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BEST FRIEND OR WORST ENEMY: DEBT CONSUMPTION OF COLLEGE STUDENTS

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Introduction

The current study aims to integrate consumers' various life domains to better understand debt's manifest and latent functions in their life projects. As some research has suggested (e.g., Manning 2000; Ritzer 1995; Sullivan, Warren, and Westbrook 1989), consumer financial behavior is socially embedded and involves many aspects of social life. Debtors interpret and negotiate meanings of debt in line with their socially constructed environment and relationships in their networks. An uncharted area of consumer debt literature is how people employ debts in their life projects. We are interested in how consumers interpret and negotiate meanings of debts. Some aspects of life domains, such as consumption, personal relationships, academic achievement, and career development may be closely related to one's debt situations. Consumer debt consists of several types and may be derived from different consumption domains. For example, credit card debt is not simply a result of the purchase of items listed on credit card statements. Other expenses not paid by credit cards may ultimately lead to credit card balances. In addition, credit card debt is not isolated from other types of debts. Student loans, for example, can relieve credit card payment pressure temporarily but may lead to more credit card debt over time. Financial support from family, school, or other sources also needs to be considered to fully understand credit card use.

An individual's evaluation of a debt situation is affected by the level of debt they have experienced in the past as well as what they expect in the future (Porter and Garman 1992). Revolving debt is both a consequence of the past and an antecedent to the future. Therefore, debt needs to be studied dynamically, including how previous and future consumption are related to debt. Similar to consumer brand relationships (cf. Fournier 1998), debt represents the dynamic life projects of consumers and their meanings may evolve over time. Peoples' life goals grow at different life stages and debt may represent peoples' foci at certain points in time. Personal relationships, career goals, and social status pursuits all have their impact on debt, and vice versa. This study aims to integrate various aspects of personal life to better understand debt's meanings to consumers.

It is also interesting to understand how personal relationships and social networks play their roles for debtors. Consumer debt is simply an individual's independent decision or behavior but it does involve his/her ties with many other actors in the network. A study on consumer saving found that non-savers hide their financial situations from their relatives and friends (Lunt and Livingstone 1991), which indicates that social support varies upon people's financial situations. Debt is not only related to people's personalities and values, but is often influenced by significant others. For example, people may accumulate more debt in order to reduce obligations with someone who provides financial support. On the other hand, debt may change one's perception of his/her position(s) in the network and propel him/her to function differently in the network. The strength of ties and breadth of the network may thus transform over time along with one's debt circumstances. We assume that one's strong ties are especially relevant to his/her debt situations.

Consumer Debt

Aided by credit, consumer debt is a ubiquitous phenomenon in American society. Borrowing money to consume is spurred by consumers' optimism about the future as well as historical effects from periods of inflation (Nocera 1994). Stimulated by economic growth and financial options, American household borrowing has risen to \$6.5

trillion (Zuckerman 2000) and credit-market debt equals 295% of the gross domestic product (Laing 2003). On average, an American household spends 13 percent of its after-tax income to pay debts and carries more than \$8,000 in credit card debt (Lohr 2004). Nearly half of all American households carry credit card debt. This rise in family indebtedness has raised concerns that debt may cause an excessive burden to families (Kennickell 2000). Consumer debt is a two-edged sword: while it facilitates people to consume beyond their current economic means, excessive debt causes financial disasters and life tragedies. Personal bankruptcy reached a record high of 1.43 million in 2001 and this number is still growing (Laing 2003).

Debt was historically defined as evil but is now widely acceptable in the United States. Still, debtors are often described as reckless, overindulgent, impatient and irresponsible and the notion of personal failure is linked with indebtedness (Livingstone and Lunt 1992). However, this characterization of debtors may be oversimplified and needs to be evaluated with regard to the different types of debt that incur to consumers.

Debt, a partner of credit, is not simply an economic concept but represents a moral state, legal stance, and a social obligation. Historical evidence suggests that debt arises as a result of unemployment, sickness, or some other familial or personal economic misfortune (Medoff and Harless 1996). Some types of debts are more tolerable; for example, debts for purpose of necessities rather than luxuries are justified (Calder 1999). Excessive and unmanageable debts force consumers into financial difficulties or even bankruptcy. Bankrupt debtors are *normal* people around us with similar occupational prestige, age, and education to the adult population as a whole (Sullivan, Warren, and Westbrook 1997), although they are more likely to be unemployed and lower in income. They struggle with moral convictions and are surrounded by social pressure (Sullivan, Warren, and Westbrook 2000). The staggering number of debtors, regardless of their occupations or family backgrounds, has evoked economic disturbance and social unrest.

Research on consumer debt mostly focuses on the economic antecedents and consequences of debts. Individual characteristics (Tokunaga 1993), economic resources (Lea, Webley, and Levine 1993), demographics (Lea, Webley, and Walker 1995), individual values (Watson 1998), attitudinal factors (Livingstone and Lunt 1992), and social factors (Lea et al. 1993; Lea et al. 1995) are all found to be associated with debt conditions. People in debt are more likely to express their social worth and social relations through consumption (Livingstone and Lunt 1992). Debtors are more likely to live in a community in which debt is more common; they are also likely to perceive their culture as one which supports indebtedness (Lea et al. 1993). Several studies have shown that serious debtors are not necessarily those who spend recklessly or carelessly on consumer products and services (e.g., Lea et al. 1993; Sullivan et al. 1997).

How consumers use debts to accomplish their life projects and tasks in daily life has been unanswered. Before and after debts incur to consumers, we need to understand how consumers choose, interpret, and negotiate various types of debts in their life. Debts may facilitate and hamper interpersonal relationships, expand or shrink personal networks, change family and friendship relations, and generate both obligations and freedom. It thus requires an in-depth analysis of debtors in order to delve into their personal stories that influence and are influenced by their attitudes toward coping with debt.

College Students and Financial Management

Overview of College Students

College in the United States brings students of differentiated social classes, race and ethnicities, and economic status levels together. Undergraduate students learn to be on their own, struggle for autonomy, and seek freedom from authority (Moffatt 1989). They also have hopes and aspirations beyond their personal ambitions (Boyer 1987). For instance, students search for meanings and identities in college not only through educational training and career pursuits, but also by participating in extra-curricular activities, social organizations, fraternities/sororities, community services, and/or part-time or even full-time jobs.

College students make transitions from home to school and from dependence to independence. They also need to balance their academic and career calendar with their leisure and social activities. Students set life tasks and goals which are “typically larger than everyday projects, thus organizing a wide range of behaviors in a particular life domain” (Zirkel and Cantor 1990, p.172). Being away from their family for the first time in their life (for most students), they need to forge new relationships with their parents and old friends, while simultaneously building networks in the new environment.

Developing independence is difficult, stressful, and even anxiety-provoking for many college students (Zirkel 1992). They are concerned whether they measure up to their parents’ expectations and “feel anxious about developing a balance between a secure yet autonomous sense of self” (Zirkel 1992, p.506). College is also an arena where students find their new roles and identities. There are high levels of stress and social pressure for college students who behave in line with the peer group to which they aspire to belong (Moffatt 1989). This redefinition of self is especially turbulent in the midst of changes in social support and geographic relocation.

College students find new freedoms and obligations while in school. Academic freedom is tightly encircled by rules and regulations; whereas social activities and relationships are loosely regulated (Becker, Geer, and Hughes 1968). “Students are aware of the many interconnections between different areas of campus life and recognize that failure in one area will have consequences in other areas” (Becker et al. 1968, p.51). Campus life, however, does not consist of students’ entire life domains. Students need to balance their lives by allocating their limited time, energy, and money to various types of activities that best establish themselves as students, children, and friends. Each student lives in a complicated network of social relations, group definitions, and obligations in which students define themselves (Becker et al. 1968). It thus requires a comprehensive understanding of college students’ life projects to fully capture any specific domain of their lives.

College Students and Financial Management

Young adults in college are faced with various responsibilities. The amount of knowledge they accumulate on campus and the social relationships they maintain on and off campus are of tremendous importance to their future. All students need major financial support, and their various expenses are often indispensable and lead to debt that follows them during and after their college life.

For many students, college is the first time in which they are held accountable for not only what and how much they consume but also how they pay for their purchases. Credit is a new concept for most students who start in college to build their own credit history independent from their parents. College students are a differentiated group from

working adults in credit usage, debt types, and financial management knowledge and experiences. Many college students carry student loans but do not repay them during college. Since they have fewer revolving debts than working adults, most research focuses on their credit card usage. Although college students have been criticized for reckless consumption and careless financial management, the ever-rising credit card debts also come from escalating college costs and declining financial aid in the past three decades (Manning 1999).

Approximately 83 percent of undergraduate students in the United States have credit cards with an average of 4.25 cards to their name (Davidson 2004). Eighty percent receive their cards in their freshman year (Palmer, Pinto, and Parente 2001). A recent government study shows that college students use credit cards for a variety of purposes: from school supplies to entertainment, from emergencies to routine personal expenses (GAO 2001). In terms of credit card payment, more than eighty percent of college students pay their own credit card bills and pay their balances in full each month (GAO 2001). Although most students handle their cards properly, this rapidly growing group of credit card users has a low degree of financial literacy (Palmer et al. 2001). Misuse and abuse of credit cards have caused serious social and financial consequences for many college students (Manning 2000).

Some research links students' demographic and socioeconomic backgrounds with their credit card attitudes and behaviors. For instance, male students are found to have more favorable attitudes toward credit cards (Xiao, Noring, and Anderson 1995) but female students employ a greater number of financial practices (Hayhoe, Leach, Turner, Bruin, and Lawrence 2000). As another example, students from backgrounds of greater income are more knowledgeable about credit cards but also have higher credit card debts (Davies and Lea 1995) and less wealthy students are more likely to choose the lowest payment scheme to deal with their debts (Lewis and Venrooij 1995).

The duration of a college career is also found to influence credit card usage. The longer the students have been in college, the more likely they are to have revolving debt on their credit cards (Munro and Hirt 1998). The amount of credit card debts has a monotonic relationship with class standing both in the United Kingdom (Davies and Lea 1995) and in the United States (Manning 1999).

Another stream of research investigates how credit knowledge, experiences, and attitudes are associated with students' credit card practices and satisfaction. Students are often confused about the meanings of credit card attributes (Lewis and Venrooij 1995). However, even with greater knowledge about credit and finances, students may not necessarily have more prudent fiscal practices (Munro and Hirt 1998). An affective credit attitude is positively related to the purchase of leisure goods by college students and the credit card balance carried (Hayhoe et al. 2000).

Other studies connect individual values and social influences with credit card usage and attitude. For example, materialistic students show more positive attitudes toward using credit cards to finance purchases, although they do not necessarily possess more credit cards or have higher credit card balances (Pinto, Parente, and Palmer 2000). Parental involvement in a student's acquisition of credit cards significantly reduces credit card balances later on (Palmer et al. 2001), which suggests that credit card behavior of college students is not simply individually based but also family-bounded and socially connected. An intriguing question is how the ubiquitous credit card usage among college

students is embedded in their life goals and projects, and how meanings of debt are interpreted and negotiated dynamically.

SURVEY STUDY

The main purpose of the survey study is to find out to what extent individual values, consumption patterns, and social relations influence college students' debt accumulation. Specifically, we looked at college students' usage of credit cards and how credit card debts are influenced. We found two different patterns which allow us to determine whether students carry credit card balances and their degree of credit card indebtedness. We then explain the reasons for such results and discuss the educational implications from this study.

Sample

The participants in this study were drawn from a convenience sample from a subject pool at the University of Arizona. Undergraduate students in an introductory marketing course (approximately 300 students per semester) voluntarily participated in this study. Data collection took place in two consecutive semesters and the total sample size was 311 undergraduate students. Of these, 45% were female, 69% were white, 16% were Hispanic, 9% were Asian, and 1% were African American; 92% were single, and their average age was 21.5 (range: 18-42).

Measurement

The key constructs we intended to test are compulsive buying, impulsive buying, life satisfaction, importance of religion, budget constraints, materialism, family resources, self esteem, and frugality. We used established scales in the literature and their reliabilities were tested before further data analysis. Among these scales, self-esteem had a negative Cronbach's Alpha and was thus eliminated. All scales except for the self-esteem scale (which is thus eliminated from further analysis) possessed acceptable reliability. The reliability of each scale is as follows: compulsive buying ($\alpha = .69$), impulsive buying ($\alpha = .78$), seek social support ($\alpha = .95$), life satisfaction ($\alpha = .82$), importance of religion ($\alpha = .66$), budget constraints ($\alpha = .73$), materialism ($\alpha = .73$), family resources ($\alpha = .84$), and frugality ($\alpha = .77$).

One item on the compulsive buying scale directly asks how often one makes only the minimum payments on his/her credit cards. This question is confounded with the dependent variable we are interested in, which is the credit card balance. Therefore, we eliminated this question from the compulsive buying scale, which left us with a five-item scale. The remaining questions still generated an acceptable reliability ($\alpha = .69$).

We also created a subscale of family resources. The original scale measured eight categories of family support for adolescents growing up. For our research needs, we eliminated three items regarding material supplies (i.e., spending money, food, and clothing) and left the scale with five intangible resources only (i.e., time and attention, discipline, life skills and instruction, emotional support and love, and role modeling and guidance). We term the new scale "intangible family resources" and it has a good reliability ($\alpha = .84$).

We also recorded students' credit card information, including their credit limit, attitudes toward credit cards, credit card payments, and credit card balance. Because student could not refer to their credit card statements when they filled out the survey, we asked them how confident they were about the accuracy of reporting the total balance on their credit cards. 88% of the informants were quite confident, confident, or very

confident about their answers. The remaining 12% were eliminated for future analysis when credit card balance was used as the dependent variable.

Results

We first ran some descriptive analyses to discover the overall trend of credit card use among these college students. While the results may not be generalized to the whole college population, it gives a ballpark overview of the big picture. We found that 12% of the sample did not possess any credit cards. Among those students who owned credit cards, 38% had one credit card, 23% had two credit cards, 16% had three credit cards, and 12% had four or more credit cards. The median total credit limit is \$3,000 (SD = \$11,502) and 15% credit card holders had credit card limit more than \$10,000.

We found that 56% of credit card holders had no balances; the median credit card balance is \$875 (range = \$50 to \$9,000). With regard to how students pay their credit card bills, 60% pay off the total balance each month, 15% pay more than half of the total balance, 19% pay less than half of the total balance, and 6% pay the minimum payment each month.

We intended to test two relations from this survey study. First, we intended to find out what factors predict the probability of students' credit card indebtedness. Specifically, we focused on certain consumption patterns, individual values, and social relations and tested their influence on whether students carry credit card debts. Second, since there is a large range of variance of credit card balances, we aimed to discover what factors (the same constructs mentioned previously) contribute to the degree of credit card indebtedness.

In order to answer our first research question, we dichotomized student credit card holders into two groups: those with credit card balances and those without. We excluded students who did not own credit cards and those who only had credit cards affiliated with their parents. We then ran a logistic regression to test what factors influenced the likelihood of carrying credit card balance. As shown in Table 1, budget constraints and compulsive buying are the only significant predictors.

Insert table 1 about here

The results of the logistic regression suggest that students' financial resources affect how they use their credit cards. Budget constraints are defined as the degree to which consumers perceive themselves as having insufficient funds to cover their needs (Urbany, Dickson, and Kalapurakal 1996). We find that the more budgetarily constrained one is, the more likely one is to have balances on his/her credit card(s). When students carry a balance on their credit card(s), it means that they do not have sufficient money to pay for their purchases. In contrast, students who have credit cards but do not carry balances simply use credit cards as a convenience mechanism. Insufficient financial resources force students to take out loans using their credit cards, but we do not know what they use their cards for. It is possible that some students charge some school-related items on their credit cards, whereas other students are fully covered by their parents.

Another finding, from a consumer behavior perspective, is that the more compulsive a student is, the more likely he or she is to carry credit card debt. Compulsive buying describes the degree to which a consumer makes excessive purchases (according to his or her disposable income) as a means of dealing with undesirable mood states

(Faber and O'Guinn 1992). Compulsive buyers often engage in purchasing behaviors to alleviate negative feelings; this behavior becomes difficult to stop and ultimately results in harmful consequences (Faber and O'Guinn 1992). Credit cards facilitate their desires to purchase despite their economic limitations. Compulsive buying is a pathological consumer behavior and has strong impact on credit card overuse. College students, who are surrounded by material temptations and peer pressure, often feel obligated to consume. When they become compulsive in their purchases, they may be more likely to fall into the credit trap. This phenomenon is exaggerated with the easy obtainment and high limit of credit cards available to college students.

Second, we focused on students who had credit card balances and aimed to find out what factors led to the degree of indebtedness. This analysis has merit since the meanings of credit cards for students with low balances may be very different from those for high debtors. What factors drive students to charge their cards repeatedly and in large amounts is our concern.

33% of all informants had balances on their credit cards ranging from \$50 to \$9,000 (median = \$875). We ran step-wise multiple regressions using the same constructs as independent variables and using the amount of credit card balances as the dependent variable. The results show very different patterns as compared to those from the logistic regression. First, no consumption patterns have any influence on the dependent variable. This result is counterintuitive since over-charging on credit cards is often presumed to be the direct consequence of reckless consumption. However, neither impulsive buying nor compulsive buying appears to influence credit card debt accrual. In addition, we found that some consumption-related individual values are also irrelevant to credit card indebtedness. Specifically, materialism, frugality, and religiosity have no impact on credit card debts.

Insert table 2 about here

Family resources are the only factor that influences the level of credit card debts. The original measure of family resources includes eight aspects that children can receive from their parents. We asked students to evaluate both the quality and quantity of support provided by their family while they grew up (Rindfleisch, Burroughs, and Denton 1997). Since three of the eight questions were regarding material support (i.e., spending money, food, and clothing), we also created a new scale by eliminating these three items. The new sub-scale, named intangible family support, captures time and attention, discipline, life skills and instruction, emotional support and love, and role modeling and guidance. We put family resources and intangible family resources separately into the regression model, and each of them appears to be a significant predictor.

The results show that the less family support students had while growing up, the more credit card balances they carry currently ($\beta = -.25, p < .05$). This result still holds when only intangible family resources are included ($\beta = -.29, p < .01$). That is, family resources for adolescents have a critical influence on their subsequent financial circumstances.

Implications

Our findings have several implications for financial management educators and researchers. The results of the logistic regression show that one's available financial

resources and compulsive buying behaviors influence the probability of credit card indebtedness. It is necessary to understand the sources of students' finances and how students actually employ their economic resources to fulfill their education, room and board, social activities, entertainment and leisure, and shopping needs. Although family income is negatively related to students' budgetary constraints, it is not a predictor of students' credit card indebtedness. When students apply for financial aid from their university, parental income is one of the most important factors in determining the extent of their financial aid.

Another predictor of credit card debt is compulsive buying. This opens a new window for financial educators who pay the most attention to financial education. It is obviously important for students to possess knowledge of credit cards and understand how to manage their finances. We argue that it is equally important to educate students to be responsible consumers. If students can learn to consume wisely, they will not need to spend beyond their means.

Our analyses of students who carry credit card balances show a different perspective on this phenomenon. For these college students, no individual values or consumption patterns influence the degree of credit card indebtedness. Instead, family resources provided when they grew up have a strong impact on their consequent financial situations. This result indicates that sufficient parental care and support are likely to improve a child's financial well-being. We project that more family resources may lead to a child's better financial management behavior and greater credit card knowledge. This accurate understanding of finances may be nurtured early on in an adolescents' life and will have a long impact over the years.

Our findings reinforce the importance of cooperation between educational institutions and families. When students live away from their parents and start their life projects independently, they are at risk of making poor decisions. Financial education efforts by universities may become more efficient and effective if parents can be involved. Additionally, this effort may be more rewarding if it can start early in adolescence. Children from disrupted families may be at a greater risk of falling into debt traps because of their lack of parental support. With a better understanding of students' family background, universities will more easily target students who need the knowledge and skills most. Many parents may be unaware of their children's consumption and credit card usage. Parents must understand that supplying financial assistance to their children does not necessarily lead to their remaining debt-free. Parents need to take responsibility for communicating with their children and understanding how they handle their finances. Treating their children as grownups and giving them total freedom may generate serious problems, as these young adults may feel helpless and lose direction in this transitional stage of life.

INTERVIEW STUDY

The aim of the in-depth interviews is to connect consumer debts with various aspects of social life. We intend to understand how students utilize debts in their life projects. We dig deep into college students' lifestyle, career goals, social relationships, as well as their financial behavior to provide a comprehensive picture. We then link consumer debt with college students' desires of independence and discuss how family support influences their debt accrual.

Unburden Social Obligations with Financial Indebtedness

Many students who come from out of state carry student loans. While it is possible that some of them choose an out-of-state university to receive a better education, students also want to leave their home and parents and become more independent. The financial consequences of this social independence behavior are major, and enormous student loans are often the result. This financial indebtedness allows students to be socially independent and have the freedom to be physically and emotionally detached from their parents.

Christine: Because this school [her previous state university in her hometown] that I went was 30 minutes from my house, which is where I grew up. And I wanted to do something different. I wanted to move away and this [her current university] is far enough from my family, but close enough where I can go home whenever I want [Paragraph 27].

Lisa: Some of it [her credit card balances] I think it's books from other semesters. I just hate asking him for money. That's some of the reason for my debt on my credit card, because I could ask him for the money, but I don't like it. I'm not like a lot of my friends are like when they have a problem, oh mom could I have some more money? I hate doing that and I won't do it unless I absolutely have to [Paragraph 952]... I'll rather be independent, like I'm 21 years old. I think is ridiculous that I have to go home and ask for money. I hate that feeling so, just put it on my credit card and I won't have to worry about asking them for money and then therefore is my responsibility [Paragraph 956].

Strong social ties may even restrict students' borrowing practices. Debtors are afraid that financial obligations to people with whom they have strong ties may breach those relationships and thus would rather seek an impersonal institution for help. This reluctance to use strong ties is an effort to maintain harmony since financial indebtedness often causes turbulence and may take a long time to overcome.

Even when students encounter serious debt problems and need immediate financial assistance, they may still try to maintain a sense of independent identity and refuse to let social obligations fully take over. The avoidance of immersion of social indebtedness allows adolescents to retain some semblance of freedom during their financial turmoil. Their resultant lack of restrictions from authoritarian figures motivates them to keep partial financial obligations which are transacted at the person-to-firm level and do not involve any personal obligations. Credit card companies and banks are seen as abstract and impersonal authoritarian figures that debtors are less concerned about.

Melissa: My dad offered to do that [eliminating her credit card balances] with me to pay for my cards until I got out of college and I said no. Because I didn't want to owe my dad the money. I'll rather owe the bank or the credit cards money than my dad.

Interviewer: Why?

Melissa: I don't like owing my parents money because they're always well you owe me this and you owe me that. Even though we have a great relationship, I don't want to have to owe them any money because they hold it over my head. [laugh] They'll be like well we did this for you so you can't do this; or you can't do this [because] we want you to do this. And I figured I'm already out of the house and I don't need to do what they say. I don't want to have to really listen to them with my decisions. But if I owe them money, then I have to listen to them, so I'll rather owe the bank money [Paragraphs 695-701].

This desire to be independent is also reflected by students' financial management behaviors. Students may simultaneously have money in their saving accounts and carry credit card balances. Obviously, money has social meanings and cannot be interpreted simply by its quantity (Zelizer 1994). In one such example, Cassandra is reluctant to pay off her credit card debts with her savings since the savings provide a sense of security for her future. The money in her savings account symbolizes her desire to leave her parents and substantiate her capabilities to be on her own one day. The money thus possesses a sacred meaning that will free her from her parents with whom she has lived throughout college. This behavior is irrational from an economic perspective. However, Cassandra's rationality of irrationality needs to be understood by integrating social embeddedness in economic behavior (Granovetter 1985). Specifically, her desire for independence and freedom is secured not by zero credit card debt, but by her own controllable financial resources.

Cassandra: ...I don't [pay off my credit card balances] because with the job that I have now and with the money that I'm getting from there, I'll be able to pay off both those credit cards really soon. So I just feel like if I take it out of my savings, it is gonna take a long time for me to put that money back in there. It might take me a while and I just don't really wanna touch that money until I really, absolutely need to and for whatever emergency I might have [Paragraph 1451].

Financial Obligations as a Consequence of Freedom

Young adults take chances and risks to gain freedom from authority. They recognize what their parents want them to do but do not necessarily follow their orders. However, their desires for greater freedom are not without costs. One type of struggle for freedom is to endanger their social ties to the extent that the ties are either broken or vulnerable. When the young adults give freedom priority, they also realize that they need to be responsible for their decisions and the consequences. They become reluctant to seek aid from their family that would have helped them in normal situations. This rift in social ties accelerates the adolescents' independence process and often stresses their financial indebtedness. They somehow sacrifice their secure financial umbrella by voluntarily choosing to gain more freedom.

Karen: I think they just want to spend their money on other things than me...I'm not angry toward them for that or whatever because I think they make decent money together but they don't make a lot. They're not rich, so I don't expect them to pay for my school. And not only that I'm not doing half the thing they wanted me to. Had I gone to be in college in Lansing [and] continued going to Michigan State, I think it might've been a little bit different... Since I decided to go to cosmetology school and now I wanna be a writer, they're just kinda like, "Okay, what are you doing here?" Like you're not doing well and the thing is my dad didn't want me to go to cosmetology school. ... Had I done what they had planned out for me, I think it would be different. But since I wanted to do what I wanted to do, I pretty much have to do it on my own. ...But I mean in a sense it's good because then I don't have somebody controlling me or telling me what to do, because I won't like that either... [Paragraph 1128].

This notion of freedom is especially cherished by adolescents who start to gain freedom and a self-identity away from their parents. With the aid of credit cards, students facilitate their desires to be independent and mature. However, over-consumption and subsequent indebtedness violate the true meaning of maturity and may in the end deprive

them from any freedom at all. Overcharging on credit cards is a hyper-manifestation of independence and maturity. For financially-deprived young people, the ability to stand on their own feet and not feel ashamed or embarrassed to ask for money from their parents is highly valued.

Christine: I was good with it [in the beginning]. The thing is credit cards make you feel like you have all the money in the world, because you have this feeling that you can go out and buy anything that you want right now. You don't have that feeling when you're under 18 and you're living off your parents. Especially parents don't give you an allowance and yell at you when you have to buy things. I think I handled it very maturely and responsibly compared to other people my age. But definitely it wasn't [totally responsible], I mean I bought a snow board and I went shopping and yeah I did all that stuff. [Paragraph 1103].

Family Support and Debt

Family support has different domains: financial, material, knowledge, and emotional support. A steady economic supply from the parents obviously reduces the students' probability of indebtedness, and here I will focus on non-substantive support. Parents have a big impact on their children's understanding of finances as well as their buying customs and payment behaviors. The parents' training and education can also help clarify confusion and doubts and thus generate long-term benefits for the youngsters. College students may be grown-up in many respects, but most have limited, if any, financial knowledge and need continual education. Parents are a reliable and convenient resource for transmitting important knowledge that may save their children from financial difficulties.

Robert: My dad said, "Don't pay the minimum." If they ask for fifteen, go higher. He was telling me with the interest, if you only pay fifteen, it doesn't really do you any good. It's not letting your limit go down any further. You might have only maybe one or two dollars. If you have money, try to go twice the amount or three times the amount to see a change. And it does make a difference, ha, ha, because when I was making fifteen, it was barely going down [Paragraph 1206].

Cassandra: A little before I started working, I didn't have a job. My mom said, "You can only use that [credit] card when you go to the mall with me and I'll pay for whatever you wanna buy. But she is like "You can't use that like crazy, because you don't have a job, and you don't have money to pay for it." So I respect that [Paragraph 739].

On the other hand, lack of family support is risky for adolescents who realize they need guidance concerning financial management but feel helpless. Debt, a sensitive topic in general, seems to be a particularly awkward topic to discuss with acquaintances. Correct parental guidance is especially crucial at the beginning of adolescents' credit card usage. Some students who have fallen into the debt trap regretted that they received little family support when they first started.

Karen: It seems like once you get into debt, it's like you're always trying to catch up. When I first moved out of my own family at 18, I didn't know what to expect. I didn't know how expensive things are. You don't really know a lot about budgeting, unless somebody you know tells you about it. So I got into trouble right from the start where I had a couple of credit cards [Paragraph 1020].

Family education on financial management has positive influences on children's financial behavior, but excessive sermons may intimidate indebted adolescents who do not want to break the balance of their relationships with their parents. The fear of negative responses or over-reactions restrains them from speaking out and sharing their true financial situations to their parents.

Evan: My mom tends to overreact about things and I know she will about this [his credit card debts]. She told me once that if you have more money to owe on your credit card than you have on your actual balance, you're in trouble, which is ten times [for me]. In my case, it can always be worse, but I mean I do owe a lot more money on my credit card than I have actually in my bank account. I'm way beyond and I don't wanna lose into it the lecture or get in an argument with them, because it won't solve anything. It won't take any money away that I owe and I know eventually I have to pay this off, as soon as possible really [Paragraph 1082].

Students' financial conditions are directly related to their family's support. This support is not constrained with monetary contribution but can involve a wide range of assistance. When students feel alienated from their parents, they become hesitant to seek help and tend to make poor decisions. The risk of being trapped in debt increases, as young adults usually have insufficient knowledge and financial counseling on campus is scarce. Family influence on children's financial well-being may come more from love, care, and communication, but not the amount of money provided.

Interviewer: Do they mention how they want you to spend money?

Christine: No, they never say I need to do this and that, because my mom is really big on responsibility. She's always been hands off with me because she knows how I am. She knows I'm very independent so she kinda just does what she needs to and she says, "You're a big girl and do your own thing." I mean I'm 22 years old. She supports me but she doesn't really tell me what to do with it. If I took all the money and I went shopping, she wouldn't be too happy, but she would say, "Well, you deal with it now. It's your problem" [Paragraphs 652-654].

It appears that close relationships with parents do not necessarily guarantee sufficient financial aid for college students. However, lack of family support in general is often associated with scarce financial support. Family support is also crucial for students who have already accumulated debts. Once students realize that their debt levels are beyond their own control, they tend to seek help from their strong ties. As most of these students are inexperienced regarding finances, their parents may be the best resources, as they can not only provide financial knowledge but also help them pay off debts sooner. Some students choose not to tell the truth since they are afraid that their parents will be disappointed or ashamed of their irresponsible behavior and thus the harmony in their relationships will be disrupted. However, students who finally reveal their poor, often desperate, financial situations to their parents, are normally forgiven and encouraged by their parents. They soon obtain information and economic resources from their family and are able to relieve their debt burden more quickly. Family support not only alleviates children's temporary financial difficulties but, more importantly, it can generate long-term benefits.

Melissa: I talked to my dad and he was very, well he was amazed at first, because he had no idea [and] because I had really never mentioned anything to him before. He said why I hadn't said anything and I told him that I was afraid that he would be mad. He

told me that we would figure something out. He was disappointed but he was glad that I learned from my mistakes and that I had to fix them myself [and] that I wasn't still buying things on them even though I knew that I couldn't pay them off. So he was glad that I told him though [Paragraphs 689].

DISCUSSION

Scant research on consumer debt has explored how consumption patterns, individual values, and social relationships reflect and shape consumer debts. In this research, we conducted a survey study and a qualitative study to investigate debt consumption of college students. Our research enriches a purely economic focus of consumer debt with consumption and social perspectives. We find distinctive patterns of compulsive buying, budget constraint, and family resources in affecting credit card debt accrual. Our qualitative study reveals how college students employ debt as a leveraging tool to balance both obligations and freedoms in their social relationships. These young debtors interpret and negotiate meanings of debt in line with their socially constructed environments and also the relationships in their networks. We also discover several ways that family support influences children's debt behavior.

Table 1

		B	S.E.	Wald	df	Sig.	Exp(B)
Independent Variables:	Seek social support	.044	.026	2.732	1	.098	1.044
	Impulsive buying	-.039	.034	1.261	1	.261	.962
	Life satisfaction	-.022	.056	.149	1	.700	.979
	Religious belief	-.006	.023	.065	1	.799	.994
	Budget constraint	.218	.072	9.142	1	.002	1.244
	materialism	-.003	.030	.012	1	.914	.997
	Family resources	.002	.036	.003	1	.959	1.002
	Self esteem	.009	.032	.071	1	.789	1.009
	frugality	-.083	.045	3.433	1	.064	.920
	compulse2	-.295	.084	12.351	1	.000	.745
	Constant	7.144	2.961	5.819	1	.016	1265.999

a. Variable(s) entered on step 1: seek social support, impulsive buying, life satisfaction, religious belief, budget constraint, materialism, family resources, self esteem, frugality, and compulse2 (adjusted compulsive buying).

b. Dependent variable: whether one has credit card balances (0 or 1)

c. $R^2 = .28$, $p < .001$, $N = 222$.

Table 2
Included Variables

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3993.998	953.220		4.190	.000
	Intangible family support	-121.835	44.646	-.294	-2.729	.008

Excluded Variables

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
1	income	-.155(a)	-1.446	.152	-.162	.995
	Seek social support	.119(a)	1.105	.273	.124	1.000
	Impulsive buying	.030(a)	.279	.781	.032	.996
	Life satisfaction	-.057(a)	-.460	.647	-.052	.772
	Religious belief	.082(a)	.737	.463	.083	.946
	Budget constraint	.023(a)	.212	.832	.024	.984
	materialism	.135(a)	1.256	.213	.141	1.000
	Self esteem	.019(a)	.169	.866	.019	.946
	frugality	.130(a)	1.136	.260	.128	.886
	compulse2	.011(a)	.101	.920	.011	.968

a. Dependent Variable: credit card balance

b. $R^2 = .09$, $p < .01$, $N = 80$

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