CONSTRUCTING AND EXPLORING UNIVERSITY STUDENTS’ ATTITUDES TO DEBT: A CROSS-NATIONAL STUDY

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Student indebtedness in the UK has become ubiquitous since the introduction of student loans in the early 1990s. It has been argued that this has had multiple impacts on the student experience, including a fear of debt dissuading prospective students (Callender and Jackson 2005), a link with mental health issues (Cooke et al 2004) and an increased long-term comfort with borrowing (Lea et al 2001).

However, the UK is not in an isolated situation, with most OECD countries having systems that require many students to borrow to meet the costs of their education. Each is unique in history, scale, criteria and the meaning attached to debt by students and wider society. For example, repayment terms vary considerably between countries, potentially influencing behaviour and the individual’s affective response to the experience.

This paper will report the findings of an international study drawing on quantitative data from the UK, New Zealand and the US. The sampling frame comprises full-time ‘home’ undergraduates on business or social science programmes. These students completed an online questionnaire around four months into their first year, comprising demographic background, a personality inventory, a bank of attitudinal questions and a short test of financial literacy. Data has been collected from over 750 students.

Harrison et al (in press) found a wide range of reactions to contemporary indebtedness, ranging from anger to positivity, with most reporting a stoical acceptance. Haultain et al (2010) suggest that debt attitudes are mainly explained by recourse to just two factors - aversion and utility - while Bachan (2013) finds that perceptions of risk are also salient.

Building on this literature, the focus for this paper will be on the interpretation of a factor analysis of the 20 attitudinal Likert scale questions, isolating the most important components of students’ debt attitudes across the three countries in the study. These factors will then be used within a linear regression analysis to illuminate which demographic and personality variables impact on debt attitudes.

From preliminary analysis of the UK and NZ data, it is anticipated that there will be significant differences in the construction of debt attitudes between countries, both in terms of their relative importance and the background variables that predict them. Discussion will reference key differences between the social and policy contexts in the three countries, offering possible explanations for why students’ experience of debt varies and implications for future policy and practice.