructs, namely financial planning process, credit planning, insurance planning, investment planning and estate planning, were consolidated in order to determine the total scores obtained for each scale. The strongly agreeing scale obtained 106 scores and the agreeing scale obtained 242 scores. Thus, the agreeing scale obtained 348 scores cumulatively. The uncertainly scale obtained 227 scores on aggregate while the disagreeing scale obtained 150 scores with the strongly disagreeing scale obtaining 21 scores. Consequently, the disagreeing scale obtained 171 scores on aggregate, as depicted in the following Figure 4.12.

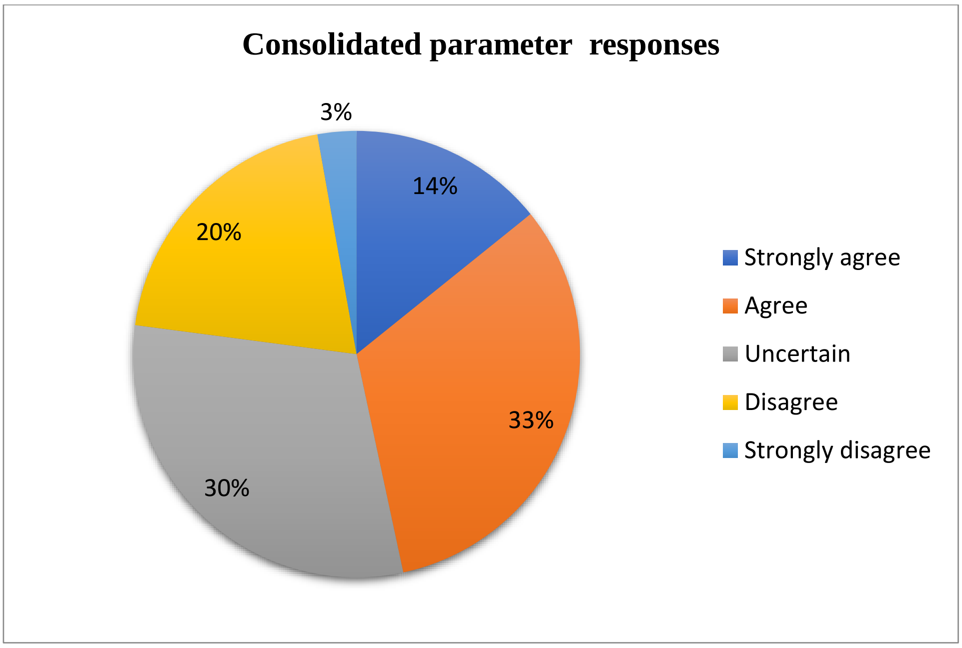

Figure 4.12: Consolidated parameter responses

Figure 4.12 presented the scores obtained under each scale. It is evident from the figure that 33% of the aggregate score, which is the highest score, was obtained in the agreeing scale, 30% which is the second highest score was obtained in the uncertain scale. 20% was allocated by the surveyed respondents in the disagreeing scale while 3% was obtained in the strongly disagreeing scale. The remaining 14% was obtained in the strongly agreeing scale. It is evident from the aggregate scores that albeit a total of 47% being obtained in the agreeing scale signalling a positive attitude of NBS MBA students towards personal financial planning, the related 30% obtained in the uncertain scale as well as the 23% obtained in the disagreeing scale presents a worrying picture though, implying that 53% of the respondents, require a clear intervention as far as personal financial planning is concerned. These findings are parallel to those of van Deventer (2013) who found that students appear to have a statistically positive attitude toward the financial planning process, credit planning, insurance planning, investment planning and estate planning. However, the students' reported attitudes toward the financial planning process were rated the lowest, followed by credit planning, insurance planning and investment planning. He further found that students' reported attitudes toward estate planning were rated the highest, however this specific finding was contradictory to the findings of Boon *et al.* (2012), as they found that student's attitudes towards insurance planning were ranked the highest.

Table 4.3 presents a summary of the aggregate scores that were obtained under each scale from the 30 questionnaires received from the surveyed students.

Table 4.3: Aggregate scores

Scale						
1	2	= Colum (1+2)	4	5	6	= Colum (5+6)
Aggregate Strongly Agree	Aggregate Agree	Total	Aggregate Uncertain	Aggregate Disagree	Aggregate Strongly Disagree	Total
106	**242**	**348**	**227**	**150**	**21**	**171**

Table 4.3 presents the aggregate scores obtained for each scale after having consolidated all the scores obtained under each scale from the different five parameters. It can be concluded from the above table that although the highest

score of 348 is the total obtained in the agreeing scale, the 227 total score obtained for the uncertain scale added to the 171 score obtained for the total disagreeing scale and cumulates to 398, which is alarming and warrants practical action to remedy this represented protruding attitude.

These findings are reinforced by the International Financial Literacy survey results (Van Nieuwenhuyzen, 2009) where it was found that in Germany, while 80 percent of the participants in the survey were confident in understanding financial topics, only 42 percent managed to answer half of the questions correctly. Furthermore, in Korea only 60 percent of the students in a Korean survey were able to answer financial literacy questions correctly in 2003 signifying the uncertainty that exist amongst students as far as their attitude towards financial planning is concerned.

4.4 CONCLUSION

In this chapter, the results of the questionnaire were presented and discussed. The questionnaires were completed by 30 NBS-MBA students. A broad variety of aspects relating to determining the attitude of NBS-MBA students towards financial planning were covered. The aspects included the financial planning process, credit planning, insurance planning, investment planning and estate planning.

An analysis of data revealed the opinion and views of NBS-MBA students regarding their personal attitude toward financial planning. The data also revealed an important numeric suggestion relating to the uncertainty that exist in the students’ attitude toward personal financial planning which requires an intervention with the aim to improve their personal attitude towards financial planning. Having considered the preceding statistical information breakdown, conclusions and recommendations could be formulated as presented in the next chapter.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter discusses the conclusion and recommendations of the study reported on. This study stemmed from evidence that individuals and students alike, today face great challenges in managing their finances due to increased exposure to marketing activities, stemming from increased competition for consumers' money.

It was established from the literature that young adults often begin their college careers without ever having been solely responsible for their own personal finances. This lack of experience may make them particularly vulnerable to both the aggressive marketing tactics of financial institutions and the psychological costs associated with high debt.

The literature has also established that a lack of experience in financial management may be particularly detrimental to students' financial futures as they may not realise the immediate impact of credit card use, for example, the fee structures employed for credit card use or the penalties applied for failure to live up to the terms of use. The literature also revealed some actions and solutions to improve the attitude of NBS-MBA students toward personal financial planning, such as incorporating a personal financial planning and management module in the curricular of NBS-MBA students.

It was established that a significant amount of students expressed little concern about their financial status, future wealth and retirement planning, even though various business courses comprise financial management content that focuses on the importance of managing and maximising wealth. Although students have wide access to various financial services, such as education loans and credit cards (Robb & Sharpe, 2009), they are often considered a high-risk group when it comes to finances because of the lack of financial management knowledge, and experience in managing their financial resources successfully. It was against this background that the study was undertaken to determine the attitude of NBS - MBA students towards personal financial planning.

More specifically the objective of the study was as follows:

- To evaluate the attitude of NBS-MBA students toward personal financial planning.

This study relied on the parameters that were used in the study of Boon *et al.,* (2011) namely the Boon *et al.,* Scale of Financial Planning to determine the personal attitudes of NBS - MBA students toward personal financial planning. This chapter presents the conclusion obtained from the results of the study and the recommendations to improve the attitude of NBS-MBA students towards personal financial planning.

5.2 CONCLUSIONS

The study determined the attitude of NBS-MBA students toward personal financial planning. The conclusions will be presented first, followed by a discussion of the aspects that formed the constructs of the questionnaire.

5.2.1 Aspects relating to financial planning process

In determining the attitude of NBS - MBA students toward personal financial planning, the second construct of the questionnaire related to the financial planning process. From this construct, it emerged that the majority of the NBS-MBA students have a positive attitude toward the financial planning process. However, the 39 scores obtained for the disagreeing scale as well as the level of uncertainty that persist as indicated by the 57 scores obtained for the uncertainty scale are very alarming and signal a required intervention to ensure that more students are informed on the financial planning process parameter rather than being uncertain.

5.2.2 Aspects relating to credit planning

In determining the attitude of NBS-MBA students toward personal financial planning, the third construct of the questionnaire related to credit planning. Although the majority of the NBS-MBA students agree to credit planning as indicated by the 30 scores obtained in the agreeing scale, 13 and 47 scores were obtained in the disagreeing and uncertainty scales respectively. This finding is very alarming and signals a required intervention to ensure that more students are clear on credit planning rather than being uncertain.

5.2.3 Aspects relating to insurance planning

In determining the attitude of NBS-MBA students toward personal financial planning, the fourth construct of the questionnaire related to insurance planning. Although the majority of the NBS-MBA students agree to insurance planning as indicated by the 48 scores obtained in the agreeing scale, the 44 and 58 scores obtained for the disagreeing and uncertainty scales respectively are very alarming and signal a required intervention to ensure that more students are familiar with insurance planning rather than uncertain about the concept.

5.2.4 Aspects relating to investment planning

In determining the attitude of NBS - MBA students toward personal financial planning, the fifth construct of the questionnaire related to investment planning. Once again it was found that many of the NBS-MBA students agree to investment planning as indicated by the 83 scores obtained in the agreeing scale. Again, the 55 and 102 scores obtained for the disagreeing and uncertainty scales respectively are very alarming and necessitate a required intervention to ensure that more students are clued up on investment planning instead of being uncertain.

5.2.5 Aspects relating to estate planning

In determining the attitude of NBS - MBA students toward personal financial planning, the sixth construct of the questionnaire related to estate planning. It was found that the majority of the NBS-MBA students agreed to estate planning as illustrated by the 44 scores obtained in the agreeing scale. The 28 and 48 scores obtained for the disagreeing and uncertainty scales respectively once again raise alarm and signal a required intervention to ensure that more students are familiarized with estate planning rather than being uncertain.

5.2.6 Consolidated scale scores

The consolidated scale of the above parameters indicated that 33% of the aggregate score, was the highest score obtained by the agreeing scale, while 30%, the second highest score, was obtained by the uncertain scale. The findings clearly indicate that the majority of the NBS-MBA students have a positive attitude toward personal financial planning. However, the 20% obtained in the disagreeing scale and the 3% obtained in the strongly disagreeing scale coupled with the high level of uncertainty, presents worrisome findings. The remaining 14% was obtained by the strongly agreeing scale.

It is evident from the aggregate scores that albeit a total of 47% being obtained by the agreeing scale, the 30% obtained by the uncertain scale as well as the 23% obtained by the disagreeing scale present a worrying picture, implying that 53% of the respondents, require a clear intervention as far personal financial planning is concerned, based on the five parameters used in the questionnaire.

5.3 RECOMMENDATIONS AND CONCLUSIONS

It is evident from the results of the study that the majority of the NBS-MBA students have a positive attitude toward personal financial planning. However, the degree of uncertainty and the disagreeing degree are daunting and present a worrying situation that warrants remedial action. This study therefore recommends the following:

- UNAM-NBS should consider introducing a course that will focus on the personal improvement of the students as far as personal financial planning and personal financial management is concerned. As much as the school is training and preparing future corporate leaders, it is equally important that these very same leaders be trained on personal financial planning and management, this will enable the NBS - MBA students to handle their personal affairs in an acceptable manner.
- By establishing personal financial management platforms, assistance is provided to the NBS-MBA students in viewing their combined balances from all the various financial institutions on one dashboard, which will subsequently assist them with budgeting and control spending, which ultimately helps with the attainment of financial goals.
- Given that the majority of students make use of smart phones to satisfy their communication needs, by developing a mobile strategy and future targeted mobile marketing campaigns, the importance of personal financial management and available financial products and services pertaining to personal financial management can be accentuated.
- It is recommended that financial institutions provide NBS-MBA students with information regarding retirement planning, accentuating the importance and benefits of saving for the future, as well as the consequences of starting with retirement planning too late.
- There is a need for students to improve their financial literacy by means of financial literacy education and training. It is recommended that

academics, government agencies and financial institutions pay attention to these needs and address them, such as through offering lectures.

- It is recommended that academics, financial institutions and government agencies cooperate in providing support to students concerning their financial planning. Since NBS-MBA students have a positive attitude towards investment planning, NBS can teach personal financial management or financial life skills to its MBA students and financial institutions can market possible investments to attract these students, as they are encouraged to invest in the future.
- Overall, it is recommended that any educational programme, game, or any other technological tools employed to teach financial literacy, include topics such as general financial knowledge, saving, and spending and debt, as the results of study indicated that there is high degree of disagree and uncertainty depicted by the students as far as personal financial planning is concerned, based on the constructs considered in this study.

5.4 RECOMMENDATIONS FOR FURTHER RESEARCH

This study employed a quantitative research approach. The results provide the researcher with an evaluation of the attitude of NBS-MBA students toward personal financial planning. Similar to other studies, some limitations can be identified within this study, therefore presenting some opportunities for future research.

The following issues should be considered for further research:

This study focused on, and was limited to, specific areas of personal financial planning. This provides an opportunity to determine the attitude of NBS-MBA towards other areas of personal financial planning not measured in this study, such as retirement planning, emigration planning, income tax planning and offshore investments.

The possible impact of the degree of uncertainty that exists with regards to personal financial planning amongst NBS-MBA students on the country's financial sector, economy and world ranking should be investigated.

This study did not investigate the reasons why NBS-MBA students have these particular attitudes towards the different constructs presented in this study on personal financial planning. A qualitative research approach could therefore be followed to determine the reasons why the students have these particular attitudes.

Lastly, only NBS-MBA student were participants in this study. This provides an opportunity to draw comparative conclusions by uncovering the attitudes of non NBS-MBA students toward personal financial planning.

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7. APPENDICES

Appendix 1

P O Box 63353

Wanahenda

Windhoek

09 February 2015

Email: begood2580@gmail.com

To: The Director

Namibia Business School (NBS)

University of Namibia (Unum)

P.O. Box 13301

Windhoek

Namibia

Dear Sir/Madam

Permission to conduct and collect responses from UNAM NBS MBA students

I am a registered MBA student of the Namibia Business School (NBS) at the University of Namibia (UNAM) and have an intention to conduct research to determine the attitude of MBA students toward personal financial planning. There is therefore a need to obtain responses from my fellow MBA students registered at the Namibia Business School (NBS).

The responses obtained from the fellows will be used in the afore-mentioned research for statistical analysis to derive reasonable conclusion hence in quest for permission from NBS to obtain responses from your registered MBA students prior to the distribution of questionnaires.

Should the above proposal be found acceptable to your good office, it will be highly appreciated if the requested permission is furnished in writing.

Thanking you in advance for your support,

Yours sincerely

…………………..

Ananias Shaanika

(Student number 200323318)

Appendix 2

P O Box 63353

Wanahenda

Windhoek

09 February 2015

Email: begood2580@gmail.com

To: The MBA Student

Namibia Business School

University of Namibia

Windhoek

Dear MBA Student

Questionnaire on MBA student's attitude toward personal financial planning

I, Ananias Shaanika, a fellow MBA student at the Namibia Business School (NBS) humbly require your kind assistance by completing the attached questionnaire relating to your personal financial planning.

Through completing the attached questionnaire you will be furnishing information that will form part of the overall data collection process for an authorised research I am conducting on MBA student's attitude towards personal financial planning. You identity is not required and the information that you will furnish will be used solely for research purposes.

Should you require any further clarity in this regard, do not hesitate to contact the undersigned on cell-phone number 081 3722141 or email begood2580@gamil.com.

Thanking you for your usual co-operation

Your fellow MBA student

…………………...

Ananias Shaanika

Appendix 3

Case Study Questionnaire

Financial Planning Constructs

Required: Kindly complete this six step questionnaire based on your attitude towards personal financial planning by indicating with an X, what is applicable.

Demographic Information								
Age range	23 – 29		30 - 35		36 – 45		Other (please specify)
Sex	Male				Female		Other:
Marital Status	Single		Married		Divorced		Other :
Qualification	MBA		Honours Degree		Degree		Other:
Occupation	Public Sector		Private Sector		Self Employed		Other:
Employment status	Part-time		Full-time		Other:		
Gross Salary Bracket (N$)	18’0 – 25’0		26’0 – 35’0		36’0 – 45’0		Other:
1st year of MBA registration							

Financial planning process	**Strongly agree**	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
I know what personal financial planning is.					
I set personal financial goals and objectives.					
I gather relevant data and analyse current financial position before making a financial decision					
I implement a personal financial plan with the help of experts					
I review the financial plan regularly to take into account changing needs and circumstances					

Credit planning	**Strongly agree**	**Agree**	**Uncertain**	**Disagree**	**Strongly disagree**
I pay off full outstanding amount on accounts every month					
I pay all accounts on time each month					
I avoid maxing out or going over the limit on accounts					

Insurance planning	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
I list my needs for life insurance					
I do a comparison shopping for life insurance					
I plan to have enough life insurance					
I consider life insurance as the most important type of insurance					
I can distinguish the different types of insurance policies					

Investment planning	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
I know the importance of investing					
I use an investment plan for reaching financial goals					
I consider the opinion of friends and/or family before investing					
I understand risk profiling					
I invest in different investment instruments with minimal knowledge and research					
Compound interest encourages investing					
I have knowledge to invest					
I study alternatives carefully before investing					

Estate planning	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
I know the importance of having a will					
I know the importance of estate planning					
I know the importance of setting up a family trust as part of estate planning					
Having an estate planning will give peace of mind when I cease to exist					

Any other comments

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Appendix 4

Replace with: Letter from the Namibia Business School of the University of Namibia, granting permission to conduct the proposed research.

Appendix 5

Replace with: Letter from the language editor.