

**A FRAMEWORK FOR THE FINANCIAL LITERACY SKILLS  
REQUIRED BY PROFESSIONAL ATHLETES IN PURSUIT  
OF SUSTAINABLE FINANCIAL WELL-BEING**

by

**JACO MOOLMAN**

Thesis submitted in accordance with the requirements for  
the degree of

**DOCTOR OF PHILOSOPHY IN ACCOUNTING SCIENCES**

at the

**UNIVERSITY OF SOUTH AFRICA**

**SUPERVISOR: Prof CC Shuttleworth**

November 2019

## **ABSTRACT (IN ENGLISH)**

**Title:** A framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being

Many individuals spend their working lives attempting to accrue financial resources to sustain them beyond their retirement. The challenge in professional sport is that a professional athlete's career is often relatively short with various risks that could end it prematurely. In addition, there are various reasons why professional athletes find it challenging to transition to a vocational career after their sporting careers end. This highlights the importance for professional athletes to attain a high level of financial literacy from a young age.

Actor-network theory (ANT) provided a suitable theoretical frame for this study by considering the information that could flow in a network around a professional athlete in pursuit of sound financial decisions. This study first developed a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. For this purpose, semi-structured face-to-face interviews were conducted with 27 interviewees. ANT was applied to guide the selection of interviewees from a network of influencers that could guide a professional athlete's financial decisions. The results of these interviews and the open-ended responses provided the basis for the contributed framework.

The second part of this multi-layered study was aimed at developing an artefact or research instrument to assess the financial literacy of professional athletes. Design science research provided the overarching research design for this qualitative study with a second round of interviews held with 10 interviewees from the list of interviewees consulted for the first part of the study. The 10 interviewees were purposively selected after taking the primacy of ethical considerations around research into consideration. The developed instrument may be used as it is, or adapted or extended for research beyond the limits of this study.

This study could be valuable in assisting professional athletes to avoid financial distress after their sporting careers end. The study will also be of interest to sport governing bodies, the leadership of professional sports clubs, sports agents, legal

advisors, accountants, tax experts, financial planners and other financial advisors to improve their understanding of the financial needs and current levels of financial literacy amongst professional athletes.

**Key words:** financial literacy, professional athletes, financial well-being, actor-network theory.

## **OPSOMMING (ABSTRACT IN AFRIKAANS)**

**Titel:** 'n Raamwerk vir die finansiële geletterdheid en vaardighede wat professionele sportlui vir volhoubare finansiële welstand nodig het

Tallose werkende mense spaar lewenslank vir hulle aftrede. Die loopbane van professionele sportlui is taamlik kort en boonop kan verskeie risiko's voortydig 'n einde aan 'n sportloopbaan maak. Om verskeie redes sukkel professionele sportlui buitendien om die beroepswêreld ná 'n sportloopbaan te betree. Daarom is dit noodsaaklik dat hulle finansiël geletterd raak terwyl hulle nog jonk is.

Die speler-netwerkteorie (SNT) bied 'n geskikte teoretiese raamwerk vir hierdie studie aangesien dit toegespits is op die inligting wat deur 'n netwerk om professionele sportlui wat verstandige finansiële besluite nastrewe, vloei. Ten eerste is 'n raamwerk ontwikkel vir die finansiële vaardighede waarvoor professionele sportlui vir volhoubare finansiële welstand moet beskik. Hiervoor is halfgestruktureerde onderhoude van aangesig tot aangesig met 27 ondervraagdes gehou. Op grond van SNT is die ondervraagdes gekies uit 'n netwerk van beïnvloeders wat professionele sportlui se finansiële besluite kan bepaal. Die raamwerk het berus op die uitslag van hierdie onderhoude waarin oop vrae gestel is. In die tweede gedeelte van hierdie gelaagde studie is 'n artefak of navorsingsinstrument ontwikkel waarmee die finansiële geletterdheid van professionele sportlui getoets kan word. Die oorkoepelende navorsingsontwerp vir hierdie kwalitatiewe studie is aan wetenskaplike ontwerpnavorsing ontleen. 'n Tweede ronde onderhoude is met 10 van die 27 ondervraagdes in die eerste ronde onderhoude gevoer. Die 10 ondervraagdes is doelbewus ná inagneming van die voorrang van etiese navorsingsoorwegings gekies. Hierdie instrument kan óf onveranderd gebruik word óf aangepas word vir navorsing wat buite die perke van hierdie studie val.

Hierdie studie kan voorkom dat professionele sportlui ná 'n sportloopbaan in finansiële nood verkeer. Dit kan ook sportbeheerliggame, die bestuurders van beroepsportklubs, sportagente, regsadviseurs, rekenmeesters, belastingdeskundiges, finansiële beplanners en ander finansiële adviseurs help om

die finansiële behoeftes van professionele sportlui en hulle vlak van finansiële geletterdheid beter te begryp.

**Sleutelwoorde:** finansiële geletterdheid, professionele sportlui , finansiële welstand, speler-netwerkteorie.

## SETSOPOLWA (ABSTRACT IN NORTHERN SOTHO)

**Thaetlele:** Tlhako ya mabokgoni a tsebo ya ditšhelete ye e nyakegago go batšhabeši ba diatleletiki ba phrofešenale ge ba nyaka go phela gabotse ditšheleteng go ya go ile

Batho ba bantši ba tšea maphelo a bona ka moka a ge ba šoma ba leka go hwetša methopo ya ditšhelete ka nepo ya gore e ba tšwetše pele ka bophelo go ya go ile le ka morago ga ge ba rotše modiro. Tlhohlo ka mo papading ye ya sephrofešenale ke gore mošomo wa motšhabeši wa diatleletiki gantši ke o mokopana kudu ebile o na le dikotsi tše mmalwa tšeo di ka o fedišago e sa le ka pela. Godimo ga fao, go na le mabaka a mmalwa gore ke ka lebaka la eng batšhabeši ba diatleletiki ba hwetša go le boima go fetogela go mošomo wa diatla ka morago ga ge mošomo wa bona wa dipapadi o fedile. Se se laetša bohlokwa bja gore batšhabeši ba diatleletiki ba fihlelele maemo a godimo a tsebo ya ditšhelete ba sa le ba bannyane.

Teori ya mabapi le tirišano ya bakgathatema (ANT) e fane ka motheo wa maleba wa teori go dinyakišišo tše ge go lebeletšwe tshedimošo yeo e ka welago ka go netweke mabapi le motšhabeši wa diatleletiki ge a nyaka go tšea dipheto tšeo di kwagalago ka ga ditšhelete. Tlhako ye e thomile ke go hlamelwa mabokgoni a tsebo ya ditšhelkete ye e nyakegago go batšhabeši ba diatleletiki ba phrofešenale ge ba nyaka go phela gabotse ditšheleteng go ya go ile. Ka lebaka le, dipoledišano tša motho ka motho tšeo di hlametšwego gore bao ba botšišwago dipotšišo ba fetole ka tokologo di ile tša swarwa le baarabi ba 27. ANT e dirišitšwe go hlahla kgetho ya bao ba botšišwago dipotšišo go netweke ya bahuetši bao ba ka hlahlago diphetho tša ditšhelete tša motšhabeši wa diatleletiki. Dipolo tša dipoledišano tše le diphetolo tšeo di sa fego moarabi di fane ka motheo wa tlhako ye.

Karolo ya bobedi ya dinyakišišo tše tša dikgato tše ntši e be e ikemišeditše go hlama bokgabo goba setlabelo sa dinyakišišo sa go fihlelela tsebo ya ditšhelete ya boradiatleletiki ba phrofešenale. Dinyakišišo tša mahlale tšeo di hlangwago di fane ka tlhamo ya dinyakišišo yeo e akaretšago ya dinyakišišo tše tša boleng gomme karolo ya bobedi ya dipoledišano tšeo di swerwego le bao ba botšišwago dipotšišo ba 10 go tšwa lenaneong la bao ba botšišwago dipotšišo bao ba botšišitšwego dipotšišo ka karolong ya mathomo ya dinyakišišo. Bao ba botšišwago dipotšišo ba

10 ba kgethilwe ka maikemišetšo ka morago ga go hlokomela bohlokwa bja maitshwaro mabapi le dinyakišišo tše di dirwago. Setlabelo seo se hlamilwego se ka šomišwa ka fao se lego ka gona goba sa fetošwa goba sa oketšwa go tla go šomišwa ka dinyakišišong tša ka morago ga tše.

Dinyakišišo tše di ka no ba mohola go thuša batšhabeši ba diatleletiki go efoga kgatelelo ya monagano ye e bakwago ke mathata a ditšhelete ka morago ga ge mošomo wa bona wa dipapadi o fedile. Dinyakišišo tše gape di ka ba tša kgahlego go makgotlataolo a dipapadi, go boetapele bja ditlhapo tša dipapadi tša phrofešenale, go badiredi ba tša dipapadi, go baeletši tša molao, go balekodi ba dipuku tša ditšhelete, go ditshebi tša motšhelo, go babeakanyi ba ditšhelete le go baeletši ba bangwe ba ditšhelete ka nepo ya go kaonafatša kwešišo ya bona ya dinyakwa tša ditšhelete le go maemo a bjale a tsebo ya ditšhelete gareng ga bašhabeši ba diatleletiki ba phrofešenale.

**Mantšu a bohlokwa:** tsebo ya ditšhelete, batšhabeši ba diatleletiki ba phrofešenale, go phela gabotse ditšheleteng, teori ya mabapi le tirišano ya bakgathatema.

## **ACKNOWLEDGEMENTS**

With the submission of this thesis, I acknowledge with gratitude the following people who made this study possible:

- My supervisor, Prof Bienkie Shuttleworth, for her invaluable support, dedication and assistance throughout this research process
- Dr Charmaine Williamson, for her guidance and support
- Unisa and the Academic Qualification Improvement Programme
- Ms Ella Belcher, for the language editing of this thesis
- My delightful wife, Nienke, for her love, support, advice and motivation throughout this study
- Our precious daughter, Nina who provided some light moments along my research journey
- To my family and in particular my mother for her love and encouragement
- To the Lord, for all the talents and opportunities afforded to me

## DECLARATION

Name: Jaco Moolman

Student number: 62156519

Degree: Doctor of Philosophy in Accounting Sciences

Qualification stream: Management Accounting

Qualification code: 98591 – MAC

**Title: A framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being**

I declare that the above thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

I further declare that I submitted the thesis to originality checking software and that it falls within the accepted requirements for originality.

I further declare that I have not previously submitted this work, or part of it, for examination at Unisa for another qualification or at any other higher education institution.



---

SIGNATURE

November 2019

DATE

## TABLE OF CONTENTS

<b>ABSTRACT</b> .....	<b>2</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>8</b>
<b>DECLARATION</b> .....	<b>9</b>
<b>TABLE OF CONTENTS</b> .....	<b>10</b>
<b>LIST OF FIGURES</b> .....	<b>15</b>
<b>LIST OF TABLES</b> .....	<b>16</b>
<b>LIST OF ACRONYMS AND ABBREVIATIONS</b> .....	<b>17</b>
<b>CHAPTER 1 – BACKGROUND TO THE STUDY</b> .....	<b>18</b>
1.1.    TITLE.....	18
1.2.    INTRODUCTION AND BACKGROUND .....	18
1.3.    LITERATURE REVIEW .....	19
1.3.1. <i>Financial literacy</i> .....	20
1.3.2. <i>Global concerns regarding low levels of financial literacy</i> .....	21
1.3.3. <i>Frameworks to assess financial literacy</i> .....	22
1.3.4. <i>The assessment of financial literacy in South Africa</i> .....	26
1.3.5. <i>The benefits of having financial literacy skills</i> .....	28
1.3.6. <i>Relevance of financial literacy for professional athletes</i> .....	29
1.4.    OBJECTIVES OF THIS STUDY.....	33
1.5.    RESEARCH QUESTIONS .....	33
1.6.    GAINING A THEORETICAL PERSPECTIVE .....	34
1.6.1. <i>The evaluation of some potential theoretical perspectives</i> .....	34
1.6.2. <i>Sequence of research actions towards an initial conceptual framework</i> .....	43
1.7.    RESEARCH PHILOSOPHY AND APPROACH.....	44
1.7.1. <i>Research philosophy</i> .....	45
1.7.2. <i>Research approach</i> .....	47
1.8.    RESEARCH DESIGN .....	47
1.8.1. <i>Design science research provided the overarching research design for the study</i> .....	48
1.8.2. <i>Research design to address the primary research objective</i> .....	50
1.8.3. <i>Research design to address the secondary research objective</i> .....	54
1.9.    LIMITATIONS.....	58
1.10.    CONTRIBUTION .....	59
1.11.    STRUCTURE OF THE THESIS .....	60
<b>CHAPTER 2 – THE FINANCIAL LITERACY CONUNDRUM</b> .....	<b>62</b>
2.1.    INTRODUCTION AND BACKGROUND TO FINANCIAL LITERACY .....	62
2.2.    DEFINITION OF FINANCIAL LITERACY .....	63
2.3.    THE BENEFITS OF A HIGHER LEVEL OF FINANCIAL LITERACY .....	65
2.4.    FRAMEWORKS OF FINANCIAL LITERACY .....	67
2.5.    KEY COMPONENTS OF FINANCIAL LITERACY .....	68
2.5.1. <i>Financial knowledge</i> .....	68
2.5.2. <i>Financial attitude</i> .....	73
2.5.3. <i>Financial behaviour</i> .....	75

2.6.	CONCERNS OVER YOUNG PEOPLE’S LEVEL OF FINANCIAL LITERACY .....	77
2.6.1.	<i>Concerns over school children’s financial literacy</i> .....	77
2.6.2.	<i>Concerns over young adults’ financial literacy</i> .....	78
2.7.	METHODS TO IMPROVE FINANCIAL LITERACY .....	79
2.8.	ASSESSMENT OF FINANCIAL LITERACY.....	81
2.9.	INITIAL CONCEPTUAL FRAMEWORK.....	86
2.10.	SUMMARY .....	88
<b>CHAPTER 3 – THE RELEVANCE OF FINANCIAL LITERACY FOR PROFESSIONAL ATHLETES</b>		<b>89</b>
3.1.	INTRODUCTION .....	89
3.2.	BACKGROUND TO PROFESSIONAL SPORT .....	89
3.2.1.	<i>The world’s fascination with sport</i> .....	90
3.2.2.	<i>Amateur ideals in sport</i> .....	91
3.2.3.	<i>The professionalisation of sport</i> .....	92
3.2.4.	<i>The professionalisation of cricket</i> .....	94
3.2.5.	<i>The professionalisation of rugby</i> .....	98
3.3.	PROFESSIONAL SPORT IS A GLOBAL INDUSTRY .....	101
3.4.	LEGAL RISK FOR PROFESSIONAL ATHLETES .....	103
3.4.1.	<i>Legally binding and often complex contracts of employment</i> .....	104
3.4.2.	<i>Contractual agreements other than employment contracts</i> .....	110
3.4.3.	<i>Contractually agreed insurance for professional athletes</i> .....	111
3.4.4.	<i>Professional athletes need to be aware of the regulations governing their sport</i> .....	114
3.5.	TAXATION RISK FOR PROFESSIONAL ATHLETES .....	115
3.5.1.	<i>Taxation of professional athletes</i> .....	115
3.5.2.	<i>Sources of taxable income for professional athletes</i> .....	116
3.5.3.	<i>Determining ‘residency’ for tax purposes</i> .....	117
3.6.	THE RISK OF SUCCUMBING TO UNETHICAL BEHAVIOUR.....	120
3.6.1.	<i>The use of performance-enhancing drugs in search of quick success</i> .....	120
3.6.2.	<i>Match fixing</i> .....	123
3.7.	UNFORESEEN HAPPENINGS THAT COULD END A CAREER.....	124
3.7.1.	<i>Deselection</i> .....	124
3.7.2.	<i>Influences that may prove to be career ending</i> .....	125
3.7.3.	<i>The risk of suffering a career ending injury</i> .....	126
3.7.4.	<i>The mental demands of sport can take their toll</i> .....	129
3.8.	TRANSITIONAL CHALLENGES EXPERIENCED BY RETIRED PROFESSIONAL ATHLETES .....	131
3.8.1.	<i>Many professional athletes will need to transition to another career</i> .....	132
3.8.2.	<i>Taking up a transitional career after sport may be challenging</i> .....	132
3.9.	PLANNING FOR LIFE AFTER SPORT .....	134
3.10.	THE IMPORTANCE OF FINANCIAL LITERACY FOR PROFESSIONAL ATHLETES	136
3.11.	THE THEORETICAL LENS FOR THIS STUDY .....	139
3.11.1.	<i>Actor-network theory as the theoretical lens for this study</i> .....	139
3.11.2.	<i>The four moments of translation within actor-network theory</i> .....	140
3.11.3.	<i>The professional athlete: the primary actor in this network</i> .....	141
3.12.	SUMMARY .....	142
<b>CHAPTER 4 – RESEARCH METHODOLOGY</b> .....		<b>144</b>
4.1.	INTRODUCTION .....	144

4.2.	THE RESEARCH PHILOSOPHY AND ASSUMPTIONS THAT UNDERPIN THIS STUDY .....	145
4.3.	RESEARCH QUESTIONS AND APPROACH .....	150
4.4.	RESEARCH DESIGN: AN INTRODUCTION .....	151
4.5.	DESIGN SCIENCE RESEARCH AS THE OVERARCHING RESEARCH DESIGN ....	152
4.6.	RESEARCH DESIGN TO ACHIEVE THE PRIMARY RESEARCH OBJECTIVE.....	154
4.6.1.	<i>Methodological choice to achieve the primary research objective.....</i>	<i>154</i>
4.6.2.	<i>Research strategy to achieve the primary research objective.....</i>	<i>154</i>
4.6.3.	<i>Time horizon to achieve the primary objective.....</i>	<i>156</i>
4.7.	DATA COLLECTION AND DATA ANALYSIS TO ACHIEVE THE PRIMARY RESEARCH OBJECTIVE .....	156
4.8.	ETHICAL GUIDELINES OBSERVED TO ACHIEVE THE PRIMARY RESEARCH OBJECTIVE.....	158
4.9.	SAMPLING TO ACHIEVE THE PRIMARY RESEARCH OBJECTIVE .....	159
4.9.1.	<i>Sampling method.....</i>	<i>159</i>
4.9.2.	<i>Sample size.....</i>	<i>161</i>
4.10.	RESEARCH DESIGN TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE..	164
4.10.1.	<i>Methodological choice to achieve the secondary research objective.....</i>	<i>165</i>
4.10.2.	<i>Research strategy to achieve the secondary research objective.....</i>	<i>165</i>
4.10.3.	<i>Time horizon to achieve the secondary research objective.....</i>	<i>167</i>
4.11.	DATA COLLECTION AND DATA ANALYSIS TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE .....	168
4.11.1.	<i>Development of the research instrument.....</i>	<i>168</i>
4.11.2.	<i>Design of the structured interview schedule to assess and refine the research instrument.....</i>	<i>170</i>
4.12.	ETHICAL GUIDELINES OBSERVED TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE.....	171
4.13.	SAMPLING TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE .....	171
4.13.1.	<i>Sampling method.....</i>	<i>171</i>
4.13.2.	<i>Sample size.....</i>	<i>173</i>
4.14.	ANALYSIS OF THE RESULTS FROM THE STRUCTURED INTERVIEWS TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE.....	173
4.15.	LIMITATIONS.....	174
4.16.	FUTURE USE OF THE ARTEFACTS DEVELOPED DURING THIS STUDY .....	175
4.17.	SUMMARY .....	176
<b>CHAPTER 5 – FINDINGS FROM THE INTERVIEW DATA .....</b>		<b>177</b>
5.1.	INTRODUCTION .....	177
5.2.	ANALYSING THE RESEARCH FINDINGS.....	177
5.3.	IDENTIFICATION OF THEMES TO DEVELOP A FRAMEWORK .....	179
5.4.	DIAGRAMMATIC REPRESENTATION OF THE CORE FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES IN PURSUIT OF SUSTAINABLE FINANCIAL WELL-BEING .....	182
5.5.	DEMOGRAPHICS OF THE INDIVIDUAL INTERVIEWEES.....	185
5.6.	INTRODUCTION TO THE RESEARCH FINDINGS USED TO DEVELOP THE FRAMEWORK FOR THE FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES .....	188
5.7.	CATEGORY 1: CONTRACTS AND DOCUMENTS.....	189
5.7.1.	<i>Accepting a professional player’s contract .....</i>	<i>189</i>
5.7.2.	<i>Considerations before accepting a sponsorship or endorsement agreements.....</i>	<i>191</i>

5.7.3.	<i>Financial records and contracts</i> .....	192
5.7.4.	<i>Legal acumen</i> .....	193
5.8.	CATEGORY 2: PLANNING AND MONEY MANAGEMENT .....	194
5.8.1.	<i>Financial goals</i> .....	194
5.8.2.	<i>Time value of money</i> .....	197
5.8.3.	<i>Currency management</i> .....	198
5.8.4.	<i>Budgeting</i> .....	199
5.8.5.	<i>Financial control</i> .....	200
5.8.6.	<i>Savings</i> .....	202
5.8.7.	<i>Investments</i> .....	203
5.8.8.	<i>Basic mathematical skills</i> .....	206
5.9.	CATEGORY 3: FINANCIAL OBLIGATIONS .....	206
5.9.1.	<i>Credit and banking</i> .....	207
5.9.2.	<i>Taxation</i> .....	210
5.10.	CATEGORY 4: RISK MANAGEMENT .....	212
5.10.1.	<i>Insurance</i> .....	212
5.10.2.	<i>Estate planning</i> .....	216
5.10.3.	<i>Unethical behaviour</i> .....	217
5.11.	CATEGORY 5: PREPARING FOR A LIFE AFTER SPORT .....	220
5.11.1.	<i>Education</i> .....	220
5.11.2.	<i>Transitioning to another career</i> .....	221
5.12.	CATEGORY 6: GAINING PROFESSIONAL ADVICE .....	226
5.12.1.	<i>Gaining advice from a network of actors or advisors to guide financial decisions</i> .....	227
5.13.	LEVEL OF FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES .....	228
5.14.	SUMMARY .....	229

**CHAPTER 6 – THE FRAMEWORK FOR THE FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES ..... 230**

6.1.	INTRODUCTION .....	230
6.2.	FRAMEWORK FOR THE FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES IN PURSUIT OF SUSTAINABLE FINANCIAL WELL-BEING .....	230
6.3.	PERCEIVED LEVEL OF FINANCIAL LITERACY AMONG PROFESSIONAL RUGBY AND CRICKET PLAYERS .....	243
6.4.	CURRENT INITIATIVES .....	244
6.5.	RECOMMENDATIONS FOR FUTURE INITIATIVES .....	245
6.5.1.	<i>Promoting a change in culture among professional athletes</i> .....	245
6.5.2.	<i>Promoting a change in culture among employers/ franchises</i> .....	246
6.5.3.	<i>More tailored workshops</i> .....	248
6.5.4.	<i>Workshops to include the full spectrum of financial literacy skills as per the framework developed as a result of this study</i> .....	249
6.5.5.	<i>Workshops to include an assessment instrument</i> .....	250
6.5.6.	<i>Information at workshops should be easily understandable and practical</i> .....	250
6.6.	SUMMARY .....	251

**CHAPTER 7 – FINDINGS FROM THE STRUCTURED INTERVIEWS TO DEVELOP A RESEARCH INSTRUMENT ..... 252**

7.1.	INTRODUCTION .....	252
------	--------------------	-----

7.2.	DEMOGRAPHICS OF THE INDIVIDUAL INTERVIEWEES TO DEVELOP THE RESEARCH INSTRUMENT .....	252
7.3.	THE DEVELOPMENT OF THE PROPOSED QUESTIONS FOR THE STRUCTURED INTERVIEWS.....	254
7.4.	RESULTS OF THE STRUCTURED INTERVIEWS TO DEVELOP A RESEARCH INSTRUMENT.....	254
7.5.	QUESTIONS RELATED TO CATEGORY I: CONTRACTS AND DOCUMENTS (QUESTIONS 1–5).....	264
7.6.	QUESTIONS RELATED TO CATEGORY II: PLANNING AND MONEY MANAGEMENT (QUESTIONS 6–18).....	266
7.7.	QUESTIONS RELATED TO CATEGORY III: FINANCIAL OBLIGATIONS (QUESTIONS 19–23) .....	270
7.8.	QUESTIONS RELATED TO CATEGORY IV: RISK MANAGEMENT (QUESTIONS 24–26).....	272
7.9.	QUESTIONS RELATED TO CATEGORY V: PREPARING FOR A LIFE AFTER SPORT (QUESTIONS 27–28) .....	273
7.10.	QUESTIONS RELATED TO CATEGORY VI: GAINING PROFESSIONAL ADVICE (QUESTION 29).....	274
7.11.	SUMMARY .....	275
<b>CHAPTER 8 – CONCLUSIONS, IMPLICATIONS AND OPPORTUNITIES FOR FUTURE RESEARCH .....</b>		<b>276</b>
8.1.	INTRODUCTION .....	276
8.2.	THE RESEARCH IN BRIEF.....	276
8.3.	RESEARCH METHODOLOGY TO ACHIEVE THE PRIMARY OBJECTIVE.....	277
8.4.	FACTUAL CONCLUSIONS FROM THE RESEARCH FINDINGS USED TO DEVELOP THE FRAMEWORK .....	278
8.5.	RESEARCH METHODOLOGY TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE.....	281
8.6.	FACTUAL CONCLUSIONS FROM THE RESEARCH FINDINGS USED TO DEVELOP A RESEARCH INSTRUMENT.....	283
8.7.	CONCEPTUAL CONCLUSIONS FROM THE STUDY AS A WHOLE .....	283
8.7.1.	<i>Conceptual conclusions reinforce the choices that guided the research process.....</i>	<i>284</i>
8.7.2.	<i>Recommendations.....</i>	<i>285</i>
8.8.	IMPLICATIONS FOR FUTURE RESEARCH AND THE LIMITATIONS OF THIS RESEARCH STUDY .....	286
8.9.	CONTRIBUTION TO KNOWLEDGE .....	288
<b>REFERENCES .....</b>		<b>290</b>
<b>LIST OF ANNEXURES.....</b>		<b>332</b>
A.	ANNEXURE: INDIVIDUAL CONSENT TO TAKE PART IN THE INTERVIEW.....	332
B.	ANNEXURE: INTERVIEW SCHEDULE.....	335
C.	ANNEXURE: ORGANISATION PERMISSION LETTER.....	339
D.	ANNEXURE: COLLEGE OF ACCOUNTING SCIENCES ETHICAL CLEARANCE.....	341
E.	ANNEXURE: UNISA RPSC ETHICAL CLEARANCE .....	343
F.	STRUCTURED INTERVIEW SCHEDULE TO DEVELOP A RESEARCH INSTRUMENT WITH WHICH TO ASSESS THE FINANCIAL LITERACY SKILLS OF PROFESSIONAL ATHLETES.....	345
G.	LANGUAGE CERTIFICATE.....	375

## LIST OF FIGURES

Figure 1.1: Concept of financial literacy

Figure 1.2: Principal–agent relationships involved around a professional athlete

Figure 1.3: Network of actors that may influence the financial decisions of a professional athlete

Figure 1.4: The ‘magic circle’

Figure 2.1: Initial conceptual framework

Figure 4.1: The research onion

Figure 4.2: Developing your research philosophy: a reflexive process

Figure 4.3: Design science research as the overarching research design to develop an artefact

Figure 4.4: Grouping of actors within the network of actors that may influence the financial decisions of a professional athlete

Figure 5.1: The data analytics process

Figure 5.2: A streamlined codes-to-theory model for qualitative inquiry

Figure 5.3: Diagrammatic representation of the financial skills required by professional rugby and cricket players in pursuit of sustainable financial well-being

Figure 5.4: The contribution of ANT towards the identification of the overarching themes

Figure 7.1: Research findings to illustrate the relevance of each of the proposed questions to include in the research instrument (artefact) with which to assess the financial literacy of professional athletes

Figure 8.1: Diagrammatic representation of the framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being

## LIST OF TABLES

- Table 1.1: Application of design science research methodology
- Table 4.1: Research design to develop an artefact (research instrument) to achieve the secondary research objective
- Table 5.1: Number of interviewees/respondents from each group of actors/advisors
- Table 5.2: The anonymised demographics of the individual interviewees
- Table 6.1: Contracts and documents
- Table 6.2: Planning and money management
- Table 6.3: Financial obligations
- Table 6.4: Risk management
- Table 6.5: Preparing for a life after sport
- Table 6.6: Gaining professional advice
- Table 7.1: The anonymised demographics of the individual interviewees to achieve the secondary research objective (to develop a research instrument/artefact)
- Table 7.2: The evaluated relevance of questions with which to assess the financial literacy of professional athletes

## **LIST OF ACRONYMS AND ABBREVIATIONS**

ANT – Actor-network theory  
ANZ – Australia and New Zealand Banking Group  
ASIC – Australian Securities and Investment Commission  
BBC – British Broadcasting Corporation  
CAPs – Career Assistance Programs  
CSA – Cricket South Africa  
DSR – Design science research  
FAIS – Financial Advisory and Intermediary Services Act  
ICC – International Cricket Council  
IEG – Independent Evaluation Group  
INFE – International Network on Financial Education  
IRFB – International Rugby Football Board  
IODSA – Institute of Directors South Africa  
MCC – Marylebone Cricket Club  
NFEC – National Financial Educators Council  
NFL – National Football League  
NZRPA – New Zealand Rugby Players Association  
OECD – Organisation for Economic Co-operation and Development  
PISA – Programme for International Student Assessment  
RFU – The Rugby Football Union  
RPSC – Unisa Research Permission Subcommittee  
SA – South Africa  
SACA – SA Cricketers’ Association  
SARPA – South African Rugby Players’ Association  
SARS – South African Revenue Services  
SFAA – The Sports Financial Advisors Association  
UCB – United Cricket Board of South Africa  
US – United States of America  
WADA – World Anti-Doping Agency

## **CHAPTER 1 – BACKGROUND TO THE STUDY**

### **1.1. TITLE**

A framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being

### **1.2. INTRODUCTION AND BACKGROUND**

Alan Greenspan, the former chairperson of the United States of America (US) Federal Reserve famously said: “The number one problem in today’s generation and economy is the lack of financial literacy” (Cook 2016:3). Klapper, Lusardi and Panos (2013:3904) posit that an individual’s financial literacy and ability to make informed financial decisions is critical to allocate financial resources efficiently and achieve greater financial well-being. In addition, Lusardi and Mitchell (2014:5) note that financial markets, financial services and financial products such as student loans, mortgages, credit cards, pension accounts and annuities have become increasingly accessible to small, individual investors. Despite the rapid spread of such financially complex products to the retail marketplace, many of these have proven to be difficult to understand for financially unsophisticated investors (Lusardi & Mitchell 2014:6). Professional athletes might be classified as financially unsophisticated since they are susceptible to suffering financial losses or being swindled in high-risk investments due to low levels of financial literacy (Van Heerden 2018:22). The Sports Financial Advisors Association (SFAA) (2019) indicates that professional athletes have unique financial needs beginning with careers that can place them in a position of great wealth; however, there is a long list of challenges that can change their status almost immediately, including short careers, injury, financial mismanagement and fraudulent investments.

The SFAA (2019) posits that the problem many sport people face when dealing with money is that they never had it, or never had to manage it, and then they suddenly have an abundance of money. Carlson, Kim, Lusardi and Camerer (2015:383) note that having played sports for a long time and having been a successful and well-paid

player does not provide much protection against the risk of going bankrupt. Financial literacy plays an essential role in the process of making financial decisions, as it represents a systematic effort aimed at the development of positive knowledge, behaviour and attitude (Vitt 2004:70; Potrich, Vieira & Mendes-Da-Silva 2016:357). Various databases were consulted as part of the literature search, namely ProQuest, National Research Foundation (NEXUS), EBSCOhost, EconLit with Full Text, SA ePublications, Education Resource Center (ERIC), Business Source Complete, Education Source, Business Premium Collection, Social Science Premium Collection and SciTech Premium Collection. In so far as could be found there was no academic research to suggest a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. Furthermore, there was only limited research on the assessment of professional athletes' financial literacy skills or acumen. This study sought to address these gaps in the literature to contribute to the body of knowledge.

The literature also provided actor-network theory (ANT) as the theoretical lens that informed this study and the development of the framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. ANT also guided the development of the research instrument to assess the financial literacy skills of professional athletes, in the second part of this study. The motivation to use ANT as the theoretical lens is outlined in 1.6 and 3.11. The application of ANT throughout this study to develop the abovementioned framework and subsequently the research instrument was a further contribution to the body of knowledge.

### **1.3. LITERATURE REVIEW**

This section provides insight into and context for the basis of this thesis. Key existing literature is reviewed in exploring the areas of financial literacy, generic frameworks previously used to assess financial literacy for various groups of people and the relevance of financial literacy for professional athletes.

### **1.3.1. Financial literacy**

An individual's money management skills and financial well-being contribute towards a sustainable future for themselves and their families. Muir, Hamilton, Noone, Marjolin, Salignac and Saunders (2017:1) posit that financial well-being is achieved when a person is able to meet their expenses with some money to spare and when that person is in control of their finances while feeling financially secure (with limited stress about their present and future finances). Financial literacy is an essential factor in achieving financial well-being (Muir et al 2017:3; Glidden & Brown 2017:534). An important reason for the increased attention to financial literacy was the global financial crisis of 2008, which highlighted the importance of financial knowledge and skills for consumers (Miller, Reichelstein, Salas & Zia 2014:2). Huston (2010:307) describes financial literacy as a measure of how well an individual can understand and use personal finance-related information. Richards, Williams, Smith and Thyer (2015:24) posit that personal financial literacy is the ability to read, analyse, manage and write about the personal financial conditions that affect material well-being. The Organisation for Economic Co-operation and Development (OECD) (2016a:47) defines financial literacy as a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being. Gouws and Shuttleworth (2009:153) found that financial literacy entails more than the mere understanding of the terms 'financial' and 'literacy'. Remund (2010:284) states that financial literacy is a measure of someone's financial knowledge coupled with their applied experience to provide them with the skills to best manage their money. Potrich et al (2016:357) agree with this view and describe a financially literate individual as someone who comprehends financial calculations and displays financial knowledge with the ability to combine that with a sound financial attitude in pursuit of sustainable financial behaviour. Louw et al (2013:440) expand on this to define a financially literate individual as one with the understanding to take control of his/her own finances; with a positive attitude towards his/her (personal) finances and learning; as well as "the ability to discern good from bad financial decisions; and the skills to make it practical".

### **1.3.2. Global concerns regarding low levels of financial literacy**

Low levels of financial literacy are a global concern. Gouws and Shuttleworth (2009:154) note that many countries have attempted to enhance financial literacy among their populations by introducing programmes and other research initiatives. The OECD (2013:11) conducted an international study to assess financial literacy across the world, and (2013:19) found that most people have some very basic financial knowledge, but understanding of other, everyday financial concepts such as compound interest and diversification was lacking amongst sizeable portions of the population in many countries. The OECD (2013:120) research also illustrated that many people and particularly men were over-confident about their financial knowledge, because they provided incorrect responses instead of admitting that they did not know the answer. A year earlier, Atkinson and Messy (2012:12) commented that “[f]inancial literacy around the world is regarded as concerning low”. In a Canadian study, Hui, Nguyen, Palameta and Gyarmati (2016:ii) found that as participants’ age increased, their financial confidence increased, but their financial knowledge was the lowest of any age group. It is therefore important to advance one’s financial literacy at a young age to make appropriate financial decisions for one’s retirement.

Understanding what constitutes good financial literacy is a complex matter because broad ranges of factors influence financial literacy and financial decisions; in addition, no two individuals are the same. According to Gallery, Newton and Palm (2011:17) investors’ financial literacy and investment choices are influenced firstly, by their demographic and socioeconomic factors, such as age, gender, educational attainment, work type and status, household income and investments held. Secondly, they are influenced by social factors, such as the sources of advice and information; thirdly, by investors’ risk preferences and lastly, the characteristics of the investment choices (Gallery et al 2011:17). De Clercq and Venter (2009:49) found that, based on earlier international studies, the following factors also influence financial literacy: age, gender, ethnic background such as home language and race, and the income level of the individual respondents.

It is acknowledged that one requires more than just financial literacy to achieve financial well-being. The Australian Securities and Investments Commission (ASIC) explains that the achievement of financial well-being requires sufficient income, the availability of suitable financial products and appropriate regulations (ASIC 2013:6). Lusardi and Mitchell (2014:34) note that after the recent global financial crisis more attention has been devoted to methods of protecting people from their own financial illiteracy and inability to make informed financial decisions. Lusardi and Mitchell (2014:34) posit that unsophisticated consumers may not appreciate and take advantage of the many opportunities offered by complex financial markets, which leaves them at the mercy of frauds. While it is vital for individuals to have financial literacy and to know how to avoid the risks and traps of financial service products, it is important for governments to make sure that financial products and services are safe and regulated (OECD 2017:4). This has given rise to protective legislation (Deevy, Lucich & Beals 2012:23). One such example is the Dodd-Frank Act of 2010, which established the US Consumer Financial Protection Bureau, with a key goal to develop a government entity that could better protect consumers and specify uniform standards for financial products (Lusardi & Mitchell 2014:34). Consumer protection legislation has also been introduced in South Africa (SA) through prescriptions and laws such as the National Credit Act 34 of 2005 and the Consumer Protection Act 68 of 2008. Woker (2010:231) questions whether the National Credit Act and the Consumer Protection Act will actually achieve their aims of providing consumers with appropriate protection in today's highly sophisticated market. Lusardi and Mitchell (2014:35) suggest that despite legislation, a system of individual responsibility exists whereby individuals make important decisions instead of governments or employers doing so centrally on behalf of individuals, which increases the need for financial education. As mentioned before, professional athletes are regarded as financially unsophisticated, and this state of affairs further highlights the need for their financial literacy to be improved.

### **1.3.3. Frameworks to assess financial literacy**

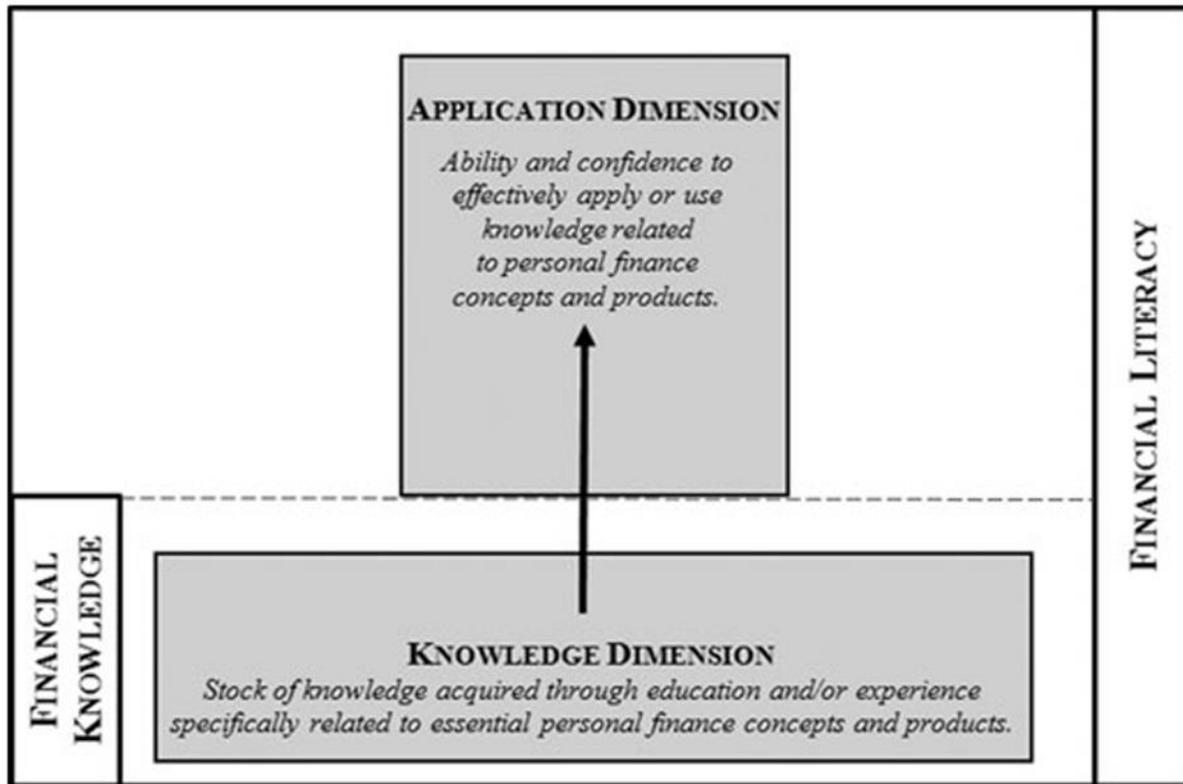
The literature revealed a number of financial literacy frameworks and questionnaires that have been developed to assess financial literacy. A literature study was

undertaken in an effort to standardise and formulate principles of financial literacy in order to determine a conceptual framework for the key financial literacy skills required by professional athletes in pursuit of sustainable financial well-being.

It is vital that an individual's financial literacy should be measurable. Huston (2010:307) argues that any effort to improve financial literacy requires the key components of financial literacy to be measurable. Efforts to measure financial literacy date back to at least the early 1990s when the Consumer Federation of America began conducting a series of consumer knowledge surveys among different populations, which included questions on several personal finance topics: consumer credit, bank accounts, insurance and major consumer expenditure areas such as housing, food, and automobiles (Brobeck 1990; Hastings, Madrian & Skimmyhorn 2013:352). Bernheim (1995) was among the first to document that many consumers in the US display low levels of financial literacy (Lusardi & Tufano 2009:2). According to Mandell (2008:5), The Jump\$tart Coalition for Personal Financial Literacy started assessing the financial literacy of American high school students in 1997. In 2008, the Jump\$tart Coalition also conducted its first national survey designed to measure the financial literacy of college students (Mandell 2008:5). By 2008 the survey instrument contained 49 questions of which the first 31 constituted the financial knowledge 'test' part of the survey while the other questions are 'classification' or demographic questions (Mandell 2008:10). Mandell (2008:10) notes that the key areas covered by the questionnaire are income, money management, saving and investing, spending and credit.

Various studies to assess individuals' financial literacy have also been conducted outside the US. The first Australia and New Zealand Banking Group (ANZ) Survey of Adult Financial Literacy was conducted in Australia as early as 2002 (ANZ 2015:2). Huston (2010:303) notes that these and many other initial financial literacy surveys focused on financial knowledge and ignored the financial attitude and financial behaviour components of financial literacy. Huston (2010:297) came to this conclusion based on an analysis of 71 individual studies drawn from 52 different data sets to assist with the development of a more standardised method to measure financial literacy. Huston (2010:307) states that financial literacy consists of both

financial knowledge and the ability to confidently apply the knowledge to make financial decisions (which could also be described as an individual's financial behaviour). Figure 1.1 shows how Huston (2010:307) correlates financial knowledge, education and financial decision-making (behaviour).



**Figure 1.1: Concept of financial literacy**

Source: Huston (2010:307)

Huston (2010:307) showed the relationship between financial knowledge and financial application or financial behaviour, which provided a good basis for other authors to develop more wide-ranging questionnaires and financial literacy frameworks. However, Huston (2010:307) did not clearly highlight the financial attitude component in this model, which is now generally accepted as another topic in many financial literacy frameworks (OECD 2016b:5; Potrich et al 2016:357). This will be discussed in more detail later in this chapter.

Researchers have also considered the application of subjective studies to assess individuals' perceived financial literacy. Stango and Zinman (2014:1021) assessed financial literacy by asking respondents to estimate their perceived level of financial literacy and capability. This was done without attempting to measure respondents' actual financial knowledge or financial literacy. Finke, Howe and Huston (2015:5) criticised this approach as merely a subjective measure. Bucher-Koenen, Lusardi, Alessie and Van Rooij (2017:256) considered American, Dutch, and German surveys to evaluate levels of financial literacy via both objective and subjective measures to gain an insight into the different levels of financial literacy between men and women. Lusardi and Mitchell (2014:15) note that the problem with any subjective measure is that the majority of respondents are over-confident and overestimate their financial knowledge. Moreover, Lusardi and Mitchell (2014:15) argue that while subjective questions (relying on the judgment of the respondents to gauge their own financial literacy) are not a good measure of the individual's financial literacy, they do help to indicate that many people are unaware of their shortcomings when it comes to financial literacy. Agnew, Bateman and Thorp (2012:13) agree that many people are not aware of their knowledge gap and low level of financial literacy. Ali, Anderson, McRae and Ramsay (2014:352) confirm that many international studies have found a discrepancy between individuals' self-assessed financial literacy and actual survey results. This provided further motivation for this study to provide a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. It also highlights that any instrument to measure professional athletes' financial literacy will need to consist predominantly of subjective questions.

The OECD undertook the most extensive comparative assessment of financial literacy. Struwig, Roberts and Gordon (2013:2) point out that the OECD International Network on Financial Education (INFE) reviewed existing literature and methods to measure financial literacy. This was done in an attempt firstly to develop a multidimensional approach to understanding financial literacy, conceptualised around four principal domains; and secondly to identify a set (ultimately 19) of core indicators spread across each of the financial literacy domains. Roberts, Struwig, Gordon, Viljoen and Wentzel (2012:xxi) explain that the OECD/INFE methodology centres on the following four principal domains: financial knowledge and

understanding, financial planning, financial control and choosing appropriate financial products (behaviour). Atkinson and Messy (2012:6) note that the OECD/INFE survey instrument comprised good practice questions drawn from existing financial literacy questionnaires and can be used to capture the financial literacy of individuals from very different backgrounds in a wide range of countries.

Other researchers also drafted questionnaires by consulting a range of experts in the field of financial literacy to identify a list of the most appropriate questions to assess an individual's financial literacy. Finke et al (2015:5) consulted an eight-member panel of national experts in financial literacy to formulate an instrument to assess financial literacy. In an Australian study, Louviere, Bateman, Thorp and Eckert (2016:7) surveyed 51 experts drawn from a list held by Financial Literacy Australia to formulate a survey instrument of 31 questions. Louviere et al (2016:7) posit that their survey instrument is suitable to determine whether an individual is financially capable by assessing their financial decision-making skills concerning loans, insurance and investments. However, none of these framework or surveys focused on the financial literacy skills specifically required by professional athletes.

Moving beyond frameworks of financial literacy, the next section considers the assessment of financial literacy in South Africa.

#### **1.3.4. The assessment of financial literacy in South Africa**

The assessment of South Africans' financial literacy has been the topic of numerous research studies. An example of this was South Africa's inclusion in the OECD survey instrument reported on by Atkinson and Messy (2012:6) which has been globally applied to assess individuals' financial literacy. These researchers (2012:20, 67) found that South Africans ranked last out of 14 countries for their financial knowledge and below average for their financial attitude and financial behaviour. This could in part be attributed to South Africa's status as a developing country with a significant wealth gap between the affluent and the poor, and which continues to increase due to high levels of unemployment and rising earnings inequality (Gornick & Jäntti 2014:481). Roberts et al (2012:124) also applied the OECD/INFE

methodology to assess the financial literacy of a broad range of South Africans from different backgrounds, in a report prepared for the Financial Services Board (FSB). This survey included 209 questions intended to assess the financial literacy of a sample representative of the entire population, including those earning a very low monthly income. Roberts et al (2012:18) reported that many South Africans have a low level of financial knowledge and knowledge gaps centred on savings, budgeting and an understanding of insurance. Roberts et al (2012:124) state that certain groups of the South African population, characterised by their lack of wealth and education, have very low financial literacy. Miller et al (2014:26) remark that the use of common questions and/or survey instruments, such as those developed by the World Bank and OECD to measure financial literacy and capability in a target population, is a step in the right direction and will help to increase the availability of comparable data.

Another group of South African researchers have also proposed their own financial literacy survey instrument. In a study by Louw, Fouché and Oberholzer (2013:448), the researchers used a questionnaire to assess the financial literacy of South African third-year university students. Louw et al (2013:441) indicated that the questionnaire was formulated after reviewing the contents of relevant books, university courses and research studies to compile a comprehensive topic list to formulate appropriate questions. The results were reported under the following categories: general financial literacy; financial planning and investments; banking and taxation; and legal and sundry financial matters. The originality of that study was that a newly developed questionnaire was formulated which could be used as a basis to do further similar comparative investigations. Based on the study by Louw et al (2013:447), low to extremely low levels of financial knowledge exist in South Africa regarding the clusters of financial planning and investments, banking and taxation as well as legal and sundry matters. However, to date, there is no consensus within academia regarding what instruments should be used to model or assess financial literacy (Potrich et al 2016:357).

The review of the literature did not provide a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. In

addition, the literature did not provide a survey instrument to assess the specific financial literacy skills required by professional athletes to make sound financial decisions. This gap in the literature presented an opportunity to contribute to the body of knowledge.

### **1.3.5. The benefits of having financial literacy skills**

Having a higher level of financial literacy offers numerous benefits and contributes to financial sustainability. Financial sustainability and financial well-being are achieved when personal and household resources are managed in a manner that ensures sufficient funds to meet personal financial obligations and resources over a person's life cycle and through changes in financial conditions (Hira 2012:505). Financial literacy skills are fundamental to achieving this goal because more financially literate individuals are more inclined to plan for retirement, more likely to participate in the stock markets and less likely to have costly debt (Fatoki & Oni 2014:409). Klapper et al (2013:3906) confirm that individuals with higher levels of financial literacy manage their debt better, utilise lower-cost methods of borrowing, are able to judge their debt position more effectively and are less likely to incur excessive debt. De Clercq (2014:245) explains that consumers with higher levels of financial literacy are less likely to become trapped in the greedy behaviour of financial service providers. More financially literate individuals are also empowered to make better financial decisions and manage their credit scores (De Clercq 2014:245). An individual's credit score is defined by Li, Gao, Enkavi, Zaval, Weber and Johnson (2015:65) as a measure of an individual's creditworthiness based on their credit history. While financial literacy can clearly be a factor in avoiding financial risks, it can also be important for taking advantage of financial opportunities (Miller et al 2014:2), which could be aided by a better credit score. Lusardi and Mitchell (2014:34) point out that important benefits of greater financial knowledge include savvier saving and investment decisions, better debt management, more retirement planning, higher participation in the stock market, and greater wealth accumulation. Collins and Olive (2016:98) elaborate that financial literacy improves individuals' well-being because it helps them to feel in control of their day-to-day finances, guides them in establishing emergency funds to

absorb financial shocks, helps them to achieve their financial goals and enhances their sense of financial freedom.

### **1.3.6. Relevance of financial literacy for professional athletes**

Many individuals spend their working lives in attempting to accrue financial resources during their working lives to sustain them after retirement. Behrman, Mitchell, Soo and Bravo (2012:300) state that traditional economic thinking suggests that forward-looking individuals use economic information to build assets during their working lives to sustain them beyond retirement to an old age. The challenge in professional sport is that the career of a professional athlete is often relatively short with various risks that could end it prematurely, which highlights the importance of financial literacy for these individuals. Woods (2015:77) posits that the work of a professional athlete can be very lucrative, but very demanding and when most people in their twenties or thirties are carving out a niche for their entire professional lives, professional athletes are completely focused on their sport careers. Küttel, Boyle, Christensen and Schmid (2018:15) confirm that their careers as professional athletes will most likely end in their thirties, well before normal retirement age. In addition, a professional athlete's career can be prematurely ended by injury, loss of form or non-selection sometimes brought about by a change in coaching staff and the coach's selection policy or choice of player (Ellis 2016:43). This creates a problem because professional athletes often have short careers in their chosen sport with no backup plan for the rest of their lives (Woods 2015:349; Danowski 2012:9). Rodriguez and McDonald (2013:213) note that working-class individuals mostly develop their earning capacity in the years from 20 to 50 to set them up for the future while professional athletes spend some of these years chasing the goal of being an elite athlete, which may come at the expense of acquiring other skills or experience.

The transition from being a full-time professional athlete to a new vocational career may be challenging. Wylleman and Reints (2010:92) define a vocational career as a career outside of sport, which requires professional knowledge and skills. The transition from a full-time professional sport career to a post-sport vocational career, which in many instances occurs at a relatively young age, may be challenging and

associated with significant psychological and emotional challenges (Stronach, Adair & Taylor 2014:41). In addition, some professional athletes also experience financial distress when their careers as professional athletes end. An American study by Carlson et al (2015:383) found that 16% of retired National Football League (NFL) players enter into bankruptcy within 12 years of retirement from their careers as professional athletes. Foyle (2015:xvi) notes that 50% of National Basketball Association players are broke five years after retirement and the main reason is that they do not educate themselves about finances. Rugby and cricket players are also prone to experiencing financial difficulties after they retire from professional sport. Van Reenen (2012:9) states that 84% of professional rugby players in South Africa find it challenging to survive financially once they stop playing rugby, and the New Zealand Rugby Players Association (NZRPA) (2011:27) report that 33% of retired rugby players in New Zealand indicated that they experienced financial hardship after their retirement and 82% experienced a period of unemployment. Likewise, a number of retired cricket players have endured extreme financial challenges after their playing careers ended (Cricket Country 2015). These financial challenges are intensified when athletes' sporting careers end with little warning due to injury or deselection (Fortunato & Marchant 1999:270).

Some may find this surprising because professional athletes are well remunerated, and especially since high-earning individuals with a higher occupation status are more likely to plan for retirement (Maseko & Surujlal 2011:166). However, after analysing bankruptcy among professional athletes, Carlson et al (2015:383) confirmed that this is not the case and that having been a successful and well-paid player does not reduce the risk of going bankrupt. Fortunato and Marchant (1999:276) remark that financial distress after retirement from a professional sport career can be prevented with sound financial planning from an early age.

Some South African soccer players have also been noted for their poor financial decisions. Maseko and Surujlal (2011:167) found that although the professional soccer players in South Africa are well remunerated, their savings and investment levels are low and they are prone to lavish spending. Reasons provided for their poor financial planning and insufficient preparation for retirement include the following: the

need to maintain a certain image, peer pressure, a low level of financial literacy, low levels of formal education and that football is viewed as an avenue to make easy money (Maseko & Surujlal 2011:166-167). In a related Kenyan study, Otieno and Misigah (2014:369) found that there is also a low level of financial literacy among Kenyan professional soccer players. Danowski (2012:9) attributes low levels of financial literacy among professional athletes to a lack of education on the importance of planning for retirement and the fact that professional athletes generally live in the moment and do not worry about the future.

A lack of financial education is often blamed for low levels of financial literacy. According to Potrich et al (2015:357) financial education allows an individual to understand financial problems and manage his or her personal finances in a satisfactory way, thereby avoiding indebtedness. Miller et al (2014:3) confirmed this statement in a meta-analysis of 188 related studies and found that more than 140 of those studies confirmed that financial education could be helpful in improving financial literacy and financial decision-making. Therefore, the best way to correct and prevent poor financial management for professional athletes would be to educate them about the possible outcomes of different financial decisions and to involve them in their finances (Danowski 2012:23). In an Australian study, Rodriguez and McDonald (2013:203) affirm that organised sport provides an opportunity to educate players about financial literacy, better health and leadership skills. However, any effort to improve a specific group's financial literacy has to coincide with the development of targeted, relevant education programmes and measures to improve their financial literacy (Ali et al 2014:352; Peach & Yuan 2017:36). This confirms the relevance of this study, since a framework towards the financial literacy skills required by professional athletes in pursuit of sustainability could be used to identify key areas of financial education required by professional athletes.

Professional athletes need to take responsibility for their own financial decisions and should not depend only on the help of financial advisors. There are many benefits to enlisting the assistance of a financial advisor or financial planner because these professionals possess skills to educate their clients about financial principles, to help their clients overcome over-indebtedness and to develop effective money

management behaviours (Delgadillo 2016:83). However, any shortcomings in financial literacy cannot be corrected by only receiving professional financial advice because relatively little is known about the effects of financial advice and whether it can improve financial decision-making (Lusardi & Mitchell 2014:37). Danowski (2012:9) also remarks that, in some instances, there is a lack of trust between professional athletes and their financial advisors and agents. This is because agents (in this case sports agents, financial advisors and others) often have the opportunity to misrepresent information, or to divert the resources of the principal (in this case the professional athlete) for the benefit of the agent instead of focusing on the professional athlete's well-being (Mason & Slack 2005:52). It also follows that individuals with good financial literacy could use this for their own benefit at the expense of those with lower levels of financial literacy (Shuttleworth 2009:7). Peach and Yuan (2017:28) also note that it is costly to acquire financial knowledge. In practice, many people continue to rely on the help of family and friends for their financial decisions (Lusardi & Mitchell 2014:37). This also increases the risk of individuals giving loans to family and friends, which should be avoided (Canter 2019).

Professional athletes have unique careers, which increases their need for sound financial planning from a young age. In addition to having relatively short careers in professional sport, these careers could be precipitated due to age, deselection or injury (Surujlal 2016:164; Park, Lavalley & Tod 2013:36), which makes financial planning critical in ensuring their sustained financial well-being (Surujlal 2016:164). Professional athletes also face a variety of challenges in their transition to a vocational career when their sport careers end. The abovementioned information provided further motivation for this study because it is in the best interest of professional athletes that they attain a high level of financial literacy to assist them in pursuit of sustainable financial well-being.

The literature review indicated that a scholarly gap exists regarding the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The literature also provided ANT as the theoretical lens to consider the information that flows in a network around a professional athlete when he or she

makes financial decisions (see 1.6.1.3). This scholarly gap informed the objectives of this study, discussed in more detail below, and ultimately informed the framework and research instrument that emanated from this study.

#### **1.4. OBJECTIVES OF THIS STUDY**

The primary objective of this study was to provide a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. In conjunction with this objective and emanating from the framework, the study aimed to achieve the following secondary objective: To provide the basis for a research instrument to assess the financial literacy of professional athletes.

#### **1.5. RESEARCH QUESTIONS**

The goal of research is ultimately to answer a research question. In simple terms, Dane (1990:4) defines research as a critical process for asking and attempting to answer questions about the world. Manoharan (2010:3) explains that research is the application of scientific procedures to study a problem in order to attain useful and dependable information to answer meaningful research questions. Ultimately, research questions should be empirically researchable, descriptive and not too wide or too narrow (Eriksson & Kovalainen 2015:31).

The following research questions were formulated to answer the research objectives:

- 1) What are the skills or main content areas of financial literacy that would be most relevant for professional athletes to make sound financial decisions in pursuit of sustainable financial well-being?
- 2) Which financial literacy questions are relevant in assessing the financial literacy of professional athletes?

With the research objectives and research questions in mind, the next step in the research process was to identify a suitable theoretical perspective.

## **1.6. GAINING A THEORETICAL PERSPECTIVE**

It was fundamental to this study to identify a suitable theoretical perspective, which provided an interpretive lens with which to approach the study and frame the research design.

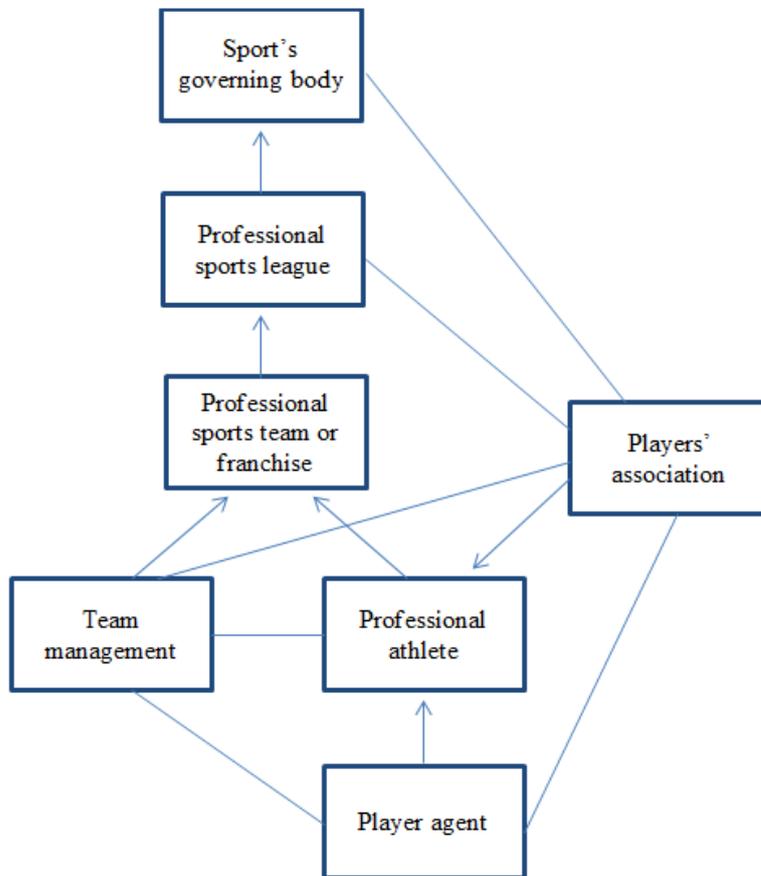
### **1.6.1. The evaluation of some potential theoretical perspectives**

Theories provide a theoretical and methodological lens with which to focus on and approach research. As early as the 1950s, Lewin (1952:169) contended that “there is nothing as practical as a good theory” to direct the research process. Terre Blanche and Durrheim (2002:427) concur that it is important for the researcher to have a theory or interpretive lens as guide through the research journey. When engaging in a research project it is important to organise one’s thinking about the practice of scientific research before deciding on a research design and the research methodology (Mouton 2011:141). Saunders, Lewis and Thornhill (2012:46) note that one needs theories in order to make sense of the world around us. Theories are statements about the mechanisms underlying a particular behaviour that help to organise and unify different observations related to the behaviour (Gravetter & Forzano 2009:72). Without these organising frameworks or theories researchers would be overwhelmed by the unconnected detail of the research study (Saunders et al 2012:46). The next section considers agency theory, stakeholder theory and ANT as suitable theoretical lenses for this research study.

#### **1.6.1.1. Agency theory**

Agency theory required consideration as many professional athletes appoint various principals or agents to act on their behalf. Jensen and Meckling (1976:308) define the agency relationship as a contract under which the principal (in this case the professional athlete) engages another person (the agent) to perform some services on their behalf, which involves delegating some authority to the agent. In addition, Mason and Slack (2005:51) note that the terms of the contract aim to satisfy the needs of both the principal and the agent. Mason and Slack (2005:60) motivate the application of agency theory for empirical research in sport organisations and sport.

Figure 1.2 below provides an adapted illustration of some of the principal–agent relationships in the context of professional sport as defined by Mason and Slack (2005:51).



**Figure 1.2: Principal–agent relationships around a professional athlete**

Source: Adapted from Mason and Slack (2005:51)

In Figure 1.2 a straight line signifies some of the relationships that occur as a result of duties performed by an agent on behalf of a principal in the context of professional sport. A straight line with an arrow signifies some of the principal–agent relationships that arise in professional sport (the arrow points to the principal).

The agency–principal relationship within professional sport is complex. According to Deegan (2013:280) agency theory assumes information asymmetry, where the agent has more information than the principal, which results in a conflict of interest. It is also noted that the performance-contingent compensation system between principals

and agents may encourage agents to act opportunistically towards other stakeholders at the expense of the principals or players they represent (Mason & Slack 2005:60). Deegan (2013:280) further explains that agents are often more concerned with their own compensation in the short term, and that they may also divert resources for their private use and may have a different policy on risk aversion to that of the principal. Mason and Slack (2005:60) argue that, in a sport context, agents may do whatever it takes to increase their own financial or reputational rewards. Hence, there is no reason to believe that in an agent–principal relationship, the agent (sports agent or otherwise) will act in the best interest of the principal (Deegan 2013:280). Therefore, professional athletes are advised to engage only with independent professional advisors and to “be careful of the sharks” (NZRPA 2011).

Agency theory could have been considered a useful theory to frame this study. However, the objectives of this study were more focused on the financial literacy requirements of the individual professional athlete, especially since any financial advice must be complemented by financial literacy and financial advice cannot be viewed as a substitute for sound financial literacy skills (Calcagno & Monticone 2015:364). In fact, the need for the study was further motivated by reasoning that sports agents and financial advisors could act in their own self-interest in an effort to maximise their own welfare at the expense of the professional athlete. The illustration in Figure 1.2 highlights a number of stakeholders around the individual professional athlete. In reality there may be more.

#### 1.6.1.2. Stakeholder theory

Recognising the number of stakeholders around a professional athlete motivated stakeholder theory as a possible theoretical framework for this research study. Deegan (2013:340) notes that stakeholder theory addresses an organisation’s (or individual’s) relationship with its stakeholders. Stakeholder theory accepts that different stakeholders will have different views on how an organisation (or individual) should conduct its operations and therefore various “social contracts” will be negotiated with the different stakeholders (Deegan 2013:372).

With the research questions in mind only stakeholders that could influence a professional athlete's financial literacy and financial decision-making were considered for the purpose of this study. In an effort to identify key stakeholders, it is worth noting that Deegan (2013:66) defines a stakeholder as a person or group that can be affected by an organisation's or individual's actions. In its sustainability report, BHP Billiton (2017:7) define their stakeholders as "those who are potentially affected by their actions or who have an interest in, or influence what they do". Westberg, Stavros, Smith, Newton, Lindsay, Kelly, Beus and Adair (2017:102) explain that an individual or group can only be a stakeholder if they are somehow at risk or could be harmed by the actions of the organisation or the individual. The King IV Report shows that there is an interdependent relationship between an entity and its stakeholders (IODSA 2016:25). The Institute of Directors South Africa (IODSA) notes that an entity or company operates within a society, which includes its internal and external stakeholders such as the employees from the community and the customers it serves, (IODSA 2016:24), giving meaning to the word 'Ubuntu': "We are because you are and you are because we are."

No definitive single list of stakeholders who could influence a professional athlete's financial literacy was found on ProQuest, the National Research Foundation (NEXUS), EBSCOhost, EconLit with Full Text, SA ePublications, Education Resource Center (ERIC), Business Source Complete, Education Source, Business Premium Collection, Social Science Premium Collection or SciTech Premium Collection, hence the proposed list of potential stakeholders was drawn from various literary sources. Mason and Slack (2005:51) identify the player's agent, the players' association, the league team or franchise that the player plays for and the team management (including coaches) as stakeholders. In some instances, professional athletes may also require assistance from an expert in the legal field pertaining to player contracts and finances.

This is especially the case since the employment contracts of professional athletes are complex and may include provisions for the use of the player's intellectual property (i.e. name, signature and image) and some restraint of trade clauses (O'Leary 2017:19). These contracts are further complicated because the terms and

conditions of employment for professional athletes in various sports are regulated by frameworks and regulatory rules, imposed by national and international governing bodies (O'Leary 2017:19). O'Leary (2012:191) notes that it can thus be deduced that a person with in-depth knowledge of professional athletes' player contracts could be another valuable stakeholder for a professional athlete, expressly because professional athletes are focused on performing on the sports field and many players place their trust in legal experts and financial advisors to deal with their contractual agreements and financial affairs (O'Leary 2012:202).

Apart from assistance with the signing of contracts, Foyle (2015:189) advises professional athletes to hire brokers or financial consultants to gain money management advice and to set long-term financial goals. Bateman, Eckert, Geweke, Louviere, Thorp and Satchell (2012:53) concur and report that individuals who paid for professional financial advice had greater financial knowledge regarding risk diversification and investments in shares. Furthermore, the value of academic resources should not be underestimated to inform individuals' financial decisions. Extensive academic research has been conducted on financial literacy, which could provide a wealth of valuable knowledge (Lusardi & Tufano 2015:333; Huston, 2010:297). This has also led to numerous financial education programmes by other stakeholders, for example governments and other organisations, to improve people's level of financial literacy (Atkinson & Messy 2012:11).

Family and friends are regarded as another important stakeholder in the professional athlete's life and form a strong support group around the athlete with the ability to significantly influence the athlete's thinking and decision-making (Sotiriadou & De Bosscher 2013:230). Gutter, Garrison and Copur (2010:389) explain that parents are the most important influencers of their children's financial knowledge, financial attitudes and behaviour. Van Campenhout (2015:200) confirms that parents significantly shape their children's financial attitude and their efforts to seek financial information. College students' financial literacy is positively influenced by social learning opportunities such as discussing financial topics with their parents or friends and when their parents set an example of prudent and calculated financial behaviour

(Gutter et al 2010:401). Roberts et al (2012:88) also highlight that family and friends are the primary source of financial advice for South Africans.

The appropriateness of stakeholder theory for this study was considered in light of the research objective(s). However, one can only apply stakeholder theory after understanding the various interdependent connections between the stakeholders (i.e. how each stakeholder and their connection to another could create harm or create value for the individual) (Westberg et al 2017:103). The King IV Report states that an entity can only achieve success by creating value for others (IODSA 2016:23). This Report also notes that the success of an entity's strategy is dependent on understanding the needs, interests and expectations of all material stakeholders (IODSA 2016:23). The primary objective of this study was not to identify the factors that influence the financial success of a professional athlete, but to explore the financial literacy skills required by a professional athlete in pursuit of sustainable financial well-being. One has to recognise that there could be actors, such as friends, who could influence a professional athlete's financial knowledge, financial attitude, and financial behaviour and thus their financial literacy. The probability that such actors do not stand to gain or lose anything from the professional athlete's actions diminished the suitability of stakeholder theory for this research study. Knowing that a network of influencers (or actors) around a professional athlete could possibly guide the professional athlete's financial decision-making inspired consideration for actor-network theory (ANT) as a theoretical framework for the purposes of this study.

#### 1.6.1.3. Actor-network theory

ANT provides a theoretical and methodological approach to analyse networks of relationships. Law (2007:2) defines ANT as a "disparate family of material-semiotic tools, sensibilities and methods of analysis that treat everything in the social and natural worlds as a continuously generated effect of the webs of relations within which they are located". Law (2007:2) posits that nothing exists outside such a network of relationships. It was necessary to consider ANT for the purposes of this study because a network of influencers exists around a professional athlete. ANT has also been used by Verhoef and Samkin (2017:1372) in accounting research to

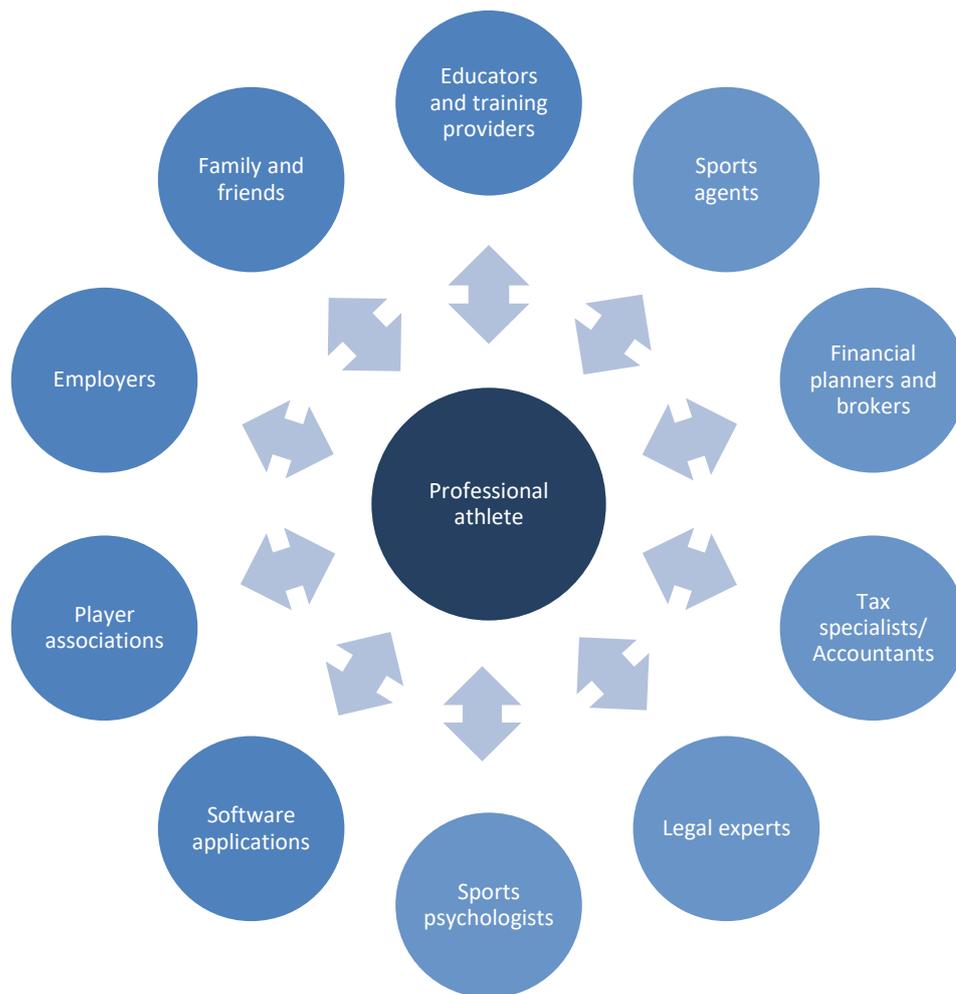
explain knowledge creation amidst a number of human and non-human actors that have set out to control accounting education in South Africa.

In order to understand ANT, it is advisable to understand the key terms at the heart of this term. Callon (1984:196) states that the establishment of an actor-network consists of the following four stages: problematisation, interessement, enrolment and mobilisation. O'Connell, Ciccotosto and De Lange (2014:6) explain that during the problematisation stage, the primary actor attempts to identify the "problem", understands what the required "knowledge claim" is, and considers the possible actors needed in the network to solve the problem. In their study, Verhoef and Samkin (2017:1375) explain that during the interessement stage, the primary actor endeavours to form the network through negotiations with other potential actors. The primary actor needs to convince others that they will also achieve their own goals when they become actors and join the network (O'Connell et al 2014:6). Verhoef and Samkin (2017:1375) argue that "[i]f the primary actor is successful, the other actors will be 'enrolled', and 'mobilisation' of the network occurs".

ANT centres on the primary actor who convinces others (the actors) to join a network in an effort to create knowledge. An actor is defined as someone or something to which "activity" has been granted by the primary actor or others in the network (Latour 1996:373). It is significant that ANT does not distinguish between human and non-human actors (Latour 1996:373). Callon (1999:182) explains that these actors or agents can calculate and make their own decisions within the web of relations and connections within which they exist. This is because the network provides the actors with the ability to make an impact and influence others within the network (Bueger & Stockbruegger 2017:7). One of the benefits of ANT is that, contrary to positivist research, it recognises power struggles and different contributions from different actors (Alcouffe, Berland & Levant 2008:2). Therefore, ANT is ideal to describe the communication between ranges of heterogeneous relations within a network (Law 2007:2). Importantly, ANT does not aim to explain the social relations or interactions in a network, such as the frequency, homogeneity or proximity of the different actors in the network (Latour 1996:369). Instead, ANT focuses on the essence of what circulates within the network beyond the obvious information (Latour 1996:378).

Fundamentally, ANT attempts to resolve a problem or in the research context answer the research question (Bueger & Stockbruegger 2017:14). Bueger and Stockbruegger (2017:14) explain that ANT provides an open and flexible vocabulary to record and describe the source of a problem and how to resolve it. Latour (1996:378) indicates that ANT aims to illustrate what “moves” inside a network between the actors. ANT goes beyond the “social” connection of actors to what the actors do in “nature” (Latour 1996:379). ANT is grounded in empirical analysis to “describe” meaningfully rather than “explain” social activity (Law 2007:2). If the actor network is successful the knowledge claim is accepted as “fact” by those outside the network and the “fact” or new knowledge can be separated from the network that built it (O’Connell et al 2014:6; Latour 1987:132).

ANT provided a suitable theoretical framework for this study because an understanding of the financial information that flows within the network around a professional athlete was suitable to identify the financial literacy skills required by a professional athlete in pursuit of sustainable financial well-being. The potential network of human actors who could form around a professional athlete to provide financial information and advice have been discussed in 1.6.1.2. They include sports agents, family and friends, brokers, tax specialists, legal experts, franchises (or employers) and a players’ union. In addition, ASIC (2017) advocates the use of computer software and smartphone applications (apps) as a non-human actor to assist individuals with financial calculations, in managing their budgets and in gaining information on debt management and investment decisions. The ANZ (2015:5) confirms the importance for individuals to use digital platforms such as the internet and software applications to compare financial products and assist with complex financial calculations. Figure 1.3 depicts a network of the actors who may provide financial advice to a professional athlete.



**Figure 1.3: Network of actors that may influence the financial decisions of a professional athlete**

Source: Own observation (adapted from the literature)

With the professional athlete in the centre of the network in pursuit of new knowledge, ANT was more suited to this research study than agency theory. The reason was that the research objective was to determine the financial literacy skills required by the professional athlete in pursuit of sustainable financial well-being and not to focus on the professional athlete's relationship with various agents who may not necessarily act in the best interest of the athletes they represent. ANT was preferred to stakeholder theory because not all the actors in the network are at risk or could be harmed by the financial actions of the professional athlete, which is a requirement for a stakeholder relationship to exist in the context of this research study. This was especially true for software applications, which have been identified

as a non-human actor that could contribute to a professional athlete's financial knowledge and financial literacy.

This research study aimed to identify financial literacy content areas for which the professional athlete may need to consult with actors or advisors to gain informative advice. The professional athlete was presumed to be at the centre of this egocentric network. This analysis was used to contribute to a framework for the financial literacy skills required by a professional athlete in pursuit of sustainable financial well-being. In using ANT, it was assumed that only the interactions within the network and what the actors perceive to be important for a professional athlete's financial well-being should contribute to the drafting of the framework, bearing in mind that within ANT there is never a need to go outside the network in pursuit of knowledge because the network can be extended if necessary (Latour 1996:376).

The next section outlines the sequence of the research actions towards an initial conceptual framework. The initial conceptual model was used to contextualise the literature and introduce the financial literacy phenomenon, after which an empirical study was undertaken with ANT as the theoretical and methodological approach to inform the design for a final conceptual framework.

### **1.6.2. Sequence of research actions towards an initial conceptual framework**

Research involves a process or series of linked activities moving from beginning to end (Bouma 1993:7–8). Koornhof (2001:256) also points out that research has a beginning and a starting point. Trafford and Leshem (2008:170) visualise the doctoral research process with the 'magic circle' (Figure 1.4) as a sequence of research actions and interconnected parts.



investigation carried out with the intention of contributing to knowledge and understanding in a particular field (Myers 2013:6). Saunders et al (2012:127) note that establishing the research philosophy and research approach is the starting point for a number of layers within the research process before deciding on the research methodology, data collection and data analysis techniques.

### **1.7.1. Research philosophy**

A research philosophy guides the development of knowledge. Saunders et al (2012:128) note that assumptions are made at every stage in the research process. One's assumptions about human knowledge and about the nature of the realities one encounters inevitably shape how one understands the research questions and the research methods, and how one interprets the findings (Saunders et al 2012:128). Trafford and Leshem (2008:94) indicate that one has to decide on the research philosophy through which one sees one's research topic. There are various research philosophies for the researcher to choose from to describe his or her own values and how these philosophies influence the research. Saunders, Lewis and Thornhill (2015:135) list five research philosophies for business and management research, namely pragmatism, positivism, critical realism, interpretivism and postmodernism.

Pragmatism was deemed to be the most appropriate philosophy to achieve the two research objectives of this study because it is a scientifically oriented philosophy that is guided by the research questions. Morgan (2013:41) states that every successful research project requires a research question and an appropriate way to answer the question. Pragmatism asserts that the most important determinant of the researcher's position on each of the continua is the research question and one position may be more important than another to answer the question (Saunders et al 2012:130). This research study required the answering of the primary research question: What are the components or main focus areas that could structure a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being? In addition, the research required the answering

of the secondary research question: What financial literacy questions are relevant to assess the financial literacy of professional athletes?

From the literature, it was clear that pragmatism would provide the required flexibility to answer both these research questions. Saunders et al (2012:130) state that pragmatists will not always use multiple methods, but instead they will use the methods that enable them to collect credible, well-founded, reliable and relevant data to advance the research. Within pragmatism, all research begins with a research question that leads to a research design, followed by a research strategy to gather the data (Morgan 2013:41). Morgan (2013:41) notes that pragmatism requires a research design that will allow for pragmatic potential solutions and outcomes to address the research question. Pragmatists aim to discover constructive knowledge that is useful in action to influence behaviour (Goldkuhl 2012:144). The choice of design science research (DSR) as the overarching research design (discussed in 1.8.1) combined with a qualitative methodological choice (see 1.8.2 and 1.8.3) is appropriate because pragmatists believe that individuals' views about "what it means to act and experience the consequence of those actions" are more important than the nature of reality (Morgan 2013:43). Goldkuhl (2012:139) explains that pragmatists believe the world is only changed through knowledge (reason) and action (behaviour).

Pragmatism also aligns with the application of ANT as the theoretical lens for this study. In this regard, Creswell (2013:12) notes that pragmatists believe that research occurs in a social, historical, political or related context. Therefore, ANT provided an appropriate theoretical lens for this study, to gain the views and understanding of the network of actors that could influence a professional athlete's financial knowledge, financial attitude and financial behaviour. Feilzer (2010:8) points out that pragmatists call for the use of quantitative or qualitative methods, or a combination of these methods, in their research studies.

### **1.7.2. Research approach**

Making a contribution to knowledge implies either developing (inductive research) or evaluating (deductive research) theory (Trafford & Leshem 2008:49). The research approach that was followed in this study was both inductive and deductive. In order to answer the primary research question, a review of the relevant literature was conducted to develop an initial conceptual framework. According to Saunders et al (2012:581) those theoretical propositions still had to be tested with rigour. Therefore, the initial conceptual framework was refined through empirical testing to develop a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. Consequently, the first part of the research was inductive, because data was collected and the research results were used to identify themes and to generate or build theory such as a framework (Saunders et al 2015:152). Aligned with the recommendations of Saldaña (2015:14), the themes were identified after the transcribed interviews were coded and categorised.

A deductive approach was applied to answer the secondary research question and to design an instrument to assess the financial literacy of professional athletes. The research instrument was informed by the literature and the framework developed to satisfy the primary research objective of this study (see 5.8). A research strategy was designed to verify, but not validate, the research instrument. A deductive approach allows researchers to define in advance what they are going to look for and what they want to measure (David & Sutton 2004:69).

## **1.8. RESEARCH DESIGN**

The research design provided guidelines for the collection and analysis of data to answer the research questions. According to Saunders et al (2012:158) the research philosophy and research approach influence the next three layers (or considerations) in the research process. Saunders et al (2012:158) explain that these three layers, namely research methodology (methodological choice), research strategies and time horizon, make up the research design. Zikmund, Babin, Carr and Griffin (2013:36) define research design as a master plan that specifies the methods and procedures

for collecting and analysing the required information. The purpose of the research design is to ensure that evidence obtained during the research process will enable the researcher to answer the formulated research question as clearly as possible (Hindley 2012:10). Saunders et al (2012:158) explain that research design is the way one turns one's research questions into a research project. Research design provides an outline for the collection and analysis of data to answer research questions and to meet research objectives providing reasoned justification for the choice of data source, collection methods and analysis techniques (Saunders et al 2012:680).

### **1.8.1. Design science research provided the overarching research design for the study**

This study aimed to address two research objectives: (1) to provide a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being, and (2) to design a research instrument to assess the financial literacy skills of professional athletes. Since DSR seeks to enhance human knowledge through the building of innovative artefacts such as constructs, models, frameworks and research instruments, which are refined through fieldwork (Hevner, March, Park & Ram 2004:80), it was deemed a suitable overarching research design for this study. The goal of DSR is to develop a purposeful artefact that yields utility for a practical purpose to address an identified problem or question (Geerts 2011:143; Hevner et al 2004:82). Geerts (2011:146) justifies the application of DSR to answer research questions in the field of accounting sciences. This made the application of DSR appropriate for this study. DSR was applied in multiple phases: firstly, to identify the problem; secondly, to develop an artefact (in the form of a framework) based on the literature review and research findings of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being; and thirdly, to develop an artefact (research instrument) with which to assess the financial literacy skills of professional athletes. Table 1.1 below shows the DSR steps followed to gain a better understanding of the research problem and to develop two artefacts to address the respective research questions.

<b>DSR activities</b>	<b>Activity description</b>	<b>Application to achieve the primary research objective</b>	<b>Application to achieve the secondary research objective</b>
Problem identification and motivation	<i>What is the problem?</i>	Limited literature could be found that outlines the financial literacy skills required by professional athletes (Chapter 1).	Limited literature could be found that guides the assessment of professional athletes' financial literacy skills or acumen (Chapter 1).
Define the objectives of a solution	<i>How could the problem be solved?</i>	Provide a framework for the financial knowledge, financial attitude and financial behaviour skills that could enhance a professional athlete's financial well-being (Chapter 1).	Provide a research instrument to assess the financial literacy skills of professional athletes (Chapter 1).
Design and development	<i>Create an artefact that solves the problem.</i>	The framework was developed by using a qualitative approach and semi-structured interviews (Chapters 1 and 4).	A research instrument was developed by using a qualitative approach and structured interviews (Chapters 1 and 4).
Demonstration	<i>Demonstrate the use of the artefact(s).</i>	The framework provides a guide of financial literacy skills that could aid professional athletes in pursuit of sustainable financial well-being (Chapters 5 and 6).	The research instrument developed in Chapter 7 provides a list of questions to assess the financial literacy skills of professional athletes. The questions are drafted for each of the main content areas provided in the framework (developed to address the primary research objective).
Evaluation	<i>Observe how well the artefacts support a solution to the problem by comparing the artefacts to the research objective.</i>	The framework outlines the financial literacy skills required by professional athletes and addresses the primary research objective and a gap in the literature (Chapters 5 and 6).	The research instrument guides the assessment of professional athletes' financial literacy skills and addresses the secondary research objective and a gap in the literature (Chapter 7).
Communication	<i>Communicate the problem, its solution, as well as the utility, novelty, and effectiveness of the solution to researchers and other relevant audiences.</i>	The framework is reported under the research findings in Chapters 5 and 6.	The research instrument is reported under the research findings in Chapter 7 of this study.

### **Table 1.1: Application of design science research methodology**

Source: Adapted from Geerts (2011:144)

The following section explains the research design applied to address the 'design and development' phase illustrated in Table 1.1 above.

#### **1.8.2. Research design to address the primary research objective**

The research design to achieve the primary research objective was determined by the research question. Vithal and Jansen (2004:26) state that one needs to keep the research question in mind when deciding on a research design because more than one strategy or method could be appropriate for the collection of data for a specific research question. The primary research question was: What are the skills or main focus areas of financial literacy that would be most relevant to professional athletes to enable them to make sound financial decisions in pursuit of sustainable financial well-being? The research design, methodology and strategy, time horizon, as well as the data collection and data analysis methods that were applied to address the primary research question are discussed below.

##### **1.8.2.1. Towards a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being**

The primary research question and first stage of the research was answered by drafting a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. With DSR as the overarching research design, a comprehensive exploration of research methodology was undertaken before starting with the fieldwork in order to develop the framework. A key reason for choosing DSR as the overarching research design is because it is concerned with solving problems through the development of artefacts, which may result in new knowledge and an improvement of theories (Dresch, Lacerda & Antunes 2015:68). Moving beyond research design, the research methodology provides a bridge between the theory and the research methods that will be applied to answer the research question (Trafford & Leshem 2008:45). Jalil (2013:12) notes two main research methods, namely quantitative and qualitative research.

A quantitative study is applied if one wants to quantify the variation in the phenomenon, situation, problem or issue and if the analysis is geared towards ascertaining the magnitude of the variations (Kumar 2011:13). Jalil (2013:12) indicates that quantitative data predominantly comes from surveys (among other data collection methods). One of the benefits of quantitative research studies are that the results are readily evaluated and interpreted (Manoharan 2010:13). However, Manoharan (2010:13) explains that quantitative research is less responsive to its subject than qualitative research and therefore qualitative research allows for more in-depth information to be gathered.

Qualitative research describes events scientifically without the extensive use of numerical data (Manoharan 2010:12). Nevertheless, Sandelowski (2001:231) emphasises that numbers and the ability to analyse numbers are integral when undertaking qualitative research. In addition, Alshenqeeti (2014:40) explains that qualitative research seeks to explore and describe the quality and nature of how people behave, experience and understand a certain topic and that qualitative research is ideal to gain in-depth information about people's views. Qualitative techniques at the data collection stage include focus groups, individual in-depth interviews, case studies, ethnography, grounded theory, action research and observation (Cooper & Schindler 2014:151). Interviews were deemed to be the best qualitative technique to achieve the primary research objective. Gravetter and Forzano (2009:371) posit that interviews are ideal as a data collection technique when selected individuals (key informants) have unique perspectives on the issue or unique access to information from their experience or position.

It is important to recognise the nature of one's research design to focus the research in such a way that the research questions are well answered. Saunders et al (2015:174) distinguishes between descriptive, explanatory and exploratory research. Descriptive research is effective in gaining an accurate profile of events, persons or situations and if it is necessary for the researcher to have a clear picture of the phenomenon on which he or she wishes to collect data prior to the collection of the data (Saunders et al 2012:170). However, descriptive research should be thought of as a means to an end, rather than an end itself (Saunders et al 2012:171).

Explanatory studies establish causal relationships between variables and the emphasis here is on studying a situation or a problem in order to explain the relationship between the variables (Saunders et al 2012:172). According to Zikmund et al (2013:136) exploratory research usually produces qualitative data to develop a deeper understanding of something. Exploratory research is a valuable means to ask open questions to discover what is happening and gain insights about a topic of interest and it is particularly useful if one wishes to clarify one's understanding of a problem (Saunders et al 2012:171). Zikmund et al (2013:136) point out that exploratory research usually involves qualitative data collection methods. The research design selected to answer the primary research question of the current study centred on exploratory research with DSR as the overarching research design with a qualitative approach.

#### 1.8.2.2. Research methodology and research strategy

The term 'research strategy' refers to the general approach and goals of the research; in other words, the research strategy is usually determined by the research questions the researcher hopes to address and the kinds of answers he or she hopes to obtain (Gravetter & Forzano 2009:148). This first part of this study was undertaken to develop a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. First, a literature review was conducted to draw up an initial conceptual framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. A qualitative approach was taken in conducting semi-structured interviews as it is suitable for exploratory research studies (Saunders et al 2012:171). Interviews were used as a research method as interviews provide the opportunity to gain in-depth information and subsequently follow-up questions to explore complex issues more fully (Gravetter & Forzano 2009:371). Moreover, interviews are useful to gather valid and reliable data (Saunders et al 2012:372). The development of this framework (see 5.8) provides a contribution to the body of knowledge. With reference to the network of actors around a professional athlete (illustrated in Figure 1.3), various role players within the spheres of professional sport and financial planning were targeted for the semi-structured interviews.

#### 1.8.2.3. Time horizon

Researchers need to decide whether they want to study a particular phenomenon within a particular time or over a period of time. According to Saunders et al (2012:190) a researcher needs to decide whether the research will be a “snapshot” taken at a particular time or whether it will be a series of ‘snapshots’ to represent events over a period of time. Saunders et al (2012:190) describe the study of a particular phenomenon at a particular time as a “cross-sectional study”, and Gravetter and Forzano (2009:291) note that a “longitudinal study” involves measuring the same group of individuals over a period of time. For the purpose of this research, a cross-sectional study was conducted with interviews at a snapshot in time. This approach was appropriate since the research objective was to develop a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. This framework is not expected to change in the near future and since the framework is an object or artefact and not an individual, there was no need to monitor the development of individuals over a period of time during the research process.

#### 1.8.2.4. Data collection and data analysis

Interviewees were identified from the network of actors that could form around a professional athlete with the ability to influence his or her financial literacy. Since interviewees from various spheres were approached, it was impractical to try and arrange a focus group; therefore, individual face-to-face interviews were conducted instead. For this purpose, an interview schedule was drafted with a list of open-ended questions based on the literature review and the initial conceptual framework. The interview schedule was explored with three individuals and minor adjustments were subsequently made to make the interview questions more easily understandable. The interview schedule used for this study is included under Annexure B.

A total of 27 interviews were conducted. The sample of 27 interviewees was selected from the four key groups (actors) associated with professional athletes’ finances.

This was done to mitigate “sampling bias” as defined by Gravetter and Forzano (2009:131). Based on the guidelines of Saunders et al (2012:282), critical case purposive sampling was used to identify the sample of interviewees because there was a clear in-depth motivation for selecting the sample, which enhances the credibility of the findings from this study. Gravetter and Forzano (2009:128) note that the goal of any research study is to examine the sample and to then transfer the results to comparable conditions or phenomena. The results of these interviews and the open-ended responses provided a basis for the framework for the financial literacy required by professional athletes in pursuit of sustainable financial well-being in the South African context.

The interviewees had the same characteristics as the population (network of people that could influence a professional athlete’s decision-making), which, as explained by Gravetter and Forzano (2009:131), will make for a more representative sample. Patton (2002:237) posits that a logical generalisation can be made from the weight of evidence produced in studying a single critical case. This study included a range of in-depth interviews, which contributed to the transferability of the research findings and enhanced its contribution to the body of knowledge.

The research design to address the primary research objective ties in with the overarching DSR methodology adopted for the purpose of this study. The application of DSR to develop the framework (illustrated in Chapter 5), is justified by the findings of Kotzé, Van der Merwe and Gerber (2015:4) who reported that the majority of doctoral studies that apply DSR methodology produce an artefact in the form of a framework to address the research objective. The next section outlines the research design to address the secondary research objective, which extends from the framework in the first section of the study, to developing a research instrument as the artefact.

### **1.8.3. Research design to address the secondary research objective**

The research design for the second part of this study was determined by the secondary research question: What questions are relevant to assess the financial

literacy of professional athletes? DSR provided the overarching research design because the objective of this part of the study was to develop an artefact in the form of a research instrument to assess the financial literacy of professional athletes. The research methodology, strategy, and time horizon, as well as the data collection and data analysis methods that were applied to address the secondary research question are discussed below.

#### 1.8.3.1. Towards an instrument to assess the financial literacy of professional athletes

With DSR as the overarching research design, a comprehensive research methodology was undertaken prior to the fieldwork in order to development a research instrument to assess the financial literacy of professional athletes. Gravetter and Forzano (2009:147) note that a research strategy can be qualitative or quantitative in nature. Quantitative research is based on measuring variables for individual participants to obtain scores, usually numerical values that are submitted to statistical analysis for summary and interpretation (Gravetter & Forzano, 2009:147). Saunders et al (2012:161) explain that quantitative research is often used as a synonym for any data collection technique (such as a questionnaire or research instrument) that generates or uses numerical data. In contrast, qualitative research is often used as a synonym for any data collection technique (such as an interview) that generates or uses non-numeric data (Saunders et al 2012:161).

#### 1.8.3.2. Research methodology and research strategy

This part of the study focused on the achievement of the second research objective, which was aimed at developing a research instrument (artefact) to assess the financial literacy of professional athletes. A review of the literature for financial literacy assessment instruments along with the framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being, which was developed in the first part of the study, informed the design of a research instrument. A list of possible questions to assess professional athletes' financial literacy was also compiled and used. A qualitative and exploratory approach was

deemed to be most suited for this purpose because qualitative research is ideal to gain participants' views and to understand how they interpret and make meaning of a topic (Saunders et al 2015:168). Since the second part of the study built on the first part it satisfied the definition of a sequential explorative study with qualitative research approaches subsidiary to an overarching DSR approach.

Structured interviews were deemed to be suitable for this part of the study. Alshenqeeti (2014:40) explains that structured interviews are mostly organised around predetermined direct questions that require immediate responses. Therefore, the research instrument was developed by purposively and ethically gaining consent to interview 10 individuals from the same list of interviewees that informed the development of the framework to achieve the primary research objective in the first part of the study. ANT provided the theoretical lens for the entire study and an effort was made to purposively select interviewees that could represent each of the actors (identified in Figure 1.3) within the network of professional advisors that a professional athlete could consult to gain guidance in pursuit of sustainable financial well-being. The 10 interviewees were required to choose the most relevant questions that could be used in a research instrument or questionnaire to assess a professional athlete's financial literacy and were given the opportunity to explain their responses. The sample was smaller than the one used for the first part of the study after taking the situational and relational ethics of the participants into account (Tracy 2010:847). The results were collated to realise a research instrument that could be used in the future to assess the financial literacy of professional athletes (see 7.4). This addressed the secondary objective of this study.

#### 1.8.3.3. Time horizon

This second part of the study required the assessment of possible questions to be included in a research instrument to assess the financial literacy of professional athletes. A cross-sectional study was conducted with structured interviews as a snapshot in time. This was appropriate since the research objective was to propose a research instrument to assess the financial literacy of professional athletes and not to actually test professional athletes' financial literacy. Doing the study as a snapshot

in time was also fitting because the questions that were found to be relevant are not expected to significantly change in the foreseeable future. Moreover, the survey is an object and not an individual; hence there was no need to monitor the development of individuals over a period of time. The benefits of a cross-sectional study are that it is time efficient and does not require long-term co-operation between the researcher and the participants (Gravetter & Forzano 2009:293). This proposed research instrument formulated to address the secondary research question can be used in future research to assess professional athletes' financial literacy.

#### 1.8.3.4. Data collection and data analysis

The data collection and analysis for this secondary part of the research study required a verification of the possible questions that could be included in a future research instrument to assess professional athletes' financial literacy. The structured interview schedule was explored with two individuals from two of the four homogeneous groups in the network of actors around a professional athlete. Quota sampling was applied to select the respondents. Miles et al (2014:32) explain that quota sampling is suitable when a number of subgroups can be identified and an arbitrary number of respondents are included from each of the subgroups. The research instrument was altered with some comments or findings from the exploratory study. Thereafter, the structured face-to-face interviews were conducted with a sample of 10 purposively selected individuals from the sample of interviewees consulted in the first part of this study.

Taking guidance from Sandelowski (2001:231), the results of the structured interviews were enumerated to assess the strength and weight of responses. Sandelowski (2001:231) states that counting is an integral part of the analysis process within qualitative research, because it allows the researcher to identify patterns and to make generalisations from the data. Huston (2010:309) endorses the inclusion of a rating method, either a threshold or ranking system, to ensure common interpretation of results in response to structured questions. The structured interview schedule included three distinct descriptions for interviewees to narratively express their views about the most relevant questions to include in a research instrument to

assess the financial literacy of professional athletes. The descriptive options to assess each question were 'most relevant', 'relevant' and 'not relevant'. Taking direction from Sandelowski (2001:231), interviewees' responses were counted, which enabled the researcher to draw conclusions about the relevance, importance and suitability of each question.

The results from the interviews were analysed and interpreted to propose a research instrument with which to assess the financial literacy of professional athletes. The development of a research instrument as a result of the study justifies the application of DSR as the overarching research methodology because an artefact was produced to address the secondary research objective. Venable, Pries-Heje and Baskerville (2016:78) explain that DSR allows researchers to theorise if an artefact works because it addresses a research objective, although there may not be evidence to confirm that the artefact has a broader purpose. The artefact or research instrument which was developed as a result of the structured interviews offers an opportunity for future research to assess (test) the reliability and validity of the research instrument.

## **1.9. LIMITATIONS**

While the research was undertaken in line with methodological norms to achieve a research claim that is credible, trustworthy and applicable to the research setting, the findings are nevertheless reported with some limitations.

The conceptual framework provided broad guidelines regarding financial literacy skills required by professional athletes in pursuit of sustainable financial well-being and the research instrument proposed questions to assess the financial literacy skills required by professional athletes. The study did not take into account all aspects of all sporting codes; for example, some sports provide for a longer career than others do. The study focused on professional athletes in a team sport environment namely rugby and cricket players. In addition, the study did not take into account different individuals' circumstances, emotional state and financial well-being. ANT provided the theoretical lens for the study and approaching the study with another theoretical frame may render different results. Only South Africans were interviewed, which

increases contextual limitations. However, many interviewees had had considerable international exposure in their field of expertise to somewhat reduce the limitation. Some methodological limitations, such as researcher bias, may apply because the study followed an exploratory qualitative approach.

Despite these limitations, the study breaks ground with the application of ANT to approach financial literacy research for a specific group of individuals. Moreover, an exploratory qualitative study has its merits and allows the field to be opened up for future research without pinning down variables and relationships too early in the growth of knowledge within the sector. The results from the first part of the study should be relevant as a broad guideline for the financial literacy skills required by professional athletes competing in a team sport environment in pursuit of sustainable financial well-being. The second part of the study provides objectives and relevant questions to assess the financial literacy of professional athletes competing in a team sport environment and should minimise the gaps in the literature. The thought-provoking and relevant artefacts (framework and research instrument) developed during this study addressed a gap in the literature.

#### **1.10. CONTRIBUTION**

The study could be relevant to most professional athletes involved in a team sport environment who are exposed to unique careers where they earn large sums of money for a short period of time. A framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being will be valuable to professional athletes to avoid financial distress after their careers as professional athletes are over. The study will also be of interest to sports governing bodies, the leadership of professional sports clubs/unions/franchises, players' associations, sports agents and other advisors who should act in the best interest of the players they represent. Financial advisors and financial service providers will also be interested in the study to better understand the needs and current levels of financial literacy amongst professional athletes and to provide the most relevant advice and services. The study also illustrates another way in which ANT can be applied to formulate a framework in the research field of accounting sciences.

## **1.11. STRUCTURE OF THE THESIS**

### Chapter 1: Introduction to the study

This chapter provides an introduction to the study. Included in this chapter is the background for the study, followed by the problem statement and research objectives. A brief overview of the research methodology is provided as well as a short overview of the key concepts.

### Chapter 2: Literature review on financial literacy

This chapter summarises the literature review on financial literacy models and financial literacy assessment instruments that were considered. A detailed discussion on the key focus areas is also included. These focus areas are an expansion on the concept of financial literacy, the key components of financial literacy and existing instruments to assess financial literacy.

### Chapter 3: Literature review on the relevance of financial literacy for professional athletes

This chapter is a continuation of the literature review and considers the relevance of financial literacy for professional athletes. Focus areas are a brief discussion to contextualise professional sport, challenges faced by professional athletes that could have financial implications, the network of people around a professional athlete that could influence their financial decision-making and what professional athletes could consider to possibly enhance their financial well-being beyond their sport careers.

### Chapter 4: Research methodology

The research design and methodology to address the research objectives are discussed in this chapter. First, the research design and methodology to draft a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being are outlined. This is followed by a discussion on the research design and methodology to address the secondary research objective, namely to formulate a research instrument to assess the financial literacy skills of professional athletes. The research philosophy is defined, the research approach is delineated and the research methods that were used to achieve the research

objectives are outlined. The description of the research methods includes a discussion regarding the research strategy, data collection, sampling and data analysis. The chapter also addresses the ethical issues and notes the limitations of this part of the study.

#### Chapter 5: Analysis and discussion of results/findings

This chapter includes a discussion of the findings from the interviews to establish a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The discussion is based on the themes and key content areas identified. This chapter presents the results and findings.

#### Chapter 6: The framework for the financial literacy skills required by professional athletes

This chapter illustrates the framework that was developed from the literature review and the results of semi-structured interviews discussed in Chapter 5.

#### Chapter 7: Findings from the fieldwork

This chapter reports on the analysis and results of the structured interviews that were conducted to develop a research instrument that could be used in future research to assess the financial literacy of professional athletes in pursuit of sustainable financial well-being. This chapter presents results and findings.

#### Chapter 8: Conclusion

This chapter provides a summary of the findings. The chapter includes a discussion of the key findings from the framework that was developed in the first part of this study, which addressed the primary research objective. The chapter concludes with key findings about the research instrument that was developed in the second part of the study to assess the financial literacy of professional athletes, which addressed the secondary research objective. Some recommendations, limitations and suggestions for future research opportunities are also provided.

## **CHAPTER 2 – THE FINANCIAL LITERACY CONUNDRUM**

### **2.1. INTRODUCTION AND BACKGROUND TO FINANCIAL LITERACY**

Most people are regularly faced with a number of financial decisions. This is partly because a growing number of consumers have access to a wide range of financial products including bank accounts, credit cards, loans and investment opportunities (OECD 2014:5). The OECD (2017:15) points out that many people become consumers of financial products, such as bank accounts, from a young age and the majority of 15-year-olds have some experience with money and have had to choose how they spend or save. This has been driven by globalisation and digital technologies that have made financial services and products more widely accessible and at the same time more challenging (OECD 2017:15). Mitchell and Lusardi (2015:107) explain that many people from different walks of life are faced with challenging financial decisions such as how to select a credit card, how much money to borrow for their studies, whether it is best to lease or buy a car, whether they should rent or buy a house and how much is an appropriate deposit, how much should they save for their retirement and how to invest a portion of their income. In this regard, choosing the best financially sustainable option can be challenging since one needs to consider legal fees, interest rates, the length of the contract, exposure to risk and which financial service providers are more accessible when there is a need for online transacting or face-to-face transactions (OECD 2014:5).

The ability to make sound financial decisions is becoming increasingly important. There has recently been a global transfer of risk from government and employers to individuals, which has been caused by a reduction in many governments' state-supported pension funds and healthcare benefits (OECD 2014:5). This shifts the responsibility onto individuals to save for their retirement and out-of-pocket healthcare expenses, which in turn increases individuals' financial, investment and credit risk (OECD 2014:5). Boddy, Dokko, Hershbein and Kearney (2015:1) note that this increased responsibility on individuals is intensified by longer life expectancies and increases in long-term care costs such as nursing home facilities and health care. The OECD (2014:5) confirms that individuals need to ensure that they

accumulate enough savings to cover much longer periods of retirement. This also places the onus on the individuals to do appropriate financial planning, including the need for parents to plan adequately for their children's increasing education cost; therefore, need to choose carefully from a wide range of often complex financial products (OECD 2014:5). Marcolin and Abraham (2006:2) explain that financial literacy skill bridges the gap between uncertainty and sound financial behaviour since it empowers individuals to navigate the financial world and helps them to make informed decisions about their finances. The aim of this chapter of the literature review is to consider previous studies that have defined and assessed individuals' financial literacy.

A high level of financial literacy is beneficial for any individual in pursuit of sustainable financial well-being. Farinella, Bland and Franco (2017:1) state that "financial literacy is necessary to successfully navigate life's complicated financial decisions". Financial literacy is now globally recognised as an essential life skill (OECD 2017:15). The National Financial Educators Council (NFEC) (2017) quoted Ben Bernanke, the renowned economist and former chairperson of the Federal Reserve Bank in the US, who said that it is critically important for individuals to become financially literate at an early age so that they are better prepared to make financial decisions; and to navigate the increasingly complex financial marketplace. Remund (2010:278) concludes that these complex financial products coupled with the limited financial education in secondary schools, low levels of financial literacy, a culture of instant gratification stoked by aggressive marketing and readily available credit are the main reasons why people struggle with money management. This chapter of the literature review explicates the importance and benefits of attaining financial literacy skills, defines the key components of financial literacy and considers previous studies that have assessed financial literacy.

## **2.2. DEFINITION OF FINANCIAL LITERACY**

Numerous definitions have been put forward for financial literacy. Ali et al (2014:336) explain that while definitions for financial literacy vary, many of these categorise financial literacy as a "vital life skill for all consumers" (ASIC 2003:7). The OECD

(2015:5) defines financial literacy as a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately to achieve individual sustainable financial well-being. The Jump\$tart Coalition for Personal Financial Literacy defines financial literacy as the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial security and recognises that financial literacy requires the ability to use financial information and resources to achieve and maintain financial well-being (Jump\$tart 2015:1). Agarwalla, Barua, Jacob and Varma (2015:102) describe financial literacy as “the ability of individuals to obtain, understand, and evaluate information required to make decisions to secure their financial future as best as possible”. The OECD (2017:24) expands this definition of financial literacy as follows:

[It is] the knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to empower individuals with the skills to participate in economic life towards improving the financial well-being of individuals and their societies.

Since the OECD has already conducted various internationally recognised surveys on financial literacy, this definition was adopted for the purposes of this study. Ali et al (2014:336) summarise this definition by explaining that financial literacy comprises financial knowledge and a complementary financial attitude, to implement this knowledge, when making sound daily financial decisions.

Any initiative to improve financial literacy requires that it should be measurable to monitor the progress of the target group. Remund (2010:284) sees financial literacy as a measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound long-term financial planning, while being mindful of life events and changing economic conditions. Huston (2010:308) confirms that financial literacy entails a measurement of one’s financial knowledge and application of human capital (financial attitude) to make sound financial decisions in pursuit of financial well-being. Mitchell and Lusardi (2015:107) contend that financial literacy is measurable because it is directly linked to the

financial decisions one makes, including borrowing, saving and spending patterns. In addition, the OECD (2017:35) notes that any measure of financial literacy should consider an individual's financial behaviour and the ability to understand the value of saving money. According to Serido, Curran, Wilmarth, Ahn, Shim and Ballard (2015:697) an individual requires financial knowledge and a good financial attitude to demonstrate favourable financial behaviour (or decision-making). Xiao, Tang, Serido and Shim (2011:243) confirm that financial knowledge coupled with a good financial attitude positively affects financial behaviour. This links with the fundamental assertion in this research study that financial literacy can be measured and that the basic components of financial literacy are financial knowledge, financial attitude and financial behaviour (Potrich et al 2016:357; OECD 2017:24). It also affirms the relevance of the secondary objective of this study, which was to develop a research instrument with which to assess the financial literacy skills of professional athletes.

### **2.3. THE BENEFITS OF A HIGHER LEVEL OF FINANCIAL LITERACY**

Financial literacy contributes to living a quality life while protecting one's resources to ensure that those resources are sustained for one's entire life. According to the Financial Literacy and Education Commission (2011:7) individuals with a high level of financial literacy are more likely to secure sustained financial well-being for themselves and their families. Gale and Levine (2011:19) confirm that individuals with a higher level of financial literacy are more likely to provide their family members with financial security and an opportunity to gain a valued education. The OECD (2017:3) notes that school learners who are financially literate are more likely to save, expect to complete a university education and plan on working in a highly skilled occupation. Gale and Levine (2011:19) also state that people with greater financial literacy benefit their society at large because they promote a more productive economic and social environment and reduce the number of financially vulnerable people.

The importance and awareness of the need for greater financial literacy has increased in recent years. If American consumers learned anything from the financial crisis that began in the US in 2008, it was the importance of managing their money

(Remund 2010:276). Financial literacy plays an essential role in the process of making financial decisions, because it represents a systematic effort aimed at the development of positive knowledge, behaviour and attitude (Vitt 2004:70; Potrich et al 2016:357).

Greater levels of financial literacy could benefit individuals by guiding them to accumulate long-term assets. Behrman et al (2012:303) emphasise that financial literacy results in smarter financial choices, higher levels of retirement planning and smarter choices for pension savings. Bateman et al (2012:56) posit that financially literate individuals are more informed about the stock market, more likely to understand their financial needs and better able to identify an appropriate retirement age. Financial literacy can empower consumers to be better shoppers, allowing them to obtain goods and services at lower cost to optimise their household budgets while providing more opportunity to consume and save or invest (The Financial Literacy and Education Commission 2006:v).

Persons with higher levels of financial literacy are empowered to manage their debt. Mitchell and Lusardi (2015:107) state that financially literate people make better economic decisions, which can save them money and prevent financial distress. Atkinson and Messy (2012:27) posit that individuals with a higher level of financial literacy will make plans to smooth their income flows and avoid using credit or loans to buy necessities such as food, clothes and utilities. For instance, using credit to buy everyday essentials results in excessive charges and interest which could leave individuals trapped in credit repayments (Atkinson & Messy (2012:27). In the same way, Lusardi and Scheresberg (2013:5) confirm that persons with low levels of financial literacy report high debt loads and cannot accurately judge their debt position to manage their expenditure. Glidden and Brown (2017:551) confirm that less financially literate persons are more likely to experience financial hardship, more likely to loan money from predatory lenders at high interest rates and more likely to be imprisoned.

It is noteworthy that greater financial knowledge will not necessarily result in predicted financial behaviour or decisions. Huston (2010:31) argues that although a

measurement of financial literacy may be used to predict financial behaviours or outcomes, it does not necessarily imply that individuals will behave in a way that many scholars, policymakers or educators would deem optimal. Other characteristics such as impulsiveness, behavioural biases, unusual preferences, or external circumstances also contribute to what may appear to be poor financial decision-making (Huston 2010:31). Nonetheless, this research study provides some generic guidelines for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. Finally, Peach and Yuan (2017:36) indicate that understanding the ways in which financial knowledge and financial attitudes influence financial behaviour remains an interesting research topic.

## **2.4. FRAMEWORKS OF FINANCIAL LITERACY**

Various frameworks have been proposed for what constitutes financial literacy or what would be key areas of consideration when measuring financial literacy. As far as could be ascertained in the literature, none of these frameworks refer specifically to the financial literacy skills required by professional athletes; however, these frameworks provided a good foundation for the purposes of this study. The OECD/INFE provided the most notable contribution towards a framework for the assessment of financial literacy (Struwig et al 2013:2; Atkinson & Messy 2012:6). Potrich et al (2016:360) note that the OECD questionnaires focus on aspects related to knowledge, attitudes and behaviours regarding global concepts of financial literacy. Seminal scholarly works and the contributions of Atkinson and Messy (2012:56), Struwig et al (2013:vii), Agarwalla et al (2015:108) and Potrich et al (2016:368) confirm that financial literacy is framed by understanding that an individual's financial knowledge and financial attitude influence their financial behaviour. These three concepts have formed the basis of the framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being and have been defined with reference to previous scholarly literature.

## **2.5. KEY COMPONENTS OF FINANCIAL LITERACY**

The key components of financial literacy are financial knowledge, financial attitude and financial behaviour. Financial knowledge combined with a sound financial attitude is fundamental to financial behaviour in pursuit of sustainable financial well-being (Atkinson & Messy 2012: 36; Potrich et al 2016:357; OECD 2017:24).

### **2.5.1. Financial knowledge**

Financial knowledge is a very broad term. Huston (2010:305) notes that the majority of financial literacy studies incorrectly use the terms financial literacy and financial knowledge interchangeably, thus providing a need for a greater construct clarification. Remund (2010:279) clarifies that the majority of scholars agree that financial knowledge is the most obvious component of financial literacy. The President's Advisory Council on Financial Literacy (PACFL) in the US was convened to "improve financial literacy among all Americans". Hung, Parker and Yoong (2009:5) explain that fundamental to the PACFL's definition of financial literacy is an individual's ability to use knowledge and skills to manage financial resources effectively for a lifetime of sustainable financial well-being. Gouws and Shuttleworth (2009:153) confirm that financial literacy requires an awareness and understanding of the available information in a decision-making situation. Simplified, it means that in order to manage money effectively one must know something about money and that financial knowledge encompasses competencies such as being able to calculate numbers as well as the ability to understand basic economic and financial concepts (Remund 2010:279; Atkinson & Messy 2012:6). Some key components of financial knowledge identified from the literature are noted below.

#### **2.5.1.1. The time value of money, savings and investments are central to financial knowledge**

Many of the first definitions of financial literacy linked it to the ability to demonstrate financial knowledge to make savings and investment decisions. Huston (2010:303) explains that financial knowledge includes money basics and an understanding of

the time value of money, purchasing power and personal financial accounting. Numerous authors highlight the need for individuals to understand the time value of money and that the cost of everything increases over time (Purdon 2018:13; Lusardi & Mitchell 2011:510). Swart (2016:61) takes this notion one step further and states that when the time value of money is taken into account it gives a new meaning to personal financial planning, which makes it an essential financial literacy knowledge area.

An understanding of the time value is essential to make saving and investment decisions which are fundamental concepts of financial knowledge. The time of money has an impact on all financial calculations, especially the future return on investments, and it affects everybody, whether they are wealthy or poor (Swart 2016: 61). Moreover, Shuttleworth (2009:45) states that knowledge on savings and investments is fundamental to a high level of financial literacy. Lusardi and Mitchell (2011:512) concur that several fundamental concepts about financial literacy lie at the root of gathering useful information to make saving and investment decisions in pursuit of sustainable financial well-being. Lusardi and Mitchell (2011:511) state that the three main concepts are (i) numeracy and capacity to do calculations related to interest rates, such as compound interest; (ii) understanding of inflation; and (iii) understanding of risk diversification. This links with the recommendations of the OECD (2016b:29) that individuals need to have knowledge about the external factors that drive inflation to identify the need to change their financial plans and investments. Swart (2016:117) also agrees that inflation, which links with the time value of money and compound interest, is an important knowledge area when doing personal financial planning. Compound interest allows the investor to earn interest on the principal investment and to reinvest the accrued interest so that the investment grows much faster over time (Swart 2016:117). It is clear that the earlier in life someone starts to invest their money, the better it will be for them in the long term. Hagstrom (2013:3) notes that Warren Buffet, one of the world's wealthiest men, ascribes his wealth, to compound interest and the ability to assess investments, among other things. Investments should be evaluated based on their income return (i.e. dividends or fixed interest bearing savings accounts), capital growth, the risk of losing the invested capital, the ability to make changes to the

investment in the future, liquidity, the amount required for the investment, taxability of returns, the investor's tax rate, transaction cost, and diversification of the investor's investment portfolio (Swart 2016:331).

The only exception to these rules and how to value an investment is probably when investing in a residence. The return on a residence should not be compared to other investment options even though it is arguably the single biggest investment most people will make, because owning a property has more long-term financial and emotional rewards than other investment options and money is not the only contributor to happiness and well-being (Swart 2016:315). Swart (2016:372) highlights numerous factors that should be considered before buying a residence such as the affordability of the property, the value of the property, economic factors such as the likely appreciation of the property's value, safety, peace of mind, independence, freedom to make structural changes, enjoying a sense of community and knowing that one is paying off one's own home and that one will own it when the bond is paid off. Moreover, buying a primary residence should be treated as an investment decision based on rationale and not emotion (Canter 2019). Billingsley, Gitman and Joehnk (2016:194) recommend that home buyers should gain insight into the housing market before buying a property. Sources of such information could include the internet, newspapers advertisements and real estate agents (Billingsley et al 2016:194). However, Swart (2016:380) cautions that property buyers need to take note of the additional cost of buying a property such as transfer duty, conveyance fees, estate agent's commission, occupational interest, urgent repairs and maintenance (or optional renovations) as well as valuation cost (at the buyer's discretion or if required by the financing bank), bond initiation fees and bond registration costs (if applicable).

#### 2.5.1.2. Financial knowledge expanded to include the acumen to make finance decisions

An understanding of compound interest is also relevant when making financial (credit and debt) decisions. Lusardi and Tufano (2009:4) considered the previous work of Lusardi and Mitchell and expanded research on the measuring of financial literacy with a focus on financial knowledge related to debt. Respondents in the Lusardi and

Tufano (2009:5) study were asked to answer three questions that assessed their knowledge about compound interest, the workings of credit card debt and their ability to choose the most advantageous means of payment, given two options. Huston (2010:309) criticised the use of these surveys, which mostly only had three questions, as “deficient to capture the breadth of human capital specifically related to personal finance”. Despite this, Huston (2010:310) agrees that financial knowledge and skills to make informed borrowing decisions are essential in pursuit of sustainable financial well-being. Huston (2010:310) also emphasises the need for individuals to understand insurance products or other risk management techniques to protect their resources.

#### 2.5.1.3. Associated skills required to attain a sufficient level of financial knowledge

Basic mathematics and numeracy skills are required to attain financial knowledge. The ability to perform basic mathematical calculations is a necessary component of financial knowledge (Peach & Yuan 2017:27; Jappelli & Padula 2015:383). Lusardi and Mitchell (2011:512; 2008:3; 2007:215) indicate that (i) numeracy and capacity to do calculations related to interest rates, such as compound interest; (ii) understanding of inflation; and (iii) understanding of risk diversification are central to financial knowledge and financial literacy. These authors used a three-question survey based on these concepts in various studies around the world to assess individuals’ financial knowledge. Van Rooij, Lusardi and Alessie (2011:455) expanded on these three concepts by also assessing respondents’ advanced financial knowledge by including questions to assess their understanding of the stock market, risk diversification and the trade-off between risk and return.

In their survey to report on the financial literacy of adult Australians, the ANZ (2015:4) highlighted the importance of having financial knowledge regarding banking and insurance. In addition, Louw et al (2013:443) identified an awareness and understanding of retirement planning, estate planning, taxes and requirements to starting a business as necessary financial knowledge. Louw et al (2010:45) highlights the importance for individuals to have basic legal knowledge and an understanding of their employment contracts. Retzmann and Seeber (2016:13) state

that in order to gain and apply financial and economic knowledge an individual requires the following skills: methodological skills such as problem solving; numeracy skills; literacy skills (to understand business terms and finance-related newspaper articles); and internet skills to do internet research and to use computer and mobile applications. Huston (2010:308) summarises financial knowledge as “human capital” that can be used in financial activities to influence financial decisions to allow for the use of sufficient financial resources for the duration of an individual’s expected lifetime, also expressed as an individual’s sustainable financial well-being.

Moreover, any list of the financial knowledge indicators for a specific group needs to be tailored to their financial needs. An intervention to educate individuals about their finances does have a positive effect on their financial decision-making ability (Stoddard, Urban & Schmeiser 2017:104). Moreover, Huston (2010:310) notes that financial education could be more effective if it is tailored and anybody who aims to provide financial literacy education or attempts to formulate a framework for the financial literacy requirements for a group should take into account their demographics, life stages and learning styles, as a one-size-fits-all approach will be ineffective. A case in point is Swart’s (2016:329) contention that individuals at different life stages require different investments. In one’s twenties it is advisable to save for a deposit for a residence, to contribute to a retirement annuity and if possible, to invest in a unit trust (Swart 2016:329). The benefits of investing in a unit trust are that it allows individuals to access money market funds, balanced funds and riskier equity investments (Canter 2019). In their thirties, the needs of their children are likely to take priority so it will be necessary to contribute to a fund towards their education, to try and maintain their contributions to a retirement annuity and if possible, pay additional money into their bond, which could also be used as an emergency fund if necessary (Swart 2016:330). The financial knowledge requirements proposed by the researchers above will be used as a good foundation and then refined for professional athletes who sometimes earn significant financial rewards for only a few years at the beginning of their working lives before switching over to a vocational career.

Drawing on ANT (discussed in 1.6.1.3) and the actors that could influence professional athletes' financial decisions, it is advisable that professional athletes' financial knowledge should expand to include a basic understanding of banking and taxation, as well as a rudimentary legal understanding of the terms in their contracts that could influence their financial well-being. Professional athletes at different stages in their careers, for instance a young athlete starting out playing sport locally versus an established athlete towards the end of his career earning an income in various countries, may require different levels of financial knowledge. Nevertheless, a broad and generic framework for the financial knowledge required by professional athletes could provide valuable guidelines for many professional athletes and may still be useful for young professional athletes when making future career decisions.

Financial knowledge can be increased through education, but will not necessarily result in a change in behaviour. Shockey and Seiling (2004:41) state that increased financial knowledge alone will not necessarily translate into changes in financial behaviour. Huston (2010:308) explains that personal financial education will positively influence an individual's financial knowledge; however, their financial attitude and other external factors such as economic conditions and their family or cultural setting could also influence their financial behaviour.

### **2.5.2. Financial attitude**

Financial decisions are firstly influenced by an individual's financial knowledge and secondly by their financial attitude. The OECD (2016b:7) describes an individual's financial attitude as the confidence, motivation and attitudes constituting their mental position, feelings or emotions that may support or hinder positive financial behaviour. Atkinson and Messy (2012:9) describe a person's financial attitude and preferences as critical elements of financial literacy. Agarwalla et al (2015:103) notes that people's financial attitude shows their approach and attitude towards money and finance. Lusardi and Mitchell (2014:6) explain that "the conventional microeconomic approach to saving and consumption decisions posit that a fully rational and well-informed individual will consume less than his income in times of high earnings, thus saving to support consumption when income falls (e.g., after retirement)". According

to Vitt (2004:79) most consumers value knowing that they have enough money to meet their needs and that their resources will last.

People's approach to spending money and the value placed on long-term financial goals are central features of their financial attitude. Atkinson and Messy (2012:9) describe a person with a positive financial attitude as somebody who sets long-term financial goals and saves to build up cash reserves. In a study by Barry (2016:451), the researcher measured young adults in the German-speaking world's attitude towards money. Barry (2016:453) identified five clearly interpretable factors for the measurement of financial attitude: power/prestige, financial planning, quality, importance of money, and avarice (or adherence to money). It is important to elaborate on these factors to better understand what determines an individual's financial attitude.

The first factor noted in Barry's (2016:453) study is power and prestige, described as the level to which an individual sees and spends money as a sign of power. Furnham (1984:501) explains that power and prestige measure the extent to which an individual sees money as a symbol of success, power and competence with the ability to influence others. Barry (2016:453) posits that financial planning is the second factor and it reveals how important a monthly budget or planning for one's financial future is for an individual. Peach and Yuan (2017:35) indicate that greater financial risk could result in greater financial rewards; so financial risk should not be completely avoided, but managed based on the individual's life stage and financial goals in pursuit of sustainable financial well-being. The third factor noted by Barry (2016:453) is "quality because of money", which shows a person's willingness to buy the best product even if it comes at a premium. Barry (2016:453) indicates that the fourth factor measures how people value money or the importance of money. The last factor is labelled as "adherence to money". Barry (2016:453) notes that people who adhere to money strongly value money and regularly argue or complain about the cost of the goods they buy.

The motivation to adhere to a well balanced budget is often highlighted as an essential component of a sound financial attitude. The OECD (2016b:12) highlights

the importance for individuals to be motivated to create and follow a budget to increase their financial well-being. It is also important that individuals have a positive attitude to prioritise their long-term financial goals over impulsive “needs and wants” (OECD 2016b:12).

Importantly, a high level of financial knowledge does not necessarily translate into a sensible financial attitude. While Hayhoe, Leach, Allen and Edwards (2005:7) argue that financial knowledge influences individuals’ financial attitude, other researchers disagree. A Brazilian study by Potrich et al (2016:370) found that there is no correlation between individuals’ financial knowledge and financial attitude. This confirms the empirical findings of Agarwalla et al (2015:108) that financial knowledge and financial attitude are two independent dimensions. Accordingly, any effort to measure financial literacy with an exclusive focus on financial knowledge or financial attitude would be ineffective. This confirms the assertion that financial literacy should be measured as a combination of financial knowledge, financial attitude and financial behaviour (Potrich et al 2016:362; Atkinson & Messy 2012:39).

### **2.5.3. Financial behaviour**

Financial knowledge and financial attitude systematically guide an individual’s behaviour to make informed financial decisions. Atkinson and Messy (2012: 23) elevate financial behaviour by describing it as an essential element of financial literacy; and arguably the most important one. ASIC (2018:9) posit that financial decisions are part of everyday life such as deciding on a savings plan, selecting a value-for-money credit card, choosing a home loan and planning for retirement. ASIC (2018:9) explain that these financial decisions are often complex and require financial knowledge, skills and a positive financial attitude, which are all components of financial literacy. The OECD’s (2017:24) definition of financial literacy also highlights that an individual’s financial knowledge and financial attitude will guide their behaviour and financial decisions in their pursuit of sustainable financial well-being. The framework used to model consumption and saving decisions suggests that “rational and foresighted consumers derive utility from consumption over their lifetimes” (Lusardi & Mitchell 2009:3). This notion links with the assertions of Lusardi

and Mitchell (2014:6), who support the statement of Modigliani and Brumberg (1954:91) that individual consumers need to arrange their optimal savings in such a way that their disposable income is sustainably smoothed over their lifetime even when they are no longer working or retired. Vitt (2004:79) suggests that in order to ensure sufficient and sustainable financial resources, individuals need to assess and value the appropriateness of their lifestyle and other financial choices continuously.

Financial behaviour extends to include a range of important financial decisions. The three most important financial decisions, according to Louviere et al (2016:3), are choice of loans, choice of insurance and choice of investments, while being cognisant of one's future financial requirements. Fernandes et al (2014:1863) concur with this assertion that financial behaviour and financial decisions involve choices regarding savings, planning for retirement, absence of debt, stock ownership, other investments, and cash flow management. Fernandes et al (2014:1863) posit that a measure of financial behaviour would consider an individual's financial inertia such as accepting a default pension option and payment of unnecessary fees compared to someone who is actively involved in their own financial choices. It is noted that positive financial behaviour requires that people only buy something when they can afford it, pay their accounts on time and regularly compare actual expenditure against a budget (Atkinson & Messy 2012:23). Huston (2010:308) suggests that a person with the required financial knowledge and ability to apply the knowledge may not display predicted financial behaviour because of other influences such as behavioural/cognitive biases, self-control problems, and influences from family, peers, the community, institutions and the economy. According to this view, financial decisions are influenced by wide-ranging psychological factors, preferences, psychological traits and attitudes and individual circumstances (Louviere et al 2016:31). The exclusion of these factors could be regarded as a limitation when developing a framework that outlines the financial literacy skills required by professional athletes and any instrument to assess the financial literacy skills of professional athletes. Notwithstanding this possible limitation, the study provides valuable generic guidelines for the financial literacy skills required by professional athletes engaged in a team sport environment and how their financial skills could be assessed.

## **2.6. CONCERNS OVER YOUNG PEOPLE'S LEVEL OF FINANCIAL LITERACY**

The results of various studies conducted in many countries have noted an alarmingly low rate of financial literacy among young people under the age of 35. This phenomenon has been recognised by the OECD in their global studies to assess and identify ways to improve the financial literacy of, for instance, school children.

### **2.6.1. Concerns over school children's financial literacy**

The OECD has conducted many global studies to assess the financial literacy of school children. In 2012, the OECD (2017:3) introduced their Programme for International Student Assessment (PISA) which assessed 15-year-old children's capacity to apply their financial knowledge and skills to real-life situations involving financial issues and decisions. The OECD (2017:3) conducted a second study of this nature in 2015 across 15 countries which focused mainly on children from developed countries such as the USA, Australia, Belgium, Canada and China. The OECD (2017:3) regards the results of PISA 2015 as the world's premier yardstick to evaluate the quality, equity and efficiency of numerous school systems to develop children who are financially literate. The importance of gaining financial literacy skills from a young age is highlighted by the OECD (2017:34) finding that 56% of 15-year-olds assessed across 15 countries held a bank account and the number of financial decisions that these individuals will need to make in the future is expected to increase. Based on PISA 2015, the OECD (2017:30) also reported that only 12% of 15-year-old children are proficient in financial matters. This is concerning since Farinella et al (2017:1) advocate that financial education should be provided from a young age so that young adults are empowered with the skills to make prudent financial decisions in pursuit of sustainable financial well-being from the onset of their working lives.

The OECD (2017:30) goes on to explain that PISA 2015 illustrates the urgent need for all countries, regardless of their economic and financial development, to improve the financial literacy of their school children. This notion is relevant to this study since Ellis (2016:102) notes that many provincial sports franchises and unions target and

contract players at South African schools from the age of 15. It was also recently reported that a leading rugby franchise paid R1 million to secure the services of a promising 17-year-old schoolboy player (Bulls paid R1 million for schoolboy – report 2019).

### **2.6.2. Concerns over young adults' financial literacy**

Many young adults between 18 and 34 years of age make use of a range of financial products. This age group is especially relevant for this study because a large majority of professional rugby and cricket players will be in this age bracket. In their study, Lusardi and Scheresberg (2013:2) found that 34% of Americans aged 18 to 34 made use of alternative financial services or high-cost methods of financing such as credit cards, payday loans and pawnshop finance. Peach and Yuan (2017:28) confirm that young adults have significant levels of debt and are making less use of formal financial instruments than previous generations due to low levels of financial literacy. This is concerning since Peach and Yuan (2017:28) note that young adults are supposed to start laying the financial foundations for the rest of their lives in their early twenties.

Moreover, it is pertinent for professional athletes to develop financial literacy skills and positive financial habits in their twenties because their greatest earning potential as professional athletes may be early in their working lives, before they move to a vocational career when their sport careers are over, which according to Carlson et al (2015:381) usually occurs in their mid-thirties. Farinella et al (2017:1) state that it is unfortunate that basic financial literacy skills such as budgeting and saving are seldom taught to young adults. This especially concerning since Swart (2016:40) believes that the ability to set a budget is fundamental for individuals to control their spending, save and achieve their financial goals. An analysis of the 2012 National Financial Capability Study in the US by the Global Financial Literacy Excellence Center (GFLEC) at the George Washington University, with the support of PwC, highlighted that the personal financial knowledge and financial literacy skills of young American adults aged between 23 and 35 were distressingly low (PwC 2015:3). Based on this study, PwC (2015:7) noted the following: 24% of young American

respondents demonstrated basic financial knowledge; 54% were concerned about their ability to repay their student loans; 36% were saving for their retirement, 27% had sought help on savings and retirement planning and an alarmingly low 8% demonstrated a high level of financial literacy. Agnew et al (2012:6) confirmed that young adults (between the ages of 25 and 29) had the lowest level of financial literacy from all the age groups assessed (between the ages of 25 and 64) in various comparative international studies using the three questions developed by Lusardi and Mitchell (2007:215, 2008:3, 2011:511). The three questions are designed to measure an individual's understanding of interest rates, inflation and risk diversification (Lusardi & Mitchell 2007:215, 2008:3, 2011:511).

Professional athletes need to make prudent financial decisions at a young age when their earning potential is arguably at the highest point it will be in their lives (Carlson et al 2015:381). Moreover, Agnew et al (2012:8) reported that vocational training (to prepare individuals for skilled work often through an apprentice system, but without a university degree) does not positively influence an individual's financial literacy compared to those who only had very basic training to perform low-skill employment tasks. However, Agnew et al (2012:8) found a higher level of financial literacy among young adults with advanced degrees (or a tertiary education) compared to those with only a high school education. This does not appear to be ideal for professional athletes, since López de Subijana, Barriopedro and Conde (2015:61) note that there are numerous barriers that make it difficult for professional athletes to study – specifically time management. Cosh and Tully (2015:8) highlight financial stress, pressure from coaches, inflexible training schedules and fatigue as some of the reasons why athletes prioritise their sporting careers and neglect their tertiary education. López de Subijana et al (2015:60) confirm that the majority of professional athletes do not study towards a graduate degree.

## **2.7. METHODS TO IMPROVE FINANCIAL LITERACY**

It is clearly beneficial to have a higher level of financial literacy, as highlighted in 2.3. However, individuals should be cautious when pursuing ways to improve their financial literacy. Several authors discourage a range of ad hoc remedies that could

be perceived to improve an individual's financial literacy. Bar-Or (2015:46) criticises books on financial literacy and posits that most of them are written by financial advisors and insurance agents to establish themselves as 'experts' and that these books are designed to raise more questions than answers to attract paying clients. Gale and Levine (2011:15) note that commercial financial education programmes published in books or broadcast on television or radio are based on a psychological approach to gain emotional victories instead of on sound economic decisions. These authors (2011:15) explain that one such example is to incorrectly advise viewers that they should pay off their smallest loans first, while in fact it is more advisable to pay the highest interest loans first. In addition, Olen (2012:15) states that financial advice columns in financial magazines and mainstream publications are often overly simplistic.

Apart from education programmes and books on financial literacy, advice is also gained from actors. However, it is best if these actors or advisors are reputable and professionally qualified. Bar-Or (2015:46) for example, discourages gaining advice from one's peers because they "often make blanket statements that overlook nuances" and their advice may be completely wrong because they are not experts in the field of finance. Bar-Or (2015:47) also rejects generic seminars or financial education programmes arranged by financial advisors and states that these are veiled marketing sessions and not designed to empower the attendees. The problem is that financial advisors working for financial service providers have a vested interest and want to encourage certain financial behaviours instead of teaching people skills to become more financially literate (Poon & Olen 2015:281; Olen 2012:207). Gale and Levine (2011:14) question the reliability and credibility of financial advice on websites and blogs where contributions could be made by unqualified or ill-informed contributors. In addition, Bar-Or (2015:47) notes that blogs sometimes feature sponsors as providers of financial services who have commercial agendas and are not intent on providing objective advice. Bar-Or (2015:48) instead encourages the development of a framework to inform educational workshops and courses to improve financial literacy. Ideally, financial literacy education initiatives should be targeted at a specific audience, presented by an expert independent advisor, with objective teaching material, that covers a range of topics, with ongoing

access to the financial advisor after the course, and courses should be periodically presented (Calcagno & Monticone 2015:364; Bar-Or 2015:48). Van Campenhout (2015:205) also endorses awareness campaigns to inform people about online resources that provide reliable and understandable information to aid good financial habits and financial decisions.

Any effort to improve financial literacy through financial education needs to be attentive that financial knowledge and financial attitude are the key determinants for an individual's financial behaviour or decision-making. Moreover, a generic approach to financial literacy education is bound to be relatively ineffectual. Huston (2010:310) argues that financial literacy education has to be designed to suit the different demographics, life stages and learning styles of the target group. Happ, Förster, Rüspler and Rothweiler (2018:15) recommend that financial educators use examples from the daily lives of the target audience and encourage the use of simulation games to teach participants about suitable financial decisions. Financial education is best provided at a teachable moment when the financial knowledge can be put to use because financial knowledge may decline over time (Fernandes et al 2014:1875; Miller et al 2015:13; Kaiser & Menkhoff 2017:627). Kaiser and Menkhoff (2017:628) also claim that many financial education programmes are disparate and those offering financial education could be more successful if the programmes are well structured, aligned with best practice, and focused on a target group. Therefore, it is essential to understand the skills or main focus areas of financial literacy that would be most relevant to professional athletes to enable them to make sound financial decisions early in their sporting careers. Furthermore, an understanding of the challenges faced by professional athletes when making financial decisions will be helpful in developing a framework for the financial literacy skills they require in pursuit of sustainable financial well-being.

## **2.8. ASSESSMENT OF FINANCIAL LITERACY**

Any effort to improve a target group's financial literacy through financial literacy education has to start with a measure of the individuals' financial knowledge and financial attitude. Huston (2010:307) emphasises the need for financial literacy to be measured, to recognise gaps in individuals' financial knowledge and factors that may

contribute to a careless and unproductive financial attitude that could be the cause of poor financial decisions. Understanding these gaps is essential to tailor financial literacy education programmes to the needs of the target group to best achieve the desired objective of improving their financial literacy (Huston 2010:307). Although comparative financial literacy measures started in the early 1990s, Marcolin and Abraham (2006:9) highlight the need for research focused specifically on the measurement of financial literacy to establish benchmarks for ongoing and comparative measurements. Since then, various researchers have responded by developing questionnaires and research instruments to assess an individual's financial literacy.

As mentioned earlier, Lusardi and Mitchell (2007:215, 2008:3, 2011:511) have worked together to measure financial literacy for a diverse range of people with their three-question research instrument which they describe as simple, relevant and brief with good differentiators (Mitchell & Lusardi 2015:108). These three questions were first administered to a representative sample of respondents aged 50 and older, in a special module of the 2004 Health and Retirement Study (HRS) (Lusardi & Mitchell 2009:4) in the USA. According to Lusardi and Mitchell (2011:511), the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation undertook a detailed telephone survey in the USA, using the same three questions in 2009. They (2011:511) noted that the purpose of that survey was to benchmark key indicators of financial capability and to link these indicators to demographic, behavioural, attitudinal, and financial literacy characteristics. Lusardi and Mitchell (2011:512) found that 65% of the respondents could correctly answer the question about interest rates, which was seen as discouragingly low due to the simplicity of the question. They further indicated that 64% of respondents correctly answered the inflation question and 52% of respondents could answer the risk diversification question. This study (2011:513) also found that financial literacy was lower among younger people (under the age of 35 years). Lusardi and Mitchell (2011:513) suggest that these results support the findings of various other researchers to confirm that US respondents are not financially literate despite living in a first-world country.

Lusardi and Mitchell's (2008, 2011) aforementioned research was also extended by the World Bank (2014:75) to compare national survey responses to the three common questions on the calculation of compound interest, understanding inflation and diversification of risk. Based on data from more than 30 countries, average response rates were 56% correct for the question on compound interest, 63% for the question on inflation, and 48% for the question on risk diversification (Miller et al 2014:2). South Africans fared below average in this survey, with an average response rate of 44%, 49% and 48% respectively for the three questions (World Bank 2014:76).

The same three questions have also been used as the basis for many other financial literacy studies. Countries where comparative studies have been conducted include Australia, Germany, Italy Japan, New Zealand, Russia, Sweden, the Netherlands, the UK) and the USA (Agnew et al 2012:6; Bucher-Koenen & Lusardi 2011:565; Fornero & Monticone 2011:547; Sekita 2011:637; Van Rooij et al 2011:449; Klapper et al 2013:3904). Included in these studies are the studies of Disney and Gathergood (2011:1) and Van Rooij et al (2011:469) who used the same three questions in surveys to examine the relationship between levels of financial literacy and the use of consumer credit in the UK and the Netherlands. The study by Van Rooij et al (2011:469) included the three abovementioned questions as well as other questions to evaluate the link between individuals' financial literacy and retirement planning in the Netherlands. In their survey, Van Rooij et al (2011:469) focused only on the financial knowledge dimension, which was informed by five questions, classified as basic knowledge items to measure numeracy skills and the understanding of concepts such as inflation, simple and compound interest, and the value of money in time, as well as 11 additional questions for advanced knowledge. The last 11 questions in the survey of Van Rooij et al (2011:469) concentrated on knowledge related to complex financial instruments such as shares, stocks and mutual funds, and the understanding of concepts such as risk diversification and the trade-off between risk and return (Potrich et al 2016:360).

Taking an expanded approach, Bateman et al (2012:39) examined the financial literacy of retirement savers in Australia with 23 questions. These researchers

(2012:40) assessed respondents' numeracy skills, basic financial knowledge (with questions that tested inflation, time value of money and compound interest), and advanced financial knowledge (with questions that tested their understanding of risk, diversification and features of financial securities).

Despite their extensive application, these surveys have been criticised as inadequate. Potrich et al (2016:360) criticise survey instruments that do not assess individuals' financial attitude, which according to them is an important consideration when predicting their financial decisions. In addition, Huston (2010:309) states that the studies based on the assessment of only three questions are inappropriate to fully measure the skills, knowledge and experience that an individual could use in making financial decisions.

The OECD/INFE has been at the forefront of developing a more comprehensive comparable survey instrument to assess individuals' financial literacy. Atkinson and Messy (2012:6) explain that the OECD/INFE survey instrument comprises good practice questions to assess an individual's skills regarding each of the four principal domains, namely financial knowledge and understanding, financial planning, financial control and choosing appropriate financial products (behaviour). The questions were drawn from previous research questionnaires that assessed individuals' financial literacy and were selected to measure the financial literacy of individuals from very different backgrounds and countries (Atkinson & Messy 2012:6). Struwig et al (2013:2) note that the survey was initially developed for pilot testing in 12 low-, medium- and high-income countries with diverse characteristics. Atkinson and Messy (2012:6) reported the results of the pilot survey under the categories 'financial knowledge', 'financial attitude' and 'financial behaviour'. The OECD/INFE financial literacy and financial inclusion measurement toolkit has been internationally recognised to inform financial education policy. According to the OECD (2016a) the G20 Leaders, amongst others, supported its use at their summit in St Petersburg during September 2013. The OECD/INFE addresses the demand for an internationally comparable measure of financial literacy by developing a financial literacy questionnaire that can be used across a diverse range of countries in face-to-face or telephone interviews (Atkinson & Messy 2012:6,13). Core

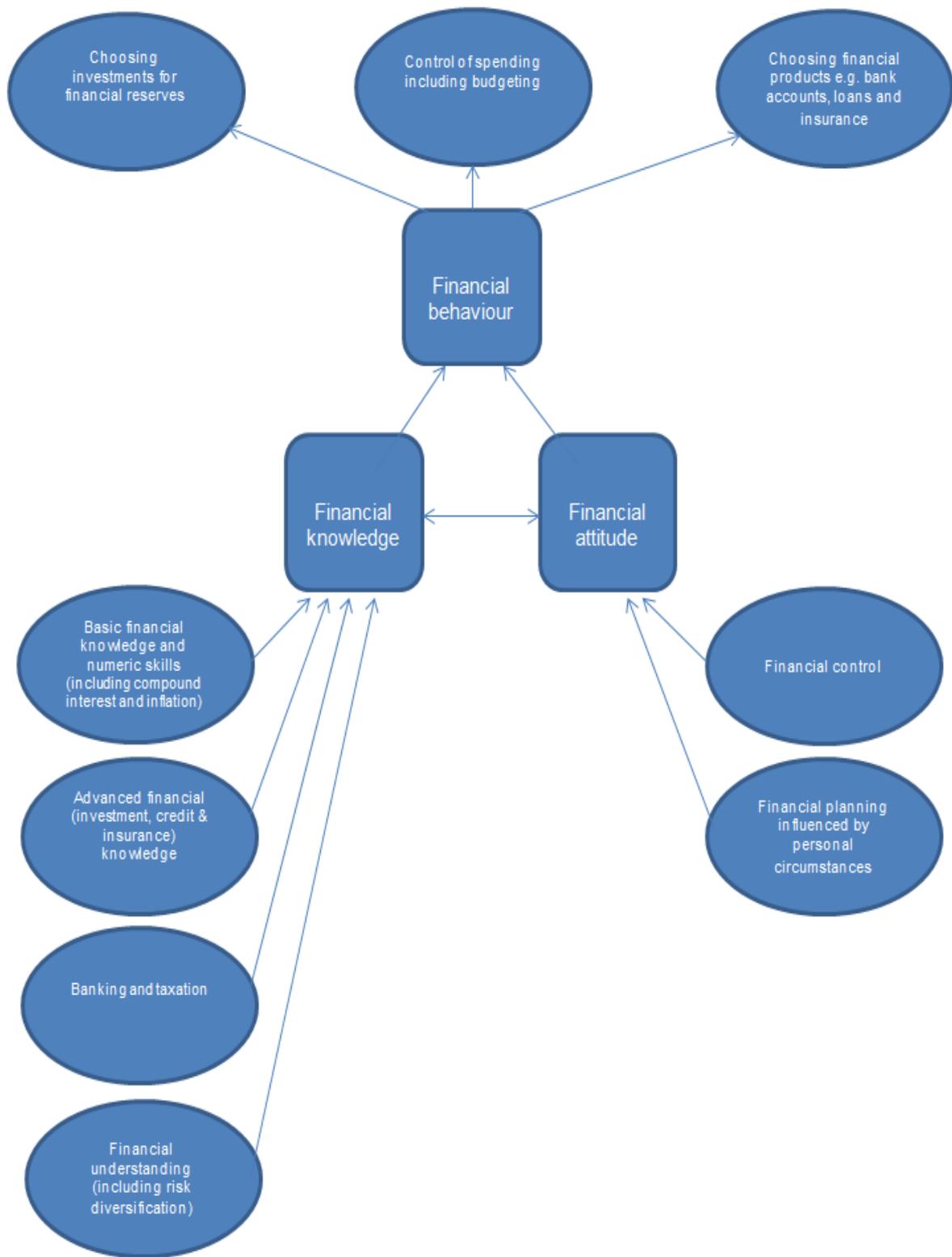
questions in the survey cover financial knowledge, attitudes and behaviour relating to various aspects of financial literacy, including budgeting and money management, short- and long-term financial plans, and the choice of financial products (Atkinson & Messy 2012:6).

The OECD survey consists of more than 200 questions. Other researchers have since attempted to develop more condensed survey instruments. Fernandes et al (2014:1876-1877) derived 13 questions from previous studies that assessed individuals' financial literacy. These researchers (2014:19) focused on selecting questions that included psychometric properties to consider an individual's financial attitude and traits to improve the reliability of the measurement instrument. Finke et al (2015:6) analysed previous studies and identified 89 potential questions to assess financial literacy. With the assistance of a team of researchers these questions were subsequently reduced to 20. Finke et al (2015:6) assert that these questions are unbiased in terms of age, gender, race and socioeconomic status, had an unambiguous correct response, correlated well with other high-quality questions, provided reliable and valid statistics and were recommended by a panel of eight experts in the field of financial literacy. Finke et al (2015:5) also note that each question in their survey had a definite correct response and was well correlated with a similar high-quality question. These authors reported that the same 20 questions were used in a monthly survey by the Center for Human Resource Research at the Ohio State University from December 2009 until 2013 (Finke et al 2015:6). This financial literacy assessment test covers four content areas of personal finance: basics, investments, credit and insurance (Finke et al 2015:6). Louviere et al (2016:34) considered the questions and guidelines of 35 studies that assessed individuals' financial literacy between 2005 and 2016 to formulate a list of 31 questions to assess individuals' ability to make the most appropriate financial decisions regarding loans, insurance products and investments. The 35 studies considered by Louviere et al (2016:34) included previous studies conducted by ANZ (2011:108), Atkinson and Messy (2012:14) and the OECD (2013:23). Louviere et al (2016:6) recognise that an individual's financial knowledge, financial attitude and personal circumstance influence their financial decisions.

Since limited literature could be found of the financial literacy skills specifically required by professional athletes, the purpose of the background and literature review (Chapters 1 and 2) was to draw on some of the available financial literacy literature to establish an initial conceptual framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being.

## **2.9. INITIAL CONCEPTUAL FRAMEWORK**

The intention of the study was exploratory. Both a framework and an initial research instrument (questionnaire) were created as new knowledge artefacts, and these stand as the contribution of this study. The research, therefore, set out to meet the Higher Education Qualification Framework of the Department of Higher Education and Training (RSA 2007:29) to “demonstrate high level research capability” through the theoretical and applied contribution of the framework, and subsequent verified questionnaire. The originality of the research and its contribution to “the frontiers of the discipline and field” were made by applying the initial confluence of *theories* as discussed in the related literature (Chapters 1 and 2) to the initial conceptual framework (set out below); to ultimately devise an *artefact* or summative framework through extensive empirical methods. This initial conceptual framework was extended through a further review of the literature (Chapter 3) to gain more insight into the specific financial needs of professional athletes and fieldwork (in chapter 5) guided by design science research strategy (discussed in chapter 4) to develop an artefact in the form of a framework to substantively address the main content areas of financial literacy that are most relevant to enable professional athletes to make sound financial decisions in pursuit of sustainable financial well-being. The initial conceptual framework (Figure 2.1) illustrates the conceptual themes and categories of financial literacy skills required by professional athletes in pursuit of sustainable financial well-being based on the literature review.



**Figure 2.1. Initial conceptual framework**

Source: Own observation

Based on the available literature, the initial conceptual framework (Figure 2.1) highlighted some of the more generic financial literacy skills that could benefit professional athletes. The framework also identified financial knowledge, financial attitude and financial behaviour as the main themes for this study. Miles et al (2014:2) note that conceptual frameworks are developed during the first part of the study and are intended to evolve as the research study progresses.

## **2.10. SUMMARY**

This chapter recognised some of the past academic and applied literature that has been used to define and assess financial literacy. Certain gaps in the literature were identified: no studies could be found that focus on the financial literacy skills required by professional athletes nor could any be found that indicate how the financial literacy skills of professional athletes could be assessed. This chapter concluded with an initial conceptual framework.

The next literature review chapter contextualises the research by considering the unique careers of professional athletes and it highlights the challenges they face in making sustainable financial decisions.

## **CHAPTER 3 – THE RELEVANCE OF FINANCIAL LITERACY FOR PROFESSIONAL ATHLETES**

### **3.1. INTRODUCTION**

This literature review presented in this chapter sought to identify the key issues that need to be considered before applying ANT to understand the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The identification of pertinent challenges faced by professional athletes in pursuit of sustainable financial well-being was essential to make sense of the research setting and to inform the planning phase of the empirical chapters of this thesis. This chapter also describes some of the actors or advisors that could form a network around a professional athlete to guide his or her financial decisions. This is essential to understand the flow of information that influences a professional athlete's financial behaviour. In doing so the current research landscape was considered by providing a background to professional sport; narrowing the background to cricket and rugby which are two major team sports in South Africa; highlighting the challenges that professional rugby and cricket players face when making financial decisions and analysing the financial literacy skills required by these professional athletes in pursuit of sustainable financial well-being.

### **3.2. BACKGROUND TO PROFESSIONAL SPORT**

One could easily be misled by a boring and unexciting definition of sport. Woods (2015:12) defines sport as a physical competition played according to a set of rules in order to determine a winning player or team of players. However, sport is much more than this, as it inspires, touches the depths of our emotions, engages our minds and makes us believe in the seemingly impossible. Riess (2012:61) remarks that team sports in particular promote great camaraderie, sociability, excitement, teamwork, morality by adherence to rules, healthful open-air competition and instant gratification. Woods (2015:7) explains that the competitive nature of sport means that a player or sports team is winning or losing and the outcome powerfully motivates participants to train hard in order to perform at their best. In an effort to

share in the euphoria of winning, Wiid and Cant (2015:384) indicate that enthusiastic sports fans are able to support and uplift athletes and players by transferring their energy and emotional support to them through their cheering and chanting.

### **3.2.1. The world's fascination with sport**

The entertainment value of sport and the attraction of fans to watch and engage with sport matches and events are what make sport a multi-billion dollar industry. Agas, Georgakarakou, Mylonakis and Panagiotis (2012:112) explain that 'fans', the shortened form of the word 'fanatics', passionately support their preferred player or team often expressing enthusiasm, eagerness and even "moving beyond reason". Sport's appeal is global as it infiltrates memory, shapes enthusiasm and serves fantasies (Porter & Wagg 2013:x). Woods (2015:4) notes that supporting a favourite player or a sports team affects the way fans interact with others, how they feel after seeing their team winning or losing, and their admiration for sporting heroes. Once supporters are hooked, they never quite let go. In the modern world sport is everywhere and provides well-being, enjoyment and fulfilment to countless millions (Porter & Wagg 2013:x). Woods (2015:4) explains that this passionate support makes sport a big deal and it affects how society views cultures, traditions and values.

Sport's global appeal has been recognised by many as a means to unite people and spread a deeper message. According to Wiid and Cant (2015:383) Kofi Anan, the former Secretary-General of the United Nations famously said: "[S]port is a universal language that can bring people together, no matter what their origin, background, religious beliefs or economic status." Knott, Fyall and Jones (2017:918) describe how the 1995 Rugby World Cup and 2010 Soccer World Cup were used by South Africa as unique platforms to rapidly enhance the country's internal brand identity, unify its people and improve its global reputation by rebranding the country and its economy as a global middle power. Knott et al (2017:918) state that sport events speak to large audiences who are engaged in a positive and passionate manner. Wiid and Cant (2015:384) explain that these large numbers of fans supporting their favourite team, player or league at the sport stadium, via television or online,

generate significant revenue streams for sports clubs and sport governing bodies with an emphasis on sporting merchandise, broadcasting rights, commercial sponsorships and advertising. Hull (2015:2) posits that being a successful professional athlete could provide a player with sport's hero status as a symbol of excellence, discipline, perseverance and strong leadership. Consequently, this hero status and professional athletes' perceived embodiment of these values often make them role models within society (Hull 2015:12).

Many children dream of becoming professional athletes and of representing their countries on the international stage. In a US study that assessed the career aspirations of boys in primary school, Auger, Blackhurst and Wahl (2005:324) found that more than 35% of Grade 3 and Grade 5 boys wanted to become a professional athlete. Statistics clearly illustrate that only a small percentage of these young people go on to become Olympic or professional athletes (Kenny 2015:177), but it is the apparent success, fame and fortune that attract many to wanting to become professional athletes (Hodges, Keyter, Tarr, Serra & Surujlal 2014:405). According to Schaaf (2004:13) advancements in technology, global television audiences, the internet, sport marketing and sponsorship have transformed sport from an amateur activity and a simple afternoon pastime into a booming multi-billion dollar industry. Cloete (2012:556) suggests that this makes many professional athletes ideal brand ambassadors with the potential of earning large sums of money from endorsement contracts and their image rights. Along with this transformation to professionalism came several changes that are in stark contrast to what sport once stood for (Hodges et al 2014:395).

### **3.2.2. Amateur ideals in sport**

Sport was established as a leisure activity for the fun and enjoyment of its participants. Hodges et al (2014:395) theorise that sport was about the honourable pursuit of victory and it was recognised as a way of reinforcing values such as honesty, fair play, teamwork and fun within society. The ideals of sports amateurs required participants to show loyalty, chivalry and great sportsmanship (Allison 2012:vii). Porter and Wagg (2013:8) state that amateurism emphasised voluntary

association, and active and ethical participation, consequently rejecting professionalism and gambling. According to Rosner and Shropshire (2011:xi) these values and the need for amateurism were embellished in the ancient Greek Olympics and class-centred Victorian logic. Woods (2015:162) describes how the ancient Olympics developed from a religious festival with the 200 yards foot race as the only event, into a seven-day sports extravaganza. The ancient Olympics riveted the attention of people from Greece and its colonies, where common men could compete against royalty and soldiers for the coveted olive wreath symbolising victory (Woods 2015:162).

Sport's amateur status was cherished and romanticised by those involved in the early days of sport. At the core of amateur sport, players participated for the love of the game and not for glory or material reward (Porter & Wagg 2013:2; O'Brien & Slack 1999:25). In an effort to protect these ideals, sport organisations initially tried to maintain sport's amateur status. Porter and Wagg (2013:1) provide examples such as the Amateur Athletic Association in Britain, which set up a fund in 1882 to prosecute runners who competed for financial rewards; any rower who had "competed for a salary or monetary award" before 1928 was banned from the 1928 Olympic Games in Amsterdam.

### **3.2.3. The professionalisation of sport**

It is uncertain when players or participants in sport first received remuneration to compete. Dowling, Edwards and Washington (2014:528) define professionalisation as the process by which participation in sport "transforms from a volunteer driven to a business-like phenomenon". Harvey (2013:223) describes a professional athlete as someone who receives remuneration to compete, above the reimbursement of necessary travel and subsistence expenses. Riess (2012:1) posits that the UK was the first place where sport became a wide-spread obsession. In this regard, Harvey (2013:230) notes that from the 18<sup>th</sup> century the UK hosted a number of sport games and events that were played by professionals and semi-professionals. These events were watched by large paying audiences and included sports such as athletics, horseracing, wrestling and cockfighting (Harvey 2013:230). The entertainment value

of sport and willingness of crowds to pay and watch athletes compete inevitably meant that many sports would establish professional bodies and professional leagues (Goldstein 2009:5).

Football in particular became a very popular sport in the UK. Harvey (2013:228) remarks that football's popularity made it a significant commercial industry in the UK in the last quarter of the 19<sup>th</sup> century, employing many professional and semi-professional players. Football's popularity was emphasised by the 1899 Football Association (FA) Cup final that was attended by 73 833 spectators (Mandle 1973:511). Interest in sport was also fuelled by urbanisation, industrialisation and when newspapers started to cover sports extensively, which increased the commercial potential of sport matches (Riess 2012:32). Business people recognised the commercial value of sports and professional sports leagues were also formed in other countries. Riess (2012:35) notes that the National Association of Professional Base Ball Players became the first professional sports league in the US when it was established in 1871. This resulted in many players being contracted to play for professional teams and players earned relatively high salaries at the time (Goldstein 2009:6). The spectator sport business model continued to boom in the US in the late 19<sup>th</sup> century and many other sports followed suit with the establishment of their own professional organisation and leagues before the end of that century (Riess 2012:176). However, the organisations charged with the governance of cricket and rugby held onto their amateur ideals and it took many more years for these sports to become professional.

This study focused on the development of a framework for the financial literacy skills required by professional cricket and rugby players. Cricket and rugby are the two major team sports in which South Africa has achieved success on the international stage (Louw, Carnelley, Schembri and Whitcher 2010:32). Although cricket and rugby both have their roots in England, they are vastly different. In the following two Sections (3.2.4 and 3.2.5), the professionalisation of cricket and rugby is discussed.

### **3.2.4. The professionalisation of cricket**

#### **3.2.4.1. An overview of cricket**

Cricket, a team sport played with a bat and a ball, was first played and popularised in England. The first games of cricket were played around 1550. Cricket soon developed into a favourite English pastime (Terry 2000:33). Barker and Slater (2015:1) describe cricket as a team sport played by 11 individuals who combine to form an effective fielding unit with a common goal to get the opposition batsmen out, but it is also an individual sport where batsmen in some sense bat on their own and play for themselves. Bateman (2016:1) notes that the sport quickly gained acceptance and by the 19<sup>th</sup> century it became a symbol of muscular Christianity and a representation of English gentlemen with noble character. The British Army had a significant role in spreading the game across the world (Barker & Slater 2015:2). It is therefore no coincidence that the first recognised cricket game in South Africa was played between two teams of English officers on 5 January 1808 (ICC 2017). The International Cricket Council (ICC) (2017) explains that interest in the sport accelerated and first-class cricket in South Africa began in 1889, which was the same year that the South African national team played their first test match against England to become the third test nation following England and Australia. The ICC (2017) indicates that cricket administrators in South Africa received guidance from the influential Marylebone Cricket Club (MCC) in England and retained its amateur status until the global shift towards professionalism.

#### **3.2.4.2. The prominent MCC and their resistance to professionalism**

Cricket was a very popular sport in Britain in the 19<sup>th</sup> century, which was also the time that international cricket tours started. However, despite this popularity, the administrators of the game resisted professionalism for nearly a century. Sandiford (1985:271) notes that the first time players were remunerated for playing cricket was in the 1870s, but the Victorian legacy of the sport meant that most cricket club committees and the dominant MCC resisted professionalism and felt that cricket was a menial profession and no gentleman would play it for money. Wagg (2017:185)

records that while soccer, the other foremost British sport in the late 19<sup>th</sup> century, established a professional league with a divide between amateur and professional participants, amateurs and professionals continued to play together routinely in the same first-class (county) cricket teams. The ICC (2017) states that the Imperial Cricket Conference was established in 1909 to govern international cricket between England, Australia and South Africa, but it was still heavily influenced by the MCC, and the President of the MCC automatically assumed the chairmanship of the Imperial Cricket Conference. Sandiford (1985:271) explains that the MCC long advocated that the game could not survive without amateur ideals and only appointed amateurs to administrative positions.

The decline of the amateur was a major feature of English cricket after 1945. Sandiford (1985:271) explains that it became increasingly difficult for people after the Second World War to simply play the game for enjoyment, and the majority of players could only remain in first-class cricket by accepting match fees and seasonal contracts. According to Wagg (2017:187) the prolific English cricketer Jack Hobbs remarked in 1953 that it was clear that fewer fathers could afford to pay for their sons to play cricket as amateurs. Consequently, in 1954 the MCC finally relinquished their requirement for the English cricket captain to be an amateur, which signalled that cricket would become fully professional (Wagg 2017:194). The early 1960s saw an increase in spectator numbers and the prospect of televised matches opened the door to more commercial activities and sponsorships (Wagg 2017:198). Sandiford (1985:272) posits that this eventually caused the MCC to abolish their amateur ideals and allow players to play for fees and enter into contracts from the end of 1962. The acceptance of the move towards professionalism became apparent when the traditional annual game between the gentlemen (amateurs) and players (professionals) which had been played for more than a century was no longer arranged after 1962 (Heenan & Dunstan 2015:1138). According to Wagg (2017:199) the Gillette Cup, bearing the name of the American razor company, began the following year and a myriad of other corporate sponsorships including cigarette manufacturers, supermarkets, insurance companies and banks soon followed.

### 3.2.4.3. Professional cricket gains momentum

Broadcasting corporations and large corporate companies recognised the commercial potential of televised professional cricket matches. Trenberth and Hassan (2013:24) highlight the role of television in reaching large audiences to provide sport as a form of live entertainment with the potential for marketing and commercial opportunities. Sandiford (1985:276) states that big money in cricket became a reality when Kerry Packer, a wealthy Australian TV magnate, turned the cricket world upside down in 1977 after the Australian Cricket Board had rejected his generous bids for the exclusive rights to televise Test cricket in Australia. This came at a time when cricket in Australia was on the decline and the international teams with the most drawing power at the time – the West Indies and South Africa – rarely toured to Australia (Heenan & Dunstan 2015:1134). Packer, a great fan of the sport, responded by creating World Series Cricket and quickly recruited 35 of the world's best cricket players by guaranteeing them annual salaries ranging from \$A25 000 to \$A35 000 (Sandiford 1985:276). These salaries were more than the players could have dreamed of earning at the time (Haigh 2018:159). Packer was the entrepreneur who pushed professional cricket to the next level and placed it at the forefront of sports media (Rowe 1996:573; Heenan and Dunstan 2015:1132). Through Packer's actions cricket administrators all over the world realised the value of television exposure, sponsors and the importance of marketing the game, and cricket became unashamedly commercialised (Rowe 1996:573; Sandiford 1985:276; Heenan & Dunstan 2015:1138).

The Australian events also led to a restructuring of cricket administration in Britain. In the early 1980s the MCC became less authoritative and the Test and County Cricket Board (TCCB) became the leading executive arm of English cricket (Sandiford 1985:277). The growth in cricket revenue was significant as can be seen by comparing the MCC's £90 000 reported profit in 1962 to the TCCB's net profit of more than £3 million announced in 1983 (Sandiford 1985:277). Today the ICC (originally formed as the Imperial Cricket Conference), which took up its current name in 1989, governs all international cricket (ICC 2017). According to the ICC (2017) the organisation now has 12 test-playing (full) members and 93 other member

countries. The ICC (2017) points out that 10 cricket world cup events have been staged to date and cricket is a global game.

Modern-day cricket has many formats played with different durations. Barker and Slater (2015:3) explain that it can be played over many days: 5-day cricket for international test matches, 1-day cricket (usually with a maximum of 50 overs per side) and over just a few hours as is the case with twenty20 (T20) cricket. Perera, Davis and Swartz (2016:2888) explain that this exciting format of the sport allots each side a maximum of 20 overs to bat and matches are concluded in less than three hours. It has significantly enhanced the popularity of the sport in recent years. There are currently various professional T20 competitions around the world of which the Indian Premier League (IPL), which was formed in 2007, is regarded as the most prestigious and lucrative for the players (Perera et al 2016:2888). Siddiqui and Humphrey (2016:17) elaborate that the IPL is an ultra-commercialised event featuring the biggest stars of world cricket, purchased by different cricketing franchises through a competitive bidding mechanism, to compete for a six-week period. These cricket players earn money that past generations could only have dreamed about and according to Swartz (2016:2) the IPL had the second highest average player salary amongst all the professional sport leagues in the 2014–2015 season, trailing only the National Basketball Association in the US. Siddiqui and Humphrey (2016:17) describe the IPL as “brash, glitzy and growing like greased lightning” with every cricketing shot or wicket cheered loudly by cheer-leaders, Bollywood stars and millions of fans that allows the IPL to generate huge revenue through broadcasting rights and advertising. The IPL is valued at over \$4 billion (Siddiqui & Humphrey 2016:17) and South African players have also benefited from it with lucrative player contracts and endorsements. News24 reports that the IPL featured ten South Africans in 2018, with AB de Villiers and Chris Morris earning more than R12,5 million from their players’ contracts to take part in the six-week tournament, not to mention their bat sponsors and other endorsement contracts (10 Proteas stars hit the jackpot after IPL auction 2018).

### **3.2.5. The professionalisation of rugby**

Rugby union, or rugby as it is better known, has for many years been a popular sport in South Africa and many countries across the world. The origins of rugby in South Africa can be traced back to the late 19<sup>th</sup> century when it became popular as a cultural export of the British Empire (Grundlingh 2015:15). Hamiltons was the first rugby club established in South Africa in 1875 and Stellenbosch University and the University of Cape Town were also instrumental in the development and promotion of the game in this country (Grundlingh 2015:15). Despite rapid growth and the commercialisation of the sport in the middle of the 20<sup>th</sup> century, rugby union remained one of the final bastions of amateurism in the world of sport (O'Brien & Slack 1999:25).

#### **3.2.5.1. The history of rugby**

Rugby owes its origins to Rugby School in Warwickshire, England. By the 1820s the game still resembled soccer although players were allowed to catch the ball and kick it out of hand (Rugby School 2018). Rugby School (2018) describes how William Webb Ellis started the transformation towards modern-day rugby when he picked up the ball during a game at Rugby School and ran with it in 1823, although this rule was not adopted straight away. The first set of rules was drafted by the levee (prefects) of Rugby School in 1845, which improved the fairness of matches and allowed for the development of the sport (Richards 2011:1880; Rugby School 2018). Interestingly, South Africa's first rugby captain, HH Carsten who was appointed in 1891, was educated at Rugby School (Rugby School 2018).

Rugby is one of the most played and watched team sports in the world. Global participation numbers across all forms of the game were in excess of 8.5 million people in 2016 and with rugby returning to the Olympic Games in 2016, for the first time in 92 years, coupled with the growing popularity of Sevens rugby, the game is expected to achieve record growth in the coming years (World Rugby 2016). Despite this popularity, the sport initially stuck to its amateur traditions for well over a century. The Rugby Football Union (RFU) was founded in England in 1871 to promote and run the sport and for long it remained the staunchest protector of amateurism among

all the sports' governing bodies. Ryan (2009:1) explains that the RFU preceded the International Rugby Board, which was founded in 1886. These administrators for long proclaimed that the first principle of rugby union was its amateur status and there was a sense that professionalism would erode the objects of the sport and the moral lessons and camaraderie the sport promotes. Malcolm, Sheard and White (2000:64) note that the RFU feared professionalism would wear down the 'essence' of the sport with an over-emphasis on victory and an increase in dangerous play instead of playing for enjoyment. Danie Craven, a former South African rugby player, national coach, rugby administrator, academic and author stated: "My expression for the love of the game is to play it and not to be paid to play" (Ryan 2009:1).

After the Second World War, players and administrators realised that requiring players to tour the world in order to represent their country on the sports field, without compensation, was not sustainable. National teams frequently toured and these tours were arguably the most important link between northern and southern hemisphere rugby unions, which meant that the rugby players were effectively full-time athletes for months at a time with no real income (Harris 2017:208). Harris (2017:208) describes how Barry John, the outstanding Welsh flyhalf of the 1960s and early 1970s, felt wretched and ashamed after he had to collect unemployment benefit after returning home from a three-month tour to represent the British and Irish Lions against New Zealand in 1971. Harvey (2013:228) suggests that the growth of rugby was stifled by these amateur ideals and the popularity of other professional sports such as soccer. Ironically, Danie Craven was among the first rugby administrators to change his strong stance on amateurism when he called for the payment of player allowances and the payment of increased out-of-pocket expenses for South African touring players (Ryan 2009:10). Ryan (2009:11) records that commercial involvement in the South African game grew significantly throughout the 1960s, drawing financial support especially from breweries and tobacco companies.

#### 3.2.5.2. The professionalisation of rugby

By the mid-1990s most other sports had accepted professionalism and the pressure was mounting on rugby administrators to do the same. By the end of 1995, three

successful World Cup matches had been staged and the driving force behind the move to professionalism was the wealth provided by the sale of television rights to a global television audience (Ryan 2009:12). Income from television rights began to escalate as broadcast companies recognised the popularity and advertising potential of the sport (O'Brien & Slack 1999:25). In addition, O'Brien and Slack (1999:25) explain that demands on the time of elite players grew increasingly strenuous and it became almost impossible for them to hold down full-time jobs while trying to maintain competitiveness at the international level in the early 1990s. Ryan (2009:15) notes that at the time there were growing fears of losing the best rugby union players to the rival code of rugby league, which had long already adopted professionalism.

Moreover, there were suspicions in the northern hemisphere that rugby union's amateur ideals were diminishing. O'Brien and Slack (1999:25) note that players in the early 1990s began to accept 'under-the-table' payments, particularly from clubs in Europe who had strong financial backers willing to flout official International Rugby Football Board (IRFB) policy in pursuit of success, greater support and increased revenue. Ultimately, this combination of pressures led the IRFB to accede and rugby union became the last major team sport to accept professionalism (Williams 2012:88). O'Brien and Slack (1999:26) record that the IRFB, the governing body of world rugby at the time, finally decided on 25 August 1995 that the amateur principles upon which rugby union had been founded were to be repealed. O'Brien and Slack (1999:26) explain that the IRFB granted that rugby could be bound by the principles of an 'open game' where players could openly receive financial remuneration for their services to the game. Rugby Union became the last significant international sport to sanction professionalism (Ryan 2009:ix).

Contrary to the beliefs of those who protected rugby union's amateur status for more than a century, the professionalisation of the sport had many benefits. Professional athletes are financially rewarded for their efforts and the ability to train on a full-time basis has improved the standard of the game. Smith (2008:12) notes that the term 'amateur' was for many years regarded as a compliment to describe someone who played solely for the love of the game but now 'amateurism' has become a byword

for “sloppiness, disorganisation and ineptitude”. Harris (2017:214) points out that the amateur traditions that were once promoted and celebrated – such as breaking down class barriers, making friends with players from other nations and sharing in the enjoyment of a rugby tour – are still visible in the professional era and offer a powerful (re)affirmation that in some ways the game is still the same. With these values intact, World Rugby, rugby’s governing body that succeeded the IRFB in 2014, has embraced professionalism and rugby is expected to show significant growth in the future. This expectation is confirmed by the estimations of HSBC (2016:9) that rugby will be played by more than 15 million people around the world by 2026. Goodman (2015) affirms rugby’s growing reputation and states that rugby is possibly the world’s fastest-growing sport.

### **3.3. PROFESSIONAL SPORT IS A GLOBAL INDUSTRY**

Sport is big business. Sport has become a significant global industry with enormous commercial potential (Trenberth & Hassan 2013:4). Over the last 30 years, the professional sport industry has undergone rapid commercialisation and seen large increases in revenue, particularly from broadcasting (Walters & Hamil 2013:66). Woods (2015:271) explains that being a professional sportsperson requires hard work, dedication and sacrifices. Moreover, the risk of injury is prevalent. It is only fair that professional athletes, as great entertainers, should be rewarded for their success. Woods (2015:38) explains that these rewards for professional athletes may include money, fame, media attention and commercialised image rights. The world’s 100 top-earning athletes cumulatively banked USD4 billion between June 2018 and June 2019 (Badenhausen 2019). Salaries have also increased for non-star players (Shropshire, Davis & Duru 2016:14). Harris (2017:214) notes that the language and rhetoric of commercialised branding and sponsorship is now more visible than ever, and as is the case with many other internationally played sports, professional cricket and rugby unions are part of international business and no longer just sporting codes. This popularity and revenue streams from sports such as rugby and cricket are expected to continue in the future. HSBC (2016:9) posits that sport will be broadcast live on social media platforms in the future and will increasingly be watched on other electronic devices instead of television sets, which will make it

more accessible and provide more opportunities for sponsors. HSBC (2016:9) also notes that younger audiences are also expected to drive rapid growth in E-gaming, which will provide more opportunities for partnerships, sponsorships, brand development and endorsements for real-life professional athletes.

Being a professional athlete can be lucrative. Woods (2015:8) describes a professional athlete as someone with exceptional athletic ability that is hired to perform in his or her sport in return for financial remuneration. Professional athletes are rewarded with extrinsic financial rewards, such as salary, prize money and product endorsements (Woods 2015:36). The Independent Evaluation Group (IEG) points out that sponsors want to attach their brand to a successful and well supported team, individual, event or association (IEG 2017). Angell, Gorton, Bottomley and White (2016:191) explain that this is done to draw a positive emotional response from that connection and to create goodwill in the hope that fans reward the sponsor with increased patronage. According to the IEG (2017) global sponsorship spending is expected to be USD62.8 billion in 2017 from the USD60.1 billion spent in 2016 with sports sponsorships seen as particularly lucrative for clubs, players and brands.

The emphasis placed on sporting merchandise, broadcasting rights and commercial sponsorships far outrank the finances generated from fans attending live sporting events (Wiid & Cant 2015:384). According to these authors (2015:384) the most successful sports teams are those that can expand their market size and revenue sources beyond that of a local sports team to a wider audience. Connor and Mazanov (2010:213) note that these professional athletes performing on a global stage are regarded as heroes and stars worthy of admiration. Hodges et al (2014:396) posit that with huge monetary investments in athletes there is immense pressure placed on athletes to deliver on the sports field, to meet the expectations that individuals set for themselves as well as the expectations of their employers and fans. In addition to pressures to perform on the field, athletes require a range of financial literacy skills to achieve sustainable financial well-being. These skills include basic knowledge and awareness of numerous topics to navigate through a range of challenging situations. Challenges include complex employment contracts,

other contractual agreements, insurance, regulations of sport governing bodies, taxation of professional athletes and being prepared for a life after sport.

### **3.4. LEGAL RISK FOR PROFESSIONAL ATHLETES**

Professional athletes will probably sign a range of contractual agreements during their playing careers. These contracts govern their relationship with their employers, personal sponsors and those providing professional advice, such as agents, financial advisors and marketing representatives. The provisions of these contracts are legally binding and could cause unwanted restraints for professional athletes. A lack of awareness or misunderstanding on the part of a professional athlete when ratifying agreements could result in litigation, and financial and reputational loss, and could possibly harm his or her sustainable financial well-being.

Professional athletes often rely on their sports agents to deal with all legal matters, but this is an ill-advised approach. Players need to take responsibility for their contractual agreements and be aware of regulations governing their ethical behaviour. Wong, Zola and Deubert (2010:572) note that sports agents often offer a range of services including financial planning, tax advice, estate planning, employment contract negotiations, legal matters as well as finding and structuring endorsement deals. Shropshire et al (2016:8) contend that many sports agents are not qualified to provide all the services they offer and avoid referring their clients to experts out of fear that they may lose their business.

Professional athletes could benefit from the services of professional legal experts. Shropshire et al (2016:27) highlight the benefits if professional athletes consult lawyers when they engage in contract negotiations. In some cases, sports agents have been found to act with self-interest, whereas lawyers will more likely disclose conflicts of interest and all the relevant information in the best interest of the professional athletes because lawyers are required to adhere to professional standards and stand accountable to professional bodies (Shropshire et al 2016:8). Thuynsma (2012:29) confirms that it is important for professional athletes such as rugby players to gain expert legal advice before signing a player contract.

Professional athletes need to recognise when they need professional legal advice; they should have a basic knowledge and an understanding of their contractual arrangements because athletes are ultimately responsible for the decisions they make (Wong et al 2010:607). Legal advisors are therefore regarded as one of the actors who could influence a professional athlete's financial decision-making by contributing to their financial literacy skills (see 3.11).

### **3.4.1. Legally binding and often complex contracts of employment**

Sport is a global industry and the professionalisation of sport requires it to be managed as a 'business'. Mould (2011:189) states that once a sport's governing body accepts professionalism, that sport becomes "a business like any other", and if that sport is a team sport its elite players are employed in an employer–employee relationship. In summary, Mould (2011:189) posits that a contract is the primary tool to regulate any business relationship and it similarly makes sense to sign and appoint professional athletes with employment contracts. Swart (2016:125) emphasises that all athletes should know what establishes a legal contract. In addition, athletes should only sign a contract after understanding the legal and financial terms and implications and should always ask for financial records and contracts if they are not automatically provided by the other party (OECD 2016b:11).

#### **3.4.1.1. An employer–employee relationship exists in team sports**

It is generally accepted that professional athletes in team sports are contracted as employees by the clubs, franchises and unions they represent. Professional athletes who are employed with a contract to compete in a team sport are usually appointed as employees (SARS 2016:26). Sharrock (2011:418) defines an employment contract as

... a contract whereby one party (the employee), in return for payment of remuneration by the other (the employer), puts his personal services at the disposal of the employer in such a way that the employer is entitled to define his (or her) duties, and, at least to some extent, control the manner in which he (or she) discharges them.

Louw et al (2010:282) confirm that distinguishing features of an employment contract are “the rendering of personal services, remuneration and a measure of subordination”.

Professional athletes need to understand their employment contracts, as the conditions, remuneration and duration of the agreements will have a direct effect on their future financial sustainable financial well-being, especially since the contracts are legally binding and require subordination on the part of the player. Mould (2011:192) infers that based on the case of *Walker vs Crystal Palace Football Club*, and the undeniable similarities between contracts of employment in South Africa and Britain, it can be concluded that a player contracted in a team sport environment is an employee because the employer holds an “element of authority”. The employer’s ‘element of authority’ is confirmed by Mould (2011:210) who refers to the case of *Vrystaat Cheetahs (Pty) Ltd vs Mapoe*, which found that any valid, fair and legal contract of appointment provides the employer with the right to require the player to perform in terms of the contract for the duration of the contract period. Cornelius (2003:728) explains that, based on the principle of *pacta servanda sunt*, an employment contract restrains a player (professional athlete) from joining another club while still under contract at a particular club, unless a mutual agreement for the early termination (with or without compensation) of the contract can be reached between the player and his current club (or employer).

Employment contracts for professional athletes are unique. O’Leary (2017:6) notes that employment contracts for professional athletes have uncommon terms and conditions that relate to their sport and reflect the requirements of the employer, i.e. the sports club. The historical tendency for employment contracts to favour employers has led to the development of more robust labour laws and players’ associations, which have improved players’ own and collective bargaining when negotiating employment terms and conditions (O’Leary 2017:5). Louw et al (2010:282) note that the employment of professional athletes in South Africa is subject to normal South African labour legislation, unlike in some other countries such as Italy, where the appointment of professional athletes is regulated by specific

sports employment legislation. Louw et al (2010:283) state that while it is generally accepted that professional athletes involved in team sports are appointed as employees it remains a question of fact and some players are employed as independent contractors.

If a professional athlete is an employee, he or she will have the same rights as any employee in another industry, which in South Africa is governed by the Basic Conditions of Employment Act, No. 75 of 1997. Conversely, independent contractors are excluded and the terms of their engagement with a third party will be solely governed by the terms of their contract (RSA 1997:7). It is also noteworthy that professional athletes involved in individual sports such as tennis or golf are deemed to be self-employed (Louw et al 2010:283). The classification of a professional athlete as an employee or independent contractor is also relevant for tax purposes (for more detail see 3.5). The general rule is that professional rugby and cricket players are contracted as employees in South Africa.

#### 3.4.1.2. Employment of rugby players in South Africa

Since rugby is a major sport in South Africa, the contracting of professional players enjoys much media exposure and scrutiny. The SA Rugby Union (SARU) and its commercial arm, SA Rugby (Pty) Ltd, manage professional rugby in South Africa (Louw et al 2010:286). Lewis (2017) states that South African rugby players are contracted by the various provincial unions while a few top players that regularly represent the national side, also known as the Springboks, hold additional contracts with SA Rugby. Louw et al (2010:286) indicate that a collective agreement between the SA Rugby Players' Association (SARPA) and the provincial unions regulates the engagement of players in terms of a standardised players' contract.

SARPA is the official registered trade union of professional players and a division of MyPlayers (the players' association), which periodically negotiates the terms and conditions of the standard employment contracts with the rugby unions (employers of rugby players). MyPlayers (2019) indicates that the standard employment contracts prescribe the following: standard player contract terms; guidelines for player salaries;

minimum employment conditions; work hours; leave; duties of players; disciplinary matters; grievance procedures; travel and accommodation benefits; and procedures for the termination of the contract by province or player. Ellis (2016:102) reports that many provincial unions target and contract players at school, from as young as under 16 level. In many instances, these player contracts involve “substantial financial remuneration and sponsorships” (Ellis 2016:102). The signing of a professional player contract provides the player with job and financial security in the short term, but also places some restrictions on the individual and makes it harder to sign for another team if the opportunity arises (Ellis 2016:102). This increases the need for players to have a range of financial literacy skills from a young age to help them make sound financial decisions.

#### 3.4.1.3. Employment of cricket players in South Africa

In South Africa, cricket players are contracted to the respective unions in the same way as rugby players. Louw et al (2010:287) state that these professional cricket players are contracted as employees of their respective unions which fall under the auspices of the United Cricket Board of South Africa (UCB) and its commercial arm, Cricket South Africa (Pty) Ltd. These authors (2010:287) explain that the UCB also contracts players to represent South Africa at international level and employment contracts provide for a direct “employee–employer relationship”. Louw et al (2010:287) mention that all professional cricket players in South Africa are bound to the UCB and ICC codes of conduct, which include stipulations to prevent match fixing. Cricket South Africa and the SA Cricketers’ Association (SACA), which represents the players as a registered labour union and players’ association, have a collective agreement and provision is made for standardised franchise player contracts and standardised national contracts.

Player contracts for professional rugby and cricket players in South Africa may be relatively homogeneous, but this is not necessarily true for overseas contracts. It is critical for players to have basic legal knowledge and an understanding of their employment rights as well as their responsibilities in terms of their playing contracts.

#### 3.4.1.4. Global employment opportunities for South African rugby and cricket players

Many professional South African rugby and cricket players are employed abroad and this trend is expected to continue. HSBC (2016:4) notes that the inclusion of rugby in the 2016 Olympic Games was testament to how much the game has grown and explains that it is played competitively in more than 75 countries across the world. The South African Rugby Annual Yearbook for 2017 listed more than 300 South African professional rugby players who were playing abroad at the time and more than 200 who had represented countries other than South Africa (Rugby365 2017). Pienaar and Koch (2012:1243) found that the reasons most likely to motivate South African players to play abroad are larger salaries, the opportunity to gain international experience, better long-term tax benefits and the quota system in South African rugby. These conditions increase the possibility that more locally based South African professional rugby players may in the future ply their trade abroad for extensive periods. Ellis (2016:101) notes that in the past mostly experienced players were attracted overseas, but that has changed and many young, promising schoolboy rugby players hope to sign contracts with overseas clubs in the near future. This also motivates the need for professional rugby players to be financially literate from a young age and to recognise the need for an understanding of different countries' conditions of employment and tax regimes to inform their decisions when choosing between a contract at a local and an overseas club or franchise.

Cricket is also a popular sport with global appeal. Swartz (2016:2) states that cricket is a global game, which ranks fourth worldwide in terms of online media coverage after soccer, basketball and tennis. Large cricket leagues – especially in England and India – also offer very lucrative opportunities for South African cricket players. In 2017, News24 reported that there were 40 South African born players contracted to play cricket in the County Championship in England (SA cricketers set to star in English county cricket 2017). Greenfield, Osborn and Rossouw (2016:1748) largely attribute this influx of Southern African players into the County Championship in England to the Kolpak case through which a decision by the European Court of Justice allows players to play in England without the usual restrictions applied to overseas players. Louw et al (2010:300) explain that the Kolpak ruling stems from

the Cotonou Agreement of June 2000, which was agreed to by the European Union (EU) and 79 African, Caribbean and Pacific Island countries of June 2000. Greenfield et al (2016:1756) note that this provides South Africans the legal right to have equal working conditions within the EU.

The Kolpak ruling prevents sports teams such as those in the County Cricket Championship from imposing restrictions on the nationality of players, i.e. a rule of no more than two foreign players per team cannot be applied to players that hail from the EU citizens or countries that have Association Agreements (such as South Africa) with the EU (Lynn 2016). Lynn (2016) indicates that England may reject the Kolpak decision in the future as Britain prepares to leave the EU, but for now many South African players are still drawn to England by the significantly higher salaries on offer compared to playing for provincial teams in South Africa (Greenfield et al 2016:1757). Apart from participating in the domestic cricket competitions in England and South Africa as well as playing for the national team, players could also play in other lucrative international cricket leagues such as the IPL, the T20 Blast in England, the Caribbean Premier League, the Pakistan Super League, the Bangladesh Premier League and the Big Bash in Australia (Gregory-Smith, Paton & Sacheti 2019:257; 10 Proteas stars hit the jackpot after IPL auction 2018).

With so many opportunities to play abroad, professional cricket and rugby players need to be financially literate to enhance their sustainable financial well-being. This also means that they need to have a basic understanding of banking and currency management. The OECD (2016b:8) also underpins the importance of money and currency management and advises that individuals need to know how to apply exchange rates, to convert amounts into different currencies and to understand the impact of transaction fees and fluctuations in currencies over time.

#### 3.4.1.5. Players need to understand the provisions of their employment contracts

While South African labour legislation provides some protection to employees, the most significant rights and obligations are established in the employment contract, which has a direct effect on players' sustainable financial well-being. It is noteworthy

that labour laws offer no protection if the player is employed as an independent contractor, a circumstance that falls outside the ambit of any labour legislation (Louw et al 2010:288). Contractual agreements are further complicated if they are agreed to in foreign countries that have different laws and regulations for the contracting of professional athletes. It is noteworthy that the majority of professional athletes competing in a team sport environment are contracted as employees (SARS 2016:26).

While most employment contracts in other industries are relatively standardised, those of professional athletes are more complicated. O'Leary (2017:2) notes that professional athletes – like any other employees – value the money and benefits they earn as well as their health and safety in the work environment. Most of the relevant terms and conditions are agreed to in the player's contract of employment. O'Leary (2017:19) states that the terms and conditions of engagement agreed to in players' contracts have significantly developed in recent years. Barry, Skinner and Engelberg (2016:161) indicate that rugby and cricket players' contracts can be complex and could stipulate a range of factors, including the duration of the contract, signing-on-fees, fixed salary amount, performance-related salary, compensation for expenses, loyalty bonuses, the player's image rights and insurance.

#### **3.4.2. Contractual agreements other than employment contracts**

Professional athletes will probably be required to engage in a range of contractual agreements. Kohe and Purdy (2016:219) posit that professional athletes are often presented with potential equipment, clothing, and corporate and insurance sponsorship. Moreover, Barry et al (2016:161) state that professional athletes' image rights could provide many commercial opportunities. Image rights are the "legal rights associated with using the image of a sportsperson in marketing or promotional activities" (SARS 2016:29). Barry et al (2016:161) define image rights as the merchandising or promotional use of a professional athlete's image, name, likeness or characteristics and note that this could have huge commercial value. It is important for the contract of employment to stipulate whether the player retains his or her image rights or whether it exclusively permits the club to use his or her image in

return for an annual payment (Barry et al 2016:162). Fairley, Snyder, Kellett and Hill (2013:114) note that employers such as clubs may also negotiate additional endorsement contracts on behalf of the professional athletes they employ, which may also place a restraint of trade on the athletes to negotiate any other endorsement deals.

Professional athletes could gain financially from their image rights and by signing endorsement contracts, but they need to make sure that these endorsements are not prohibited by their contract of employment or that it does not infringe on the rights of the employer's sponsors. Professional athletes must have a basic understanding of the contracts that govern the use of their image rights and any endorsement contracts. They also need to recognise when they need legal advice to ensure their sustainable financial well-being. The NZRPA (2011) advises professional rugby players who are considering a rugby playing contract, agent contract or any other contract to seek "independent professional advice before signing anything". In addition, the OECD (2016b:11) advises individuals to understand that a contract is a legally binding document and that they should appreciate the implications of signing a contract with a financial service provider. Individuals are also advised to prepare a legally binding will and a living will and to sign an antenuptial agreement when getting married (Canter 2019).

### **3.4.3. Contractually agreed insurance for professional athletes**

Most people face a range of risks that could influence their financial well-being, some of which could be a loss of property due to theft or fire, fluctuations in exchange rates and business risk (Swart 2016:513). Many of these risks can be mitigated by obtaining insurance cover. In addition, a loss of income could occur as a result of injury, disease, disability and death (Billingsley et al 2016:337,341; Swart 2016:513). The risk of injury in sport is significant compared to many other occupations and could result in a period on the side lines to recuperate. In some cases, it could sometimes prematurely end a promising career. This makes appropriate medical, life and injury insurance very important. The NZRPA (2011) reports that an average professional rugby player's career is nine years, during which time a player will suffer

an average of 14 major injuries (defined as an injury that side lines the player for more than a month or hospitalises the player for more than a day). Players need to understand what insurance cover is paid for by their employers or players' association and what insurance cover is for their own account.

Health or medical insurance is insurance that covers medical expenses incurred due to sickness or injury and it should be an important aspect of a professional athlete's financial planning. Brown, Viljoen, Lambert, Readhead, Fuller, Van Mechelen and Verhagen (2015:398) note that the cost of injury sustained from playing sport – and in particular rugby – can be significant due to fractures or injury to the upper extremity of the body, which may require injured athletes to undergo surgery. Athletes are also advised to have medical insurance after their playing days: in 2011, NZRPA reported that 37% of retired rugby players suffered from major medical problems after their rugby careers had ended and 67% were concerned about the effect previous injuries would have later in life (NZRPA 2011). Discovery (2019) defines life insurance as insurance cover that pays a lump-sum amount upon the untimely death of the insured to the insured's selected beneficiaries, which may include family or friends. Although death due to sport or physical activity is not a regular occurrence it does happen (Adams, Casa & Drezner 2016:358). Adams et al (2016:358) noted that 90% of sudden deaths in sport can be attributed to sudden cardiac arrest, exertion, heat stroke, head injuries and related injuries; and these are usually tragic and unexpected events. Professional athletes need to understand the implications and benefits of having life insurance.

In the case of an injury, a professional athlete's career will usually be disrupted. SARS (2016:35) explains that professional athletes can arrange indemnification or injury insurance to compensate for any loss of income due to an injury. Sports Insurance 4 U (2018) state that injury insurance or sports accident insurance is designed to compensate professional athletes for a loss of income due to time spent on the side lines to recover from an injury. This important issue is highlighted by Cross (2016:5), who explains that injuries could have a wide range of financial consequences for the player beyond the medical cost to treat the injury because the

wages of the injured player may include a performance-related portion only attainable with successful participation.

Fortunately, many sports clubs arrange insurance cover on behalf of the players they employ. Barry et al (2016:27) explain that many players' contracts of employment include medical, life and injury insurance cover. Many of these professional athletes' contracts prescribe a range of duties and obligations for the athlete: to adhere to the club's instructions and training schedules; to perform to the best of their ability; to maintain a high level of fitness; and to avoid any activity that may invoke any exclusions in the player's injury insurance cover.

These exclusions and other terms and conditions in the insurance policies may cause some pitfalls that players need to recognise. Lanning (2016) highlights such an example with the injury of Handré Pollard, a South African rugby player, who was injured during training when he returned to play for the Bulls in South Africa after a stint in Japan. Lanning (2016) explains that at the time of the injury his contract with the Japanese club had ended and because he had not played a game for the Bulls in the new season his injury insurance had not commenced, which meant Pollard could not earn a salary for the duration of his injury. Fortunately, his membership with MyPlayers provided additional insurance cover to pay an equivalent of his salary, but this was only effective because he was injured for more than six consecutive months (Pollard returns, joins SA 'A' squad 2017; Pollard: No salary for 6 months? 2016). Moreover, Lanning (2016) reports that rugby players are fearful that team doctors employed by rugby franchises do not always act in their best interest and declare players fit to play in important games under pressure from the coaching staff. Professional athletes need to understand the extent of their insurance cover and know what could cause restrictions on any insurance payments because this could have a direct effect on their short- and long-term sustainable financial well-being in the case of an injury or unforeseen event. Professional athletes also need to be aware of sport regulations designed to promote ethical behaviour.

#### **3.4.4. Professional athletes need to be aware of the regulations governing their sport**

In South Africa the White Paper on Sport and Recreation for the Republic of South Africa pronounces government's policy regarding sport and recreation in the country (Department of Sport and Recreation South Africa 2012:12). This White Paper provides guidelines for the governance of sport in South Africa and addresses the code of ethical conduct required by professional athletes and supporters (Department of Sport and Recreation South Africa 2012:46). To achieve these governance goals there are also sport governing bodies in South Africa. O'Leary (2012:186) defines a sporting code's governing body as a private association of members which is responsible for the development of sport policy and is a vehicle through which the government achieves a number of objectives such as public participation in sport, improved public health and the prevention of racism. This is similar to SARU and the UCB in South Africa, which respectively govern rugby and cricket competitions in South Africa while complying with the requirements of their respective global bodies, World Rugby and the ICC. It is important for professional athletes to familiarise themselves with the regulations of their sport's governing body. O'Leary (2012:184) states that governing bodies prescribe standard conditions of employment, organise the professional sporting competition, and implement regulatory measures that affect the interests of professional athletes.

Some professional athletes, however, do not adhere to these regulations and bring their sport into disrepute, which could result in financial losses due to fines, suspensions and reputational damage. Connor and Mazanov (2010:214) comment that with so much pressure to perform on the field and with players grappling to understand what is socially acceptable conduct, some professional athletes will inevitably display poor player behaviour in modern, mediatised sport. Athletes, being aware of the high competition for a place on the team and potential loss of earnings if they do not perform to expectations, are therefore driven towards acts that compromise the values that sport stands for (Hodges et al 2014:396). Connor and Mazanov (2010:213) note that professional athletes' 'hero status' has resulted in complex media scrutiny, and with advancements in camera phones, instant

messaging and social media such as Facebook, this scrutiny has been intensified. Professional athletes need to acquaint themselves with the codes of conduct governing their sport to ensure their continued participation, uphold a positive image as ethical participants, and enhance their sustainable financial well-being. While standard conditions of employment are governed, professional athletes are still 'employed' on different terms which directly affect their financial well-being and sustainability.

### **3.5. TAXATION RISK FOR PROFESSIONAL ATHLETES**

The focus of this study is on rugby and cricket, two sports that provide a platform for many successful South African players to earn a living in South Africa and abroad. Different countries have different tax laws, which have a direct bearing on a professional athlete's net earnings and could influence their decision for which team to play in what country.

#### **3.5.1. Taxation of professional athletes**

With various global leagues and tournaments, professional athletes have more opportunities to compete in different countries and earn large sums of money, which increases their taxation risk. Akers (2015:11) confirms the expansion of sport on the international stage and notes that many modern-day athletes regularly compete in different countries. Since professional athletes are high-earning individuals they could be exposed to large tax liabilities. Badenhausen (2013) notes that Phil Mickelson effectively had to pay 61.12% taxes on his earnings derived from winning the Scottish and British Open golf tournaments in consecutive weeks in 2013.

Professional athletes could benefit from some basic tax knowledge. Akers (2015:15) contends that the taxation of a professional athlete's income has become an important consideration when choosing which sports club to sign for and where to play because different countries have different tax rates and tax rules, which significantly affects their net income. Therefore, a professional athlete's basic tax knowledge could directly affect their financial well-being and sustainability. Moreover,

Appleby (2010:606) posits that many professional athletes' have limited tax knowledge and those responsible for administering their tax often struggle. Matthee (2017:2) also highlights a number of cases in which professional athletes have been found guilty of tax fraud. Davis (2013:v), in his foreword to *Tax Law: An Introduction*, remarks that tax in South Africa has become increasingly complicated, making it more challenging to remain tax compliant.

### **3.5.2. Sources of taxable income for professional athletes**

Professional athletes, their agents and tax consultants need to understand the relevant South African tax laws and what constitutes taxable income in South Africa. SARS (2016:1) states that numerous professional athletes earn their living from a range of income sources, sometimes from different countries where different tax rules may apply. A professional athlete who competes in a different country also needs to navigate the tax regimes of such a country, which could be a challenge especially because a professional athlete also derives income from sources other than salary or prize money (Akers 2015:12). Stiglingh, Koekemoer, Van Zyl, Wilcocks and De Swardt (2017:5) summarise from Section 1 of the Income Tax 58 of 1962 (as amended) that "gross taxable income" for a "resident tax payer" (discussed in 3.5.3) includes the total amount of cash received or otherwise accrued to the tax payer, excluding receipts and accruals of a capital nature irrespective of where the income was earned. Matthee (2017:14) explains that possible sources of income for professional athletes, including rugby and cricket players, could range from salaries, player signing-on-fees, sponsorships, prizes, bonuses, benefit matches, travel allowances, fringe benefits, reimbursements, indemnification payments from insurers after a loss of income due to an injury, to royalties and image rights.

Although these income sources are usually included in any resident professional athlete's gross taxable income, Matthee (2017:14) points out that there are some nuances such as insurance indemnification payments which could sometimes constitute a capital gain. Cloete (2012:556) highlights that the image rights of top professional athletes have huge commercial value and many professional athletes

have established separate image rights companies, not only for tax purposes, but also to exercise control over the exploitation of the athlete's image rights. Barry et al (2016:162) explain that these image rights companies are often established in an off-shore tax haven, which creates a separation from the individual since the image rights form part of the company profits and reduce the tax burden of the individual athlete. Barry et al (2016:162) states that this has not been found to be illegal and is regarded as acceptable practice. Professional athletes need to recognise the risk of poor tax management to ensure improved financial planning and to avoid tax penalties and reputational damage.

### **3.5.3. Determining 'residency' for tax purposes**

It is essential for professional athletes, their agents and tax consultants to understand when a professional athlete will be regarded as a 'resident' required to pay tax in South Africa. This is especially relevant since Matthee (2017:1) note that many South African rugby players ply their trade in both South Africa and Europe or Japan during the same calendar year and tax year. Cloete (2012:565) explains that South Africa changed from a source-based to a residence-based taxation system on 1 January 2001 and any sportsperson who qualifies as a resident is liable for normal tax on their worldwide gross income. SARS (2017) indicates that an individual will be considered to be a South African resident if South Africa is the country to which that individual will naturally return to after his or her wanderings. A natural person who is not 'ordinarily resident' during a year of assessment will be resident if he or she is physically present in South Africa for certain periods of time (RSA 1962; Matthee 2017:10). Stiglingh et al (2017:62) indicate that this test applies to taxpayers who are not ordinarily present in South Africa, but who are physically present in South Africa for a period of time:

- exceeding 91 days in aggregate during the year of assessment, and
- exceeding 91 days in aggregate during each of the five years of assessment preceding the current year of assessment, and
- exceeding 915 days in aggregate during the five years of assessment preceding the current year of assessment.

In addition, Matthee (2017:21) explains that:

Remuneration received by a resident of a Contracting State in respect of employment exercised in the other Contracting State shall be taxable only in the first mentioned state if:

- the recipient is present in the other State for a period or periods not exceeding in the aggregate of 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and
- the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
- the remuneration is not borne by a permanent establishment which the employer has in the other State.

Professional athletes who meet the definition of a resident for income tax purposes will therefore be taxed on their worldwide income regardless of the source of this income (Matthee 2017:17). Conversely, a 'non-resident' South African for tax purposes is only taxed on income generated in South Africa. SARS (2017) notes that an individual will be regarded as a non-resident for tax purposes if South Africa is not that individual's principal or usual residence and if that individual does not satisfy the physical presence test. SARS (2017) explains that anybody deemed to be a non-resident for tax purposes will only be taxed on income that has its source in South Africa.

Other countries have similar measures to determine 'residency' for tax purposes, such as the 'automatic UK tests'. Matthee (2017:20) states that professional rugby players and other professional athletes may be regarded as a resident for tax purposes in more than one country because of their habits and their economic and personal relations. Matthee (2017:25) illustrates this principle by explaining that a rugby player playing in South Africa and in France may be taxed on the income earned in France, regardless of the provisions relating to 183 days referred to above. This results in the risk that the income may be taxed in more than one country, which is referred to as 'double taxation'. To prevent instances of double taxation, South Africa has double tax agreements and tax treaties with numerous countries which

are aligned with the OECD Model Tax Convention (Matthee 2017:2) Hereby a person will be taxed in the country where the income is generated from whenever a person is regarded to be a 'resident' of that country (Appleby 2010:608).

The OECD Model Tax Convention prescribes an exception to the residency rule for professional athletes who are regarded as high-earning and transient individuals. Molenaar (2010:2) explains that the residency rule is to some extent overruled by Section 17 – 'Artistes and Sportsmen' of the OECD Model Tax Convention which has the purpose to tax highly paid entertainers and professional athletes on personal service income in the country of performance. Akers (2015:12) confirms that professional athletes' income is generally taxed in the country where it is earned. Molenaar (2010:2) notes that the main reason for this special treatment is that professional athletes are very mobile and can easily move their residency to a tax haven such as Monaco and thus avoid paying taxes. South African professional athletes can avoid paying double tax since South African residents are entitled to a rebate or deduction of foreign taxes if an amount was taxable in another country due to residency in multiple countries or in terms of Section 17 of the OECD Model Tax Convention (Croome, Oguttu, Muller, Legwaila, Kolitz, Williams & Louw 2013:41).

The double tax agreements between South Africa and other countries are not uniform. Matthee (2017:25) notes that, for example, the agreement South Africa has with Australia and New Zealand includes the 'warrior exemption' which prescribes that income derived by a sports person as a member of a team in a recognised league, such as the Super Rugby tournament, will only be taxed in the country of residence. Notwithstanding these double tax agreements and tax treaties, the range of income sources generated by professional athletes and complex tax rules in different countries increases the risk that professional athletes may be subject to double tax. Appleby (2010:605) posits that professional athlete's ability to earn substantial sums of money in a short period in different countries increases their risk for double taxation. The OECD Model Convention also distinguishes between professional athletes not employed by a team, such as golfers, who provide "independent personal services" and athletes employed by a team, such as rugby and cricket players, who provide "dependent personal services" (Appleby 2010:608).

This author (2010:608) explains that independent and dependent personal services require a different tax treatment, which increases the complex nature of accounting for the taxation of professional athletes. Williamson (2017:5) notes that the taxation of professional athletes is a focal point for many tax collection agencies because professional athletes earn significant sums of money and their schedules are widely available. This makes it important for professional athletes who also ply their trade abroad to understand when they will be regarded as South African 'residents' for income tax purposes and to be aware of double taxation agreements or to periodically consult with a tax specialist or professional accountant.

### **3.6. THE RISK OF SUCCUMBING TO UNETHICAL BEHAVIOUR**

Professional athletes face short careers, which could be further shortened by injury. Yet, some athletes risk it all by committing illegal acts in pursuit of quick success and fortune. Recent reports on News24 claim that players, coaches and their agents have been guilty of making "kickback payments" to an administrator at a leading South African rugby franchise in exchange for new and improved contracts for the players and coaches (Former Bulls employee could face criminal charges 2019). This could be regarded as engaging in fraudulent dealings, which could harm the players' and coaches' reputation and financial standing. For some athletes the pressure to succeed is so immense that they lose sight of long-term sustainability, and compromise their careers by, for instance, using illegal substances or partaking in match fixing.

#### **3.6.1. The use of performance-enhancing drugs in search of quick success**

Under immense pressure to perform, professional athletes sometimes resort to using illegal performance-enhancing drugs. Boye, Skotland, Østerud and Nissen-Meyer (2017:351) mention that the rewards for successful professional athletes are significant and include prestige, fame and substantial financial rewards. Adams, Carine and Emmerson (2014:170) state that athletes are therefore constantly trying to improve their performance with new training methods, by developing better equipment and through improved diet. Boye et al (2017:351) explain that this has

unfortunately also tempted some athletes to use performance-enhancing drugs even when it may seriously threaten their health. Winning at all cost is not allowed and most sport business enterprises and professional bodies have banned the use of steroids and harmful dietary performance-enhancing supplements, commonly known as 'doping' (Rosner & Shropshire 2011:xi). Boye et al (2017:351) explain that doping poses many health risks and provides an unfair advantage against other competitors, therefore the World Anti-Doping Agency (WADA) has been established to regulate the use of performance-enhancing substances through rules set down in its code, which is signed by most countries.

Despite these regulations and the threat of being banned from international competition, many athletes are found guilty of doping every year. According to the BBC (2016), WADA found evidence of a four-year 'doping programme' run by the Russian government in the lead-up to the 2016 Olympic Games in Rio de Janeiro. According to the British Broadcasting Corporation (BBC 2016) this ploy resulted in more than 100 Russian athletes being banned from the 2016 Olympic Games. Adams et al (2014:174) describe cycling – and in particular its flagship event, the Tour de France – as perhaps the most tainted sport of all, with various high-profile doping cases. The most publicised case of doping was that of Lance Armstrong, a cancer survivor, role model and philanthropist whose 1999–2005 Tour titles were stripped for the use of banned substances in 2012 (Adams et al 2014:175). While cyclists appear to be the main culprits, many other sports have been tainted by professional athletes guilty of doping. Adams et al (2014:170) describe many doping cases in sports such as marathon running, athletics, tennis, boxing and soccer. Sekulic, Bjelanovic, Pehar, Pelivan and Zenic (2014:234) note that there is also a tendency for doping in other sports that are perhaps less popular, but still well-recognised, such as sailing, swimming, dancing, badminton and table-tennis.

Rugby players have also been caught using banned performance-enhancing substances. Sekulic et al (2014:227) remark that rugby is the team sport with the highest incidence of doping. Engelberg, Moston and Skinner (2015:273) reported that cricketers dope to improve their stamina, power and mental state and quote a cricketer, who was interviewed as part of their study, who said that he felt "more

relaxed, focused and invincible” thanks to the use of performance-enhancing drugs. Engelberg et al (2015:274) explain that another incentive for cricket players to use banned performance-enhancing drugs is to ensure a quicker recovery from long-term injuries and they note that coaches are sometimes aware of players doping, but choose to ignore it. Woolf, Mazanov and Connor (2016:12) argue that athletes want to win to legitimise their investment of time and training and to repay others who have supported their careers, such as their parents and coaches. Fortunately, Woolf et al (2016:12) reported that almost no professional athletes surveyed in the 2010s were willing to take a performance-enhancing drug which could kill them in five years, compared to 50% of athletes in the 1980s who were willing to take that risk in order to win. Woolf et al (2016:12) attribute athletes’ reduced inclination to use performance-enhancing drugs to the significant investments made to educate athletes about the downside of doping and the importance of safeguarding their future social identities and relationships with others. Nonetheless Dijkstra, Van Dyk and Schumacher (2016:510) contend that the use of various banned performance-enhancing substances and the use of blood doping remains prevalent.

Athletes who use performance-enhancing drugs are clearly focused on the achievement of success in the short term without fully grasping the risks in the long term. Athletes know they have a relatively short career in professional sport and Connor (2013:19) explains that the pressure to push the boundaries and to dope will only increase as the rewards of money and fame in sport escalates. Overbye, Knudsen and Pfister (2013:126) concur that one of the main incentives for athletes to use performance-enhancing drugs is the belief that it could give them financial security when their careers end. Overbye et al (2013:128) note that male athletes are more likely to use banned substances than their female counterparts because they are more motivated by the success and financial security doping could realise.

Greater financial literacy has the potential to help athletes to develop a long-term view of their careers and to establish long-term financial goals. Potrich et al (2016:356) contend that sound financial behaviour and, by extension, financial literacy will help individuals to establish long-term financial goals and savings for the future. This notion further motivated this study to address the gap in the literature

and provide guidelines for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being.

### **3.6.2. Match fixing**

Match fixing in sport is another example of players adopting a short-term view to gain financial rewards while losing perspective of the long-term risks. The ICC (2018) states that corruption in sport exists because there is the opportunity to make significant profits by betting on the results of matches or a specific part of a match when the outcome has been predetermined through a fix by paying a player to perform in a prearranged manner. Jacques Rogge, the former president of the International Olympic Committee, described match fixing as worse than doping because “doping affects one individual athlete, but the impact of match-fixing affects the whole competition” (Carpenter 2012:13).

Match fixing in sport has been prevalent for some time across various sporting codes. Forrest (2013:177) notes that match fixing to change the outcome of sports matches to serve betting interests is as old as organised sport itself. Match fixing is widespread and recent match fixing scandals have affected basketball, football, sumo wrestling, snooker, tennis, rugby league, cricket and other sports (Carpenter 2012:13; Misra, Anderson and Saunders 2013:135). Forrest (2013:177) describes various cases of match fixing in baseball, soccer and cricket, including the well-publicised series between England and South Africa in the 1990s that exposed Hansie Cronje. Qureshi and Verma (2013:69) explain that cricket players have been especially targeted by crime syndicates to manipulate cricket results for massive gambling profits, particularly in India and other Asian countries where illegal betting is poorly regulated. Qureshi and Verma (2013:69) note that the advent of technology and the broadcasting of games internationally has increased match fixing in cricket despite efforts to counter corruption in the sport. Cricket governing bodies have placed a great emphasis on protecting the reputation of the sport and all full member nations of the ICC, including South Africa, have anti-corruption codes and procedures modelled on the ICC anti-corruption code to govern first-class cricket matches and tournaments (ICC, 2018). Nonetheless, match fixing in cricket is still

prevalent. CSA (2016) recently announced that five players have been banned from any involvement in cricket for periods between seven and twenty years for contriving to fix matches in South Africa's first-class domestic T20 competition. One of the five has subsequently been found guilty of corruption for his role in attempting to fix or influence matches and has been sentenced to five years in jail (Former Protea Gulam Bodi sentenced to 5 years imprisonment 2019). Misra et al (2013:135) state that the prevention of match fixing has become a top priority for law enforcement agencies in some countries, which increases the likelihood of guilty players being caught. Carpenter (2012:16) describes match fixing as the biggest threat to the integrity of professional sport and claims that money is the main motivation for players to take part in match fixing. In addition, Carpenter (2012:24) notes that organised criminals, similar to the syndicates involved in match fixing, often use loan-sharking to force their indebted victims to engage in illegal activities. With this in mind, more financially literate professional athletes should be able to make better financial decisions and rather take a more long-term view of their finances and hopefully avoid poor short-term financial choices such as engaging in match fixing.

### **3.7. UNFORESEEN HAPPENINGS THAT COULD END A CAREER**

There are various reasons why a professional athlete's career could end, and when that happens it could have a significant effect on his or her sustainability. Gordon and Lavalley (2012:576) note that the most common reasons for athletes retiring from professional sport are deselection, career-ending injuries, chronological age and personal choice.

#### **3.7.1. Deselection**

The decision to retire from professional sport is sometimes beyond the professional athlete's control. While a decision to retire is often voluntary it is sometimes premature and brought about by deselection and conflicts with coaches (Butt & Molnar 2009:241; Park et al 2013:36). Dessauvagie (2018:125) explains that many professional athletes are fearful of non-selection and this lack of job security increases their finance-related stress levels.

Many professional athletes know that while their social capital may be admirable, they are ultimately valued based on their performance. Motivation, commitment and social skills are commendable in a team environment, but competence is the primary criterion for predicting a professional athlete's success and at some point every professional athlete is judged to be either indispensable or expendable (Butt & Molnar 2009:241). Hence, athletes need to be judicious when choosing which teams to play for and with which coaches they want to be working. A team with a head coach that has an attractive sporting philosophy and personality, quality sporting facilities and perceived future playing opportunities are important considerations for those wanting to be successful professional athletes (Sanger 2016:24). This links with the concept of opportunity cost. Buchanan (2017:1) explains that opportunity cost is the anticipated value of what is lost if one choice is made over another. Professional athletes need to understand that by making the decision to play for a certain team it means possibly foregoing another opportunity with attached benefits.

### **3.7.2. Influences that may prove to be career ending**

Other external factors may also prove to be career ending or limit a professional athlete's opportunities to play. SA Rugby announced in 2018 that it will aim to reduce the player pool of professional rugby players in South Africa by more than 50% because the current business model and number of players are not sustainable (SA Rugby to reduce professional player pool 2018). Lyall (2019) has also reported that the opportunities for foreign (including South African) rugby players to play in Europe are declining because many European countries want clubs to contract more local players to protect the quality of their national teams. This means that some players may have to accept a reduced contract or end up being out of contract (Lyall 2019).

Many South African rugby unions and franchises are also under financial pressure. Boland Rugby Union was liquidated in 2007 after the union could not pay the 56 players' salaries (Boland Rugby request liquidation 2007). Border Rugby was placed under provisional liquidation in 2018 after it had failed to pay players' salaries or to pay over pension fund and medical aid contributions on behalf of the players for

several months (SARPA takes steps to see Border Rugby liquidated 2018). News24 also reported that the Western Province Rugby Union was in major financial strife with escalating debt and interest charges threatening the sustainability of the union (WP rugby's money woes set to cripple the union 2019). Rugby's governing body is also reported to be under financial pressure after reporting a net loss of R33 million in 2017 and failing to secure the hosting rights for the 2023 Rugby World Cup (SA Rugby suffers net loss of R33 million 2018). Moreover, several South African players' contracts at a leading rugby club in Japan were in jeopardy after several of the other players at the club were found in possession of drugs and the club's major sponsor has threatened to withdraw its sponsorship (White's Japanese club in drugs scandal 2019).

Cricket South Africa is also planning to restructure cricket in South Africa and proposes to scrap the current franchise system, which the governing body says will reduce the forecast loss for the next four years from R654 million to R350 million (SACA: Players' Unions not consulted over CSA move to ditch franchise system 2019).

These factors, inter alia, contribute to professional athletes' lack of job security and highlight the importance for them to have financial literacy skills and the ability to plan for a career and life after sport.

### **3.7.3. The risk of suffering a career ending injury**

Participating in sports has many benefits, but there is a real risk of injury. Rudd, Hodge, Finley, Lewis and Wang (2016:2) comment that professional athletes compete for fitness, fun, fame and financial reward. Unfortunately, there is an element of risk involved when competing in sports and Fuller and Drawer (2004:349) point out that most sport activities will always involve a chance of being injured. Gordon and Lavalley (2012:577) explain that even minor injuries which cause a small reduction in a professional athlete's physical capabilities may be sufficient to render them no longer competitive at the highest level and force them to change to

another career. According to Fuller and Drawer (2004:354) the risk of injury in sport far outranks the risk of injury in everyday activity.

The risk of suffering a serious injury in professional rugby is undeniable and this sport outranks many other team sports. Cross (2016:1) notes that at the elite end of the participation spectrum there is evidence to suggest that the risk of injury increased after the sport became professional in 1995. Fuller, Taylor, Brooks and Kemp (2013:795) explain that since the advent of professionalism, players are conditioned to develop greater body mass, strength, speed and stamina, which increases the force of a rugby tackle and with it the risk of injury. Fuller and Drawer (2004:354) found that the risk of injury in professional rugby is among the highest of all the professional team sports, outranking soccer, cricket and ice hockey. These authors (2004:354) claim that a professional rugby player is almost 2 500 times more likely to get injured than someone working in industries such as agriculture and construction which have traditionally been regarded as high-risk occupations in the UK.

Recent research has found an association between success and players who are less injury prone, which has caused professional clubs to value players who are more durable (Cross 2016:5). Players also sometimes place themselves in a compromised position where they could suffer serious injuries in pursuit of contributing to their team's success. News24 reported that Pat Lambie continued playing in the European Champions Cup semi-final despite knowing that he was seriously injured (Lambie: I have to keep pinching myself to know it's real 2019). Sekulic et al (2014:227) confirm that the nature of rugby increases the risk of serious injuries that could unexpectedly end a player's career. Gordon and Lavalley (2012:579) found that athletes who involuntarily retire from sport due to injuries are seldom prepared for their sport careers to end and find the transition to life after sport the hardest. Dessauvagie (2018:126) also emphasises that professional athletes are aware of the injury risks and know that the longevity of their sporting career and their income cannot be guaranteed – these financial implications increase their stress levels.

The negative effects of sport injuries sustained in one's playing days are often only felt many years after retirement from professional sport. Cosh, Crabb and Tully (2015:34) note that retired athletes are at risk of experiencing long-term chronic pain and increased medical expenses resulting from injuries sustained during their playing careers. Filbay, Bishop, Peirce, Jones and Arden (2017:3) assessed the quality of life of 18 retired professional cricket players with an average age of 57 years and 11 months. They found that the vast majority of participants felt fortunate and grateful to have played professional cricket although constant pain and physical limitations were common in this group of retired professional cricketers (Filbay et al 2017:7). They also note that due to a history of sport-related injuries, retired athletes are more likely to develop osteoarthritis, a condition that sometimes causes pain and activity limitations later in life, which could result in significant medical and aftercare cost (Filbay et al 2017:1).

There are also instances where professional athletes have sustained life-changing and sometimes fatal injuries while competing in sport. Barker and Slater (2015:13) highlight the passing of Australian test cricket player Philip Hughes who tragically lost his life after being hit on the head during a domestic cricket game in November 2014. In South Africa, the Chris Burger/Petro Jackson Players' Fund was established in honour of Chris Burger and Petro Jackson who sustained fatal injuries while playing rugby in the 1980s (Players Fund 2018). According to the Players Fund (2018) website, the fund assists South African rugby players who have sustained life-changing neck and spinal cord injuries while playing the sport. Rudd et al (2016:2) indicate that horseracing, mountaineering, parachuting, motor-cycle racing and boxing are the sports that on average account for the most fatalities per year. Rudd et al (2016:2) highlight that participation in contact sports such as boxing, rugby and American football may cause chronic traumatic encephalopathy or chronic neurocognitive impairment later in life. Omalu, DeKosky, Minster, Kamboh, Hamilton and Wecht (2005:128) were the first to identify the potential link between chronic traumatic encephalopathy experienced by retired NFL players who repeatedly suffered concussion in their playing days. Grundlingh (2015:115) discusses the ailing bodies of former South African rugby players and highlights Ruben Kruger, Joost van der Westhuizen, André Venter and Tinus Linee as former players who were

diagnosed with life-threatening diseases shortly after their playing days. Grundlingh (2015:118) posits that players are aware of the long-term consequences of injuries sustained while playing contact sports such as rugby, but the will to win and the pressure to succeed overshadow thoughts of the risk involved.

Enhanced levels of financial literacy skills could help professional athletes to be better financially prepared for a life after sport and to reduce the anxiety that they may experience because of financial concerns.

#### **3.7.4. The mental demands of sport can take their toll**

Sport is not only physically but also mentally demanding and it requires great concentration to perform at the best of one's ability and achieve success. Cotterill (2017:i) explains that anyone who has ever taken an examination, competed in sport or appeared on stage understands the importance of performing at the right time. Barker and Slater (2015:1) comment that Glen McGrath, the former Australian cricket player, famously said that he thinks ability contributes 10 to 20 per cent and mental strength contributes 80 to 90 per cent towards a player's success.

The mental demands of professional cricket are intense. Filbay et al (2017:2) note that the demands of professional cricket and in particular batting are extreme because batsmen are no longer involved in a particular innings once dismissed, in contrast to many other team sports where players have a greater ongoing involvement within a game and an opportunity to correct mistakes. Filbay et al (2017:2) explain that professional cricketers face unique competitive demands that require advanced psychological and behavioural control to manage stress and perform under pressure. Filbay et al (2017:2) found that the psychological attributes associated with a successful cricket career include resilience, mental toughness, self-belief, optimism, coping with adversity and confidence. The pressure to perform and cope with intense mental demands has recently contributed to a number of high-profile cases where individuals have experienced mental health issues including burnout or fatigue, and depression. Barker and Slater (2015:12) cite examples including Marcus Trescothick, Michael Yardy and Jonathan Trott (all of whom

represented England) who indicated that the pressures of playing cricket had a significant effect on their mental health as well as their ability to be successful on the cricket field. Muller (2013) also notes that professional cricket players suffer more from depression and mental illness than other elite athletes from other sports.

Various authors have attempted to explain why the mental demands on professional cricket players are uniquely high. Muller (2013) ascribes this to the long periods of time players spend away from home playing cricket; the fact that games are played over a long time (number of days); players' tendency to focus more on their failings than their successes, which results in unforgiving self-analysis; and the fact that much idle time is spent between games. Barker and Slater (2015:12) explain that numerous extraneous variables (e.g. weather, pitch conditions, umpiring decisions) can render players powerless in determining their own success, which also contributes to their negative thoughts. According to Frith (2011:18) cricket has an alarmingly high suicide rate compared to other sports, even out-ranking boxing, which the writer describes as "an obvious self-destruction zone". Shah, Sava-Shah, Wijeratne and Draper (2016:299) disagree and argue that cricket was not to blame for the long list of test cricketers who have committed suicide, as their demographic, social and clinical characteristics were similar to those in the general population.

Even so, the mental demands on many professional athletes in a range of sporting codes are undeniable. Hughes and Leavey (2012:95) found that the pressures of being a professional athlete as well as the extreme exercise may be harmful to an individual's mental health. The fear of injury, non-selection, poor performance, personal life challenges and intense media scrutiny all add to the mental demands of professional athletes (Dessauvague 2018:165). Other factors that increase the stress levels of many elite athletes include pressure from coaches, pressure to succeed, and time constraints (Cosh & Tully 2015:8). Many professional athletes also experience pressure to perform and to justify their salaries, which are sometimes funded by the government and tax payers' money (Dessauvague 2018:125). Gleeson and Brady (2017) highlight cases of depression among professional athletes from sporting codes such as baseball, basketball, football, tennis and swimming who have suffered from depression during or after their sporting careers. Despite being the

most decorated Olympian of all time, the swimmer Michael Phelps's fight against depression is also cited by Gleeson and Brady (2017). Rugby players are not exempt from these pressures and Gouttebauge, Hopley, Kerkhoffs, Verhagen, Viljoen, Wylleman and Lambert (2018:1010) predict that at least 10% of professional rugby players will experience common mental disorders during the course of a season. Dessauvagie (2018:20) confirm that some rugby players have suffered from mental health issues during and after their sporting careers had ended. Nevertheless, many professional rugby players believe that their sport requires a great deal of strength and mental toughness and are therefore reluctant to seek help if they suffer from common mental disorders (Gouttebauge et al 2018:1011).

In addition to the abovementioned emotional challenges, many current and retired professional athletes experience financial pressures. Cosh and Tully (2015:8) note that financial pressures often add to the emotional and mental challenges experienced by retired athletes. Professional athletes will benefit from a high level of financial literacy to reduce their stress levels, take a long-term view of their financial planning and be better prepared for life after their sporting careers end. This study sought to address the gap in the literature by providing guidelines for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being.

### **3.8. TRANSITIONAL CHALLENGES EXPERIENCED BY RETIRED PROFESSIONAL ATHLETES**

Many athletes do not realise that there is potentially an opportunity cost associated with becoming a professional athlete in the first place. Opportunity cost is brought about by a scarcity of resources (Buchanan 2017:1). This author (2017:2) explains that by making a certain choice, one is forgoing another option with possible benefits and value. By becoming a professional athlete an opportunity could be lost for creating value elsewhere such as being a successful student and gaining work experience in a vocational career (López de Subijana et al 2015:61; Horner, Ternes, & McLeod 2016:200; Linnér, Stambulova, Lindahl & Wylleman 2019:7). This being said, professional athletes are often capable of forming business networks outside of

sport and being famous could create other opportunities such as in the broadcasting industry (Horner et al 2016:204). However, this fame or intellectual property or cultural capital has a shelf-life and does not last long beyond most players' sporting careers (Horner et al 2016:205). Hence, it is critical that every sportsman or -woman make a considered decision before becoming a professional athlete.

### **3.8.1. Many professional athletes will need to transition to another career**

Professional athletes often experience a life of fame and fortune where they are admired by many and seen as heroes and role models. One of the most recognised coaches in the NFL, Pete Carroll, often reminds his players: "You live a temporary fairy tale" (Van Heerden 2018:6). Küttel et al (2018:20) posit that successful professional athletes can establish significant economic capital (through sponsorships and prize money), cultural capital (such as social recognition) and social capital (including an extensive network of relations inside and outside sport). It is critical that professional athletes manage these forms of capital well because every professional athlete will eventually have to end their sporting career at the elite level (North & Lavalley 2004:77). The end of their sporting careers as professional athletes will require a transition to another career and life after sport. Knights, Sherry and Ruddock-Hudson (2016:292) describe a transition as an event or non-event, which changes the assumptions about oneself and the world and thus requires a corresponding change in one's behaviour and relationships.

### **3.8.2. Taking up a transitional career after sport may be challenging**

The end of a professional athlete's sporting career often causes many emotional and economic challenges. Purdon (2018:12) explains that individuals who are required to transition to another life after retirement could experience a loss of identity, significant changes in their daily routine, or even struggle with the appropriate allocation of newly found time. The end of an athlete's sporting career could also bring about a sense of failure and challenges such as economic difficulties, missing the camaraderie of a team, losing contact with teammates, decreased life satisfaction, depression, low self-esteem, substance abuse, the inability to succeed

in a transitional career, greater probability of marital breakdown, and in extreme cases, suicide (Butt & Molnar 2009:241). This was highlighted by the extreme case of Dan Vickerman's suicide in 2017. Vickerman was a highly successful South African-born rugby player who played rugby for Australia. Brendan Cannon, an ex-teammate and close friend of Vickerman's attributed his death to "the difficulties Dan experienced during his transition out of sport" (Dessauvague 2018:23). Dessauvague (2018:46) explains that many athletes identify exclusively with their athletic ability and find it difficult to consider careers or a life in a non-sport environment – this is sometimes their downfall. Knights et al (2016:292) confirm that one of the most common issues for sports psychologists is helping professional athletes cope with their career transition from professional sports to another career and life after sport.

Financial concerns add to professional athletes' emotional and mental challenges. Financial challenges could include struggling to transition to another career, lack of savings, the time value of money, inflation, not having a diversified investment portfolio, excessive debt, being inadequately insured, healthcare costs, and failing to stay within a budget (Purdon 2018:12; Butt & Molnar 2009:241). Grundlingh (2015:6) notes that many sporting federations around the world are focused on sport success and medal counts and ignore the challenges athletes face during their transition to a life beyond their sporting careers. North and Lavallee (2004:77) confirm that many retired professional athletes experience adjustment difficulties.

Researchers have found numerous adjustment difficulties, which in many instances are unique to professional athletes who need to make the transition from one career to another relatively early in life. Stronach et al (2014:41) identified a range of emotional challenges for retired professional athletes that may include experiencing significant stress, reduced perception of self-worth, lack of purpose, loss of identity, and alienation from social networks. Other emotional and mental challenges originate from the realisation that they are 'like everyone else', missing the sport atmosphere and the competition, adapting to a new social status, loss of prestige and dealing with bodily changes (Wylleman & Reints 2010:92). Wylleman and Reints (2010:92) explain that many retired professional athletes lack the professional skills, experience or a relational network necessary for vocational success and many

professional athletes struggle with vocational responsibilities, working fixed hours and changes in their financial situation when they switch from their careers as professional athletes to vocational careers. Ellis (2016:10) highlights that 84% of retired rugby players in South Africa have financial challenges after their playing careers end. Ellis (2016:10) posits that one of the primary reasons for this unfortunate situation is that only a small number of players attain an academic qualification during their playing days, because most of their attention is focused on their professional sporting careers. This means that many retired professional athletes first need to gain a graduate qualification at university “before starting work at the ‘bottom of the ladder’”, working for low wages and with younger workers who have seniority over them (Wylleman & Reints 2010:92). Ellis (2016:8) confirms that by the time professional athletes retire from their sporting careers, their non-athletic peers have spent a number of years building careers in other domains, which could provide them with a sense of superiority. Retired athletes are also susceptible to labelling and sometimes feel a sense of having gone from ‘hero to zero’ (Gordon & Lavalley 2012:570). Hence, retired professional athletes often describe their transition to another career as a ‘major disruption’ and a ‘big challenge’, which increases the need for them to prepare for a transitional career well in advance of their retirement from professional sport (Ellis 2016:8). Van Heerden (2018:7) emphasises that anybody involved in professional sport or tasked to guide professional athletes has an obligation to prepare professional athletes for the end of their sporting careers and to help them think about and plan for a life after sport.

### **3.9. PLANNING FOR LIFE AFTER SPORT**

Professional athletes subjected to a great deal of pressure to perform and it requires their full dedication, which often results in their neglecting any considerations for their lives after their sport careers have come to an end. Tshube and Feltz (2015:109) explain that professional sport exposes athletes to great experiences but it requires immense commitment to reach the top and this is often at the expense of education, family, other interests in life and building a sustainable career. Ellis (2016:49) states that similar to persons who retire from a vocational career, retiring professional athletes need to make decisions that will promote their good health, sustainable

financial resources and quality of life. The difference is retiring professional athletes need to make these decisions earlier in life than many others, while transitioning to another career (Ellis 2016:49). North and Lavallee (2004:78) note that since the introduction of the career transition programme by the Olympic Athlete Career Centre in 1985, many countries, including the US, Australia, South Africa and the UK have developed career transition programmes to help prepare athletes for retirement from sport and the next phase of their lives.

Many of these programmes focus on lifestyle management and provide an introduction to career planning and development by focusing on values and interest exploration, career awareness and decision-making, CV/resume preparation, interview techniques, and job search strategies (Gordon & Lavallee 2012:581). In spite of these programmes North and Lavallee (2004:81) found that 53% of athletes surveyed across 23 sporting codes in the United Kingdom were making plans for life after sport and 47% were not. North and Lavallee (2004:83) also claim that younger athletes believe they have much time before they need to develop plans for a career after professional sport or their eventual retirement. North and Lavallee (2004:82) reported that 21% of athletes who planned to retire in the next two years did not have an idea what they were going to do after their careers as professional athletes. Taking into account that these programmes do not specifically focus on their financial future, this current research study aimed to provide guidelines for the financial literacy skills required by professional athletes in order for them to be better equipped with long-term financial goals and skills to transition to another career when their sporting careers end.

Players also retire from their careers as professional athletes earlier than expected. This is clearly a problem: Knights et al (2016:299) found that athletes who planned their retirement in advance were better prepared for a life and career after sport. Tshube and Feltz (2015:109) posit that the quality of professional athletes' transition from a career in sport to a vocational career depends on athletic factors such as athletic success and a sense of achievement in the world of sport as well as non-athletic factors such as family support, retirement planning and having a part-time career or investments beyond sport. The NZRPA (2011) accentuates the need for

professional athletes to study towards a tertiary qualification or to gain meaningful work proficiency in another career during their playing days to help them with a smoother career transition after their sporting careers. Ellis (2016:10) states that very few rugby players attain academic qualifications during their playing days, because their only focus is on playing rugby. Wylleman and Reints (2010:93) note that athletes – and in particular athletes competing in high-impact sport such as rugby – require career support and lifestyle management services. They also (2010:93) highlight the need for professional athletes to be educated about lifestyle skills and interpersonal skills to help them balance elite sport, education, vocation, and personal/family life in such a way that they are able to develop, maximise and ensure sustainable financial well-being throughout their careers as professional athletes, when they become vocational employees and after they reach normal retirement age in their sixties.

### **3.10. THE IMPORTANCE OF FINANCIAL LITERACY FOR PROFESSIONAL ATHLETES**

Success on the sports field and significant financial rewards do not guarantee a life of sustainable financial well-being. In addition, players often experience various financial challenges during and after their playing days. The NZRPA (2011) reported that “retirement from rugby was unexpected” for 48% of rugby players surveyed and highlights the importance of sound financial planning to achieve sustainable financial well-being beyond an athlete’s sporting career. Farinella et al (2017:1) notes low levels of financial literacy and in particular poor budgeting, inadequate savings and excessive debt as the main reasons why professional athletes who earn millions of dollars go bankrupt. Klapper et al (2013:3922) state that individuals are required to take responsibility for their own savings, investment decisions and debt management, which can only be achieved with sound financial literacy skills. Fortunato and Marchant (1999:276) explain that professional athletes in particular need to take responsibility for their own financial planning because they face relatively short careers and many will need to convert to a vocational career after their sport careers end. In their earlier study, North and Lavalley (2004:80) found that the planned retirement age for rugby union players was 37 although the average

across 23 sporting codes assessed in their study was 34 years of age. Based on a comparative study by Fuller et al (2013:801) over a 10-year period, the average age of professional rugby players is decreasing with young players promoted to first team action earlier in their careers and older players retiring at a younger age. This increases the need for professional athletes to gain financial literacy skills, do financial planning and plan for a transitional career from a younger age.

Furthermore, Lotysz and Short (2004:63) point out that many retired athletes experience unemployment as well as financial and other challenges after retirement from professional sport. This state of affairs aggravates matters for such athletes. Based on a survey of retired rugby players, the NZRPA (2011) found that many retired rugby players will experience a decrease in their monthly income after their playing careers end. Lotysz and Short (2004:64) also provide an example of a former NFL player who regretted playing professional sports and wished he had started his working life in a vocational career without the financial challenges, relationship problems and stress associated with a career transition out of sport. Moreover, many professional athletes rely too much on their sports agents to help with their financial management, which is unwise because “there is a good reason to believe that (sport) agents will not always act in the best interest of the principal” (Mason & Slack 2005:50). In a survey by NZRPA (2011), it was found that 34% of retired New Zealand rugby players were disappointed with the financial advice they received before retiring. Surujlal (2016:164) recommends that professional athletes take responsibility for their own finances, gain financial literacy skills and start planning for their retirement at a young age because their career span as professional athletes is much shorter than most vocational occupations outside sport.

Surujlal (2016:164) makes these recommendations because the researcher found that only a third of soccer players in the South African Premier Soccer League (PSL) had any financial literacy training. Surujlal (2016:168) also found only 65% of the professional PSL players had matriculated, which reduced their employment opportunities outside soccer and contributed to only 28% of them having any idea what career they would pursue after retirement from soccer. This is a major problem: López de Subijana et al (2015:61) state that professional athletes have a better

chance of success after sport if they plan for a transitional career in advance and suggest that professional athletes should attempt to have a dual career towards the end of their sporting careers, which is also known as the mastery stage. Surujlal (2016:168) also found that only 26% of professional soccer players based in South Africa had a retirement insurance policy and less than 45% had investment plans. Although that study focused on the retirement planning of soccer players and did not provide the financial literacy skills required by professional athletes or an assessment of the soccer players' financial literacy skills, it is in principle relevant to this study.

Programmes to advise and prepare professional athletes for their transition to another career after sport could be beneficial. López de Subijana et al (2015:58) indicate that many countries around the world have implemented Career Assistance Programs (CAPs) designed to mentor professional athletes so that they are better prepared for a life after their sport careers end. There is little evidence of research in South Africa regarding the success of CAPs for rugby and cricket players. In a study focused on South African soccer players, Surujlal (2016:170) highlights the lack of appropriate CAPs for professional soccer players based in South Africa and recommends that more workshops and programmes be made available to help players on the verge of retirement from their sporting careers. An understanding of South African professional rugby and cricket players' financial literacy and the financial literacy skills they require will contribute to the body of literature and be valuable to players and the network around a professional athlete with an ability to influence their financial decisions.

The network of influencers that could affect a professional athlete's financial decisions is noted in 1.6.1.2. Surujlal (2016:170) confirms the need for professional athletes to seek the help of financial advisors to help with their financial planning. Calcagno and Monticone (2015:364) note that individuals with a higher level of financial literacy are more likely to seek professional advice regarding their finances. Professional athletes need to combine this advice with their own financial literacy skills. Boddy et al (2015:13) note that financial advisors are often rewarded on the products they sell and not on the quality of service they provide, which could cause a

conflict of interest. This endorses the importance for professional athletes to surround themselves with a network of people that positively influence their financial knowledge, financial attitude and financial behaviour in pursuit of financial well-being and sustainability.

### **3.11. THE THEORETICAL LENS FOR THIS STUDY**

There are numerous influencers or actors around a professional athlete with the ability to influence an athlete's financial decision-making and ultimately his or her sustainable financial well-being. These include sports agents, family and friends, software applications, financial advisors and brokers, tax specialists or accountants, legal experts, players' associations, the professional athlete's employers (sports club, franchise or national sport governing body), academics and training providers. ANT was introduced in 1.6.1.3 and identified as an appropriate lens to guide the theoretical and methodological approach to analyse the network of actors around a professional athlete, with the ability to influence a professional athlete's financial decision-making.

#### **3.11.1. Actor-network theory as the theoretical lens for this study**

ANT provided a suitable interpretive lens to guide this research study because an understanding of the financial information that could flow within the network of actors around a professional athlete is fitting to determine the financial literacy skills required by a professional athlete in pursuit of financial well-being. ANT has been broadly applied in various disciplines. Bueger and Stockbruegger (2017:1) indicate that although ANT is widely known and offers a rich repertoire of concepts and ideas, it inspires a new way of thinking about scientific analysis. Dezuanni (2015:417) used ANT to identify the building blocks of digital media literacy. The empirical study by Dezuanni (2015:416) identified the knowledge and skills students may develop when they take part in digital media production and analysis in a school setting. Lingard, Thompson and Sellar (2015:33) applied ANT to identify the relations or actors within the Australian school system to analyse how learners are assessed in Australian schools.

ANT has also been applied to research in the fields of management accounting and financial accounting. Alcouffe (2008:1) used ANT to investigate why management accounting techniques were created and how they were accepted. Verhoef and Samkin (2017:1370) applied ANT to examine how different actors have subdued the development of accounting research in South Africa. In another accounting study, Joannidés and Berland (2013:515) successfully used ANT to show how accounting knowledge is established and advanced. Justesen and Mouritsen (2011:161) state that ANT has repositioned calculations to a central place within accounting research instead of it being marginalised to “material, ideological, professional and political conditions or personal interpretations of accounting”. This further motivated the use of ANT for this study with financial calculations and numeracy being essential to the financial knowledge and financial decision-making elements of financial literacy.

### **3.11.2. The four moments of translation within actor-network theory**

For ANT to be considered an appropriate theoretical perspective, there need to be some preconditions. Callon (1984:196) identified four “moments of translation” within ANT, namely problematisation, interessement, enrolment and mobilisation. Verhoef and Samkin (2017:1375) posit that during the problematisation stage the primary actor identifies a ‘problem’ and determines which actors should form a network to contribute to solving the problem. The moments of translation in a network of financial advisors providing advice to a professional athlete may begin with the professional athlete (primary actor) identifying a ‘problem’ which may be that the professional athlete requires assistance with a financial decision. This leads to ‘interessement’ (inter-positioning) of human and non-human actors around the primary actor to solve this problem. Dezuanni (2015:420) notes that enrolment occurs when actors negotiate a relationship with each other. Regarding this stage, Verhoef and Samkin (2017:1375) explain that the primary actor must show other actors that they will also benefit by joining the network. In the context of this study, it may include a contractual agreement between the professional athlete and a broker or a sports agent to perform certain financially motivated tasks or functions.

Once the primary actor successfully gains the 'enrolment' and commitment of the other actors, the mobilisation of the network occurs (Verhoef & Samkin 2017:1375). Callon (1984:196) describes mobilisation as the moment when actors start to negotiate with one another in an attempt to establish network stability. Clarke (2002:117) defines mobilisation as the moment when "the various actors are transformed into manageable entities". In this context it may be when the broker provides financial advice or when the sports agent provides the professional athlete with the option to play for different franchises (or unions) with different nuances in each player contract. Verhoef and Samkin (2017:1375) note that the entrant actors supporting the primary actor (in this case the professional athlete) are allies and strengthen the network, unless there is disagreement between the actors which may lead to an actor withdrawing from the network. Hence, networks can change because they are an association of actors defined by their place in the network and their relationship with the primary actor and other actors in that moment (Justesen & Mouritsen 2011:174).

### **3.11.3. The professional athlete: the primary actor in this network**

It is critical for the professional athlete to have sufficient financial literacy to coalesce with any advice they could receive regarding their finances. Moreover, professional athletes need to recognise the importance of surrounding themselves with people that could positively influence their financial decision-making in pursuit of sustainable financial well-being. This may cause the professional athlete, as the "primary actor", to enrol the help of other actors to aid his or her decision-making (Verhoef & Samkin 2017:1375). Chung and Park (2015:93) show that both the individual's financial literacy and the financial network around the individual are critical factors influencing the individual's financial behaviour and investment decisions. It is noteworthy that Chung and Park (2015:78) define such a financial network as the people who are perceived to be financially literate by the individual investor (primary actor) and who share social interactions with this individual investor. Gerrans and Hershey (2017:86) also state that individuals with greater financial literacy are more likely to seek professional financial advice.

Interestingly, financial advisors have also been found to be more informative towards individuals who they perceived to be more knowledgeable with a higher level of financial literacy (Calcagno & Monticone 2015:372). The findings of Chung and Park (2015:94) imply that an individual's financial behaviour and investment decisions can be significantly enhanced when his or her financial knowledge is combined with knowledge acquired from a financially literate actor in a social network. A network of knowledgeable individuals with an understanding of professional athletes' unique financial circumstances will be ideally positioned to help with the development of a framework detailing the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being.

While the guidance and advice of agents could be invaluable, professional athletes need to be aware of the risks attached to any agent relationship. Mason and Slack (2005:52) explain that this could include that agents offer services they are not qualified to provide and that agents may act with self-interest and not in the best interest of the players they represent. Canter (2019) warns that individuals should seek full transparency on the fees charged by advisors and require them to disclose any conflicts of interest. Having financial knowledge is necessary to make the correct financial decision even after consulting with qualified financial advisors (Calcagno & Monticone 2015:372). Therefore, professional athletes need to have basic financial literacy skills to understand the recommendations of sports agents and other actors or advisors, such as financial advisors, to make sound financial decisions in pursuit of sustainable financial-well-being. Moreover, professional athletes need to take responsibility for their financial knowledge, financial attitude and financial behaviour.

### **3.12. SUMMARY**

The preceding two chapters provided background and a theoretical lens or perspective for this research study. This chapter connected the importance of financial literacy with the unique circumstances of professional athletes. It also provided some background to professional sport, highlighted the finance-related challenges faced by professional athletes and the importance of financial literacy for them. Furthermore, this chapter discussed the suitability of ANT to guide the

research process. It also highlighted the gap in the literature and the need for a framework for the financial literacy skills required by professional athletes, specifically rugby and cricket players, in pursuit of sustainable financial well-being.

The literature presented in Chapters 1, 2 and 3 informed the development of a list of questions (see Annexure B) that was used for the interviews to establish a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The past academic and applied literature was also used for the second part of the study towards the development of a research instrument to assess the financial literacy of professional athletes in South Africa (see Annexure F).

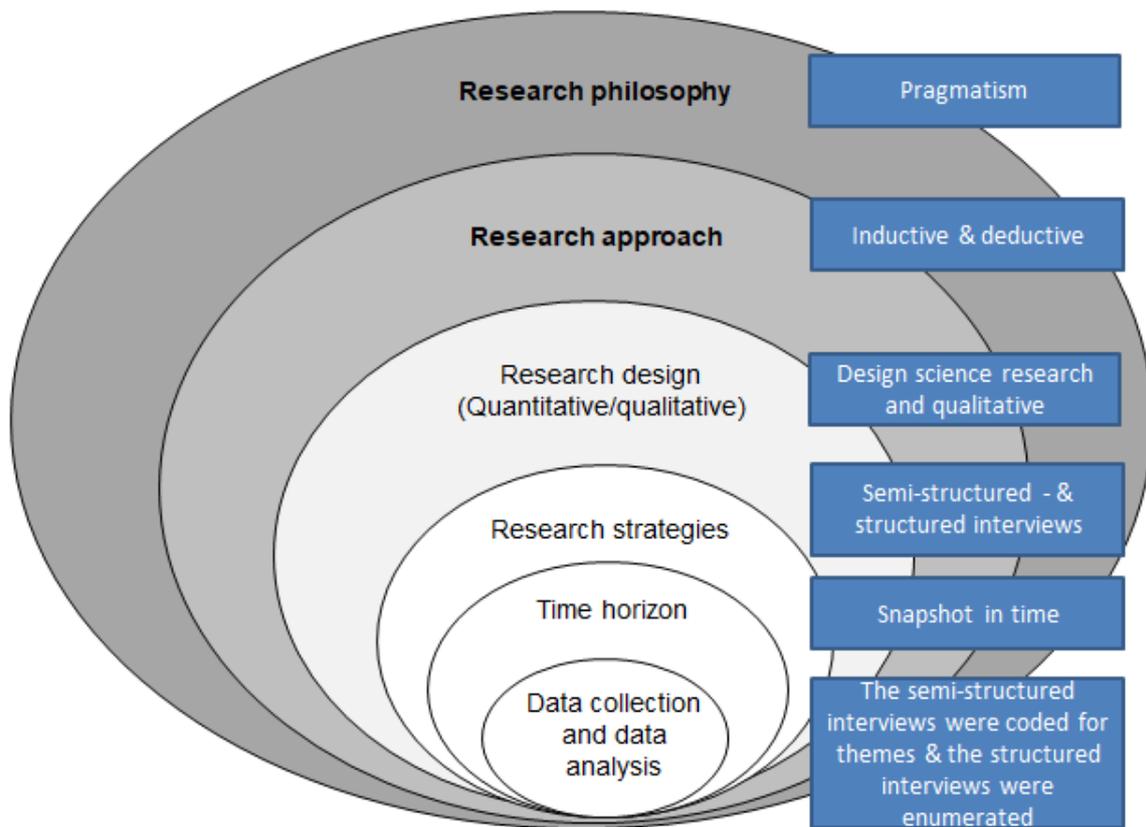
The next chapter describes the methodology used to conduct the empirical part of this research to achieve the research objectives.

## **CHAPTER 4 – RESEARCH METHODOLOGY**

### **4.1. INTRODUCTION**

The preceding chapters discussed the framework and background for this research study. The purpose of this chapter is to provide a rationale for the research design to reach the two research objectives. The primary objective of this study was to provide a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The study also sought to achieve the following secondary objective: to provide the basis for a research instrument to assess the financial literacy of professional athletes.

This chapter begins by setting out the research philosophy most closely aligned with the researcher's views on the research process. Next, attention is given to the research approach deemed to be suitable to achieve the respective research objectives. This is followed by a discussion of the research design, which Saunders et al (2015:164) describe as the research strategies, time horizon, data collection and data analysis methods that are formulated to ensure coherence within the research project. This chapter is constructed based on the key components in the research process as defined and illustrated by Saunders et al (2015:124) in Figure 4.1 below.



**Figure 4.1: The research onion**

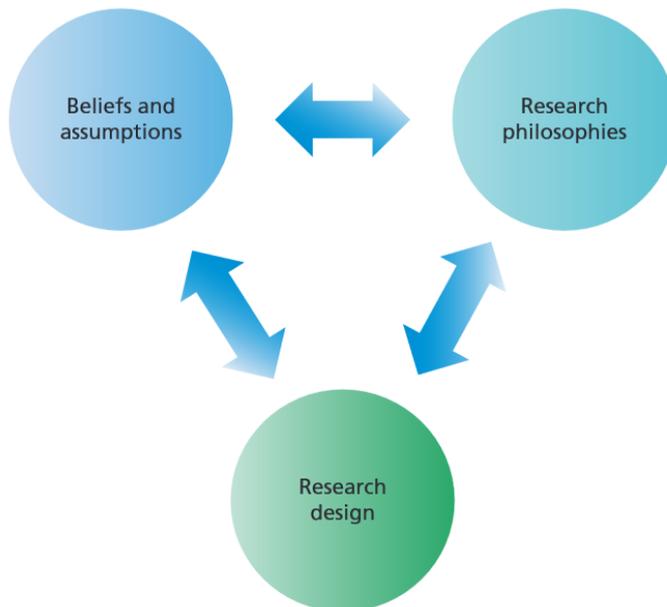
Source: Adapted from Saunders et al (2015:124)

The research onion as developed by Saunders et al (2015:124) was adapted to reflect how it applies to this study. The components shown in Figure 4.1 are discussed in the sections below.

#### **4.2. THE RESEARCH PHILOSOPHY AND ASSUMPTIONS THAT UNDERPIN THIS STUDY**

The research philosophy or research paradigm adopted by the researcher underpins the research study. The research philosophy highlights the researcher’s point of view and how he or she understands and gains knowledge about the world (De Vos, Delport, Fouché & Strydom 2011:297). The research philosophy that is adopted can be thought of as one’s assumptions about the way in which one views the world (Saunders et al 2012:128). Holden and Lynch (2004:407) explain that understanding what to research is only gained through an intermediate philosophical stance,

thereby allowing researchers to match a philosophy with the research design, in order to answer the research questions and to achieve the research objectives. The relationship between the philosophical foundations, the researcher's assumptions and the research design is illustrated in Figure 4.2 below.



**Figure 4.2: Developing one's research philosophy: a reflexive process**

Source: Saunders et al (2015:126)

There are various research philosophies which could be chosen to describe one's own beliefs, assumptions and values and how these influence the research. Saunders et al (2015:135) describe five research philosophies for business and management research, namely positivism, critical realism, interpretivism, postmodernism and pragmatism. These philosophies are briefly discussed below.

### *Positivism*

Positivism is applied as the research philosophy when the researcher adopts the stance of the natural scientist (Saunders et al 2015:151). David and Sutton (2004:35) state that positivism is often associated with quantitative studies, while Saunders et al (2012:135) confirm that the emphasis for the positivist researcher is on quantifiable observations and statistical analysis (Feilzer 2010:6).. This philosophy

was rejected for the current study because the researcher believed that a singular reality or point of view is not necessarily always correct. ANT was applied as the theoretical lens to gain views from a range of actors within the network of actors around a professional athlete, which could influence the athlete's financial decision-making.

### *Critical realism*

Critical realism provides another set of philosophical assumptions which could be applied when doing research. Critical realists highlight how often our senses deceive us into observing something other than the 'reality' because we interpret and transform what we see and experience (Saunders et al 2015:139). Maxwell (2012:5) notes that critical realists see all knowledge as partial, incomplete and fallible. In essence, critical realists combine analytical research practices with in-depth historical analysis of organisational and social structures (Reed 2005:1637). Critical realism was discarded as a research philosophy because this study focused on attaining individuals' views to develop two artefacts (a framework and research instrument) and it was not necessary to delve into historical organisational structures.

### *Interpretivism*

Interpretivism advocates the view that it is necessary for the researcher to understand differences between humans. This is a subjective philosophy where researchers focus on individuals' lived experiences and cultural foundation while including their own interpretations in the research findings (Saunders et al 2015:151). Collis and Hussey (2013:47) confirm that interpretivist researchers acknowledge that their research is subjective and the research findings are biased. Myers (2013:40) notes that interpretivist researchers are not concerned about precise definitions and they assume meanings are emergent and depend on the context. Interpretivism was not used for this study, because the researcher tried to remain objective during the research process.

## *Postmodernism*

Postmodernism offers another philosophical perspective. Saunders et al (2015:142) state that postmodernists endeavour to deconstruct what is regarded as 'reality' to highlight what has been missed or excluded and often find it difficult to remain objective. Kilduff and Mehra (1997:476) explain that postmodernism aims to challenge conventional thinking and to identify perspectives that may previously have been silenced.. This philosophy was not used for this study because the researcher tried to remain objective during the research process to reduce any potential bias.

## *Pragmatism as the chosen research philosophy*

The last of the five research philosophies as described by Saunders et al (2015:135) is pragmatism. Creswell (2013:12) states that pragmatism provides researchers with the opportunity to choose the methods, techniques and procedures of research that best meet their needs to address the research question. Pragmatists start the research process by identifying the research questions with the aim of finding practical solutions to improve future practice (Collis & Hussey 2013:54; Morgan 2013:41; Saunders et al 2015:143). Goldkuhl (2012:144) states that pragmatists aim to develop knowledge that will positively influence behaviour and actions. Pragmatists believe that a single point of view cannot give the entire picture and there may be multiple realities (Saunders et al 2015:144). Kelemen and Rumens (2008:41) comment that pragmatism is interested in the relationships between social entities and not in the social entities themselves. This line of inquiry adopted by pragmatists often correlates with ANT studies (Kelemen & Rumens 2008:42). Pragmatists recognise that groups are bound together by their similar or shared experiences and are able to reflect on any knowledge through dialogue or discussion (Kelemen & Rumens 2008:42).

Pragmatism provided the most appropriate philosophical foundation for this study. It links with ANT in that multiple actors may have a different reality or different perspectives about the financial literacy skills required by a professional athlete in

pursuit of sustainable financial well-being. The groups of actors identified for this study are illustrated in Figure 4.4. Gaining an understanding of these perspectives would contribute to formulating a framework that aims to influence and change professional athletes' approach to making sound financial decisions. Pragmatism also requires the researcher to be forward thinking with some consideration of what the future may hold, instead of only focusing on the past (Kelemen & Rumens 2008:51). With this in mind, some of the questions in the interview schedule (see Annexure B) considered that professional athletes are more likely to compete on a global scale and in many countries in the future.

Adopting pragmatism as the research philosophy provides numerous dimensions and the researcher needs to position him- or herself within this multiple-dimensional set of continua or fields. Ontology is the researcher's view of the nature of reality (Saunders et al 2012:140). Feilzer (2010:8) notes that pragmatism sidesteps the contentious issues of truth and reality. This author (2010:8) explains that pragmatists philosophically accept that there could be various realities open to empirical inquiry and position themselves towards solving practical problems in the 'real world'. With this in mind, this researcher adopts a pragmatic philosophy to remain objective and independent of the consideration of social actors unless some consideration for subjectivism is required to best answer the research question.

Another dimension is epistemology, which according to Saunders et al (2012:140) is the researcher's view of what constitutes acceptable knowledge. In agreement with the pragmatists' view explained by Saunders et al (2015:154), the researcher believes that "acceptable knowledge is that which enables things to be done successfully". The focus of this research study was on observable phenomena to gain credible data for generalisation. Saunders et al (2012:140) describe axiology as the last of the research dimensions that need to be considered and note that it defines the researcher's view on the role of values in research. The researcher primarily adopted an objective point of view for the purpose of this research study. This researcher also recognised that meaning emerges from one's engagement with various actors in the world. The purpose of this research study was to answer the research questions with the aim of improving future practice.

### 4.3. RESEARCH QUESTIONS AND APPROACH

The research questions were the following (see 1.5):

- 1) What are the skills or main content areas of financial literacy that would be most relevant for professional athletes to make sound financial decisions in pursuit of sustainable financial well-being?
- 2) Which financial literacy questions are relevant in assessing the financial literacy of professional athletes?

The research objectives of this study were formulated to best answer the abovementioned research questions. The primary objective of this study was to develop a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The secondary objective of this study was to provide the basis for a research instrument with which to assess the financial literacy of professional athletes.

Saunders et al (2015:152) state there are three approaches available to answer a research question: deductive, inductive and abductive. With deduction a theory is developed and a research strategy is designed to test the theory (Saunders et al 2015:152). With induction, theory is built on the results of data collected through empirical research (David & Sutton 2004:36). Saunders et al (2015:152) note that abduction is applied where data is collected to generate or modify an existing theory, which is then subsequently tested.

Both an inductive and a deductive approach were adopted for the purpose of this study. According to Saunders et al (2012:130) it is possible to follow both an inductive and a deductive approach. This research study commenced with a review of the literature (presented in Chapters 2 and 3) to develop an initial conceptual framework towards achieving the primary research objective. Saunders et al (2012:581) argue that any theoretical proposition or initial conceptual framework still needs to be tested. To test this initial conceptual framework, an inductive approach was followed to develop a framework for the financial literacy required by

professional athletes. Creswell (2013:186) explains that an inductive approach requires the researcher to work back and forth between various themes and the collected data until a set of themes or a conceptual framework can be established. Inductive methods are exploratory in nature because the researcher collects data to build accounts of what is happening (David & Sutton 2004:36).

The secondary research objective, to develop an artefact in the form of a research instrument with which to assess professional athletes' financial literacy, required a deductive approach. To this end, a research instrument was developed from a review of the literature (presented in Chapters 2 and 3), and the research findings from the first part of the study (which was done to achieve the primary objective). This research instrument was refined through empirical evaluation and structured face-to-face interviews.

Based on the research onion illustrated in Figure 4.1, the next step in the research process is the research design.

#### **4.4. RESEARCH DESIGN: AN INTRODUCTION**

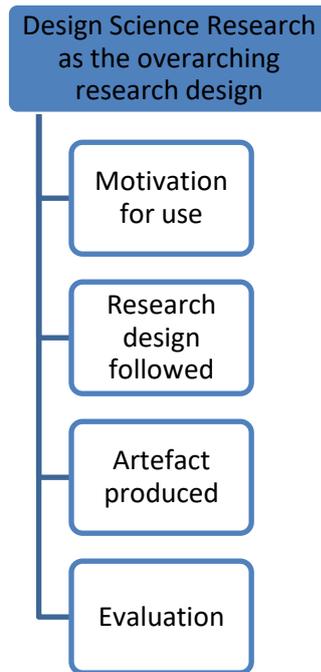
The research design outlines how the research questions will be answered. The empirical work for this study was conducted by the researcher to gain primary data (David & Sutton 2004:69). Saunders et al (2015:124) explain that the research design is made up of the research methodology (methodological choice), research strategies and time horizon.

There are three main types of methodical choices available to answer the research questions. Saunders et al (2015:165) indicate that researchers can apply a qualitative, quantitative or mixed methods approach to research. Creswell (2013:32) posits that qualitative research is an approach to explore and understand the meaning individuals and groups attribute to a social or human problem. Salkind (2009:209) explains that qualitative research explores the processes that underlie human behaviour and decision-making. Saunders et al (2015:165) note that qualitative research often makes use of exploratory techniques such as interviews to

generate non-numeric data; while quantitative research often makes use of data collection techniques such as questionnaires to generate numerical data. Creswell (2013:32) describes quantitative research as a means for testing objective theories by examining the relationship between variables. A mixed method research approach is a combination of qualitative and quantitative approaches in order to gain a more complete understanding of what is required to achieve the research objectives (Creswell 2013:32). With pragmatism as the chosen research philosophy (identified in 4.1), quantitative and/or qualitative methods could have been applied to answer the research questions of this study (Saunders et al 2015:168). This study applied two qualitative approaches to answer the primary and secondary research questions. It is also important to remain cognisant of the purpose of the research before choosing a research design.

#### **4.5. DESIGN SCIENCE RESEARCH AS THE OVERARCHING RESEARCH DESIGN**

DSR provided the overarching research design for this study to guide the selection of an appropriate research design to achieve the respective research objectives. The outline of DSR and its application in this study was shown in Table 1.1 in Chapter 1. Figure 4.3 below illustrates how DSR provides a research lens to guide the development of an artefact.



**Figure 4.3: Design science research (DSR) as the overarching research design to develop an artefact**

Source: Adapted from Kotzé et al (2015:4)

Based on Figure 4.3 above, the justification of DSR is the starting point to apply it as the lens to guide the research design. Kotzé et al (2015:7) note that DSR is ideally suited to design, create or build new artefacts such as constructs, methods, models and by extension frameworks and instruments to address research objectives. Hevner et al (2004:76) caution that designing beneficial artefacts is a complex process due to the need for a practical contribution where existing literature is often insufficient; however these authors (2004:77) argue that DSR is suited to developing structured artefacts to solve research problems. As illustrated in Figure 4.3 above, the next key element of DSR is choosing the research design to be followed. The research design to achieve the primary research objective is discussed in 4.5 below and the research design to achieve the secondary research objective is discussed in Section 4.9. The artefacts produced as a result of this research study are discussed in Chapter 5 (the framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being) and Chapter 6 (the research instrument that could guide the assessment of professional athletes' financial literacy

skills). The evaluation to determine the relevance of DSR for the purposes of this study was considered in Section 4.16.

#### **4.6. RESEARCH DESIGN TO ACHIEVE THE PRIMARY RESEARCH OBJECTIVE**

The primary objective of this study was to provide a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The pragmatic research philosophy adopted for this study allowed for the application of qualitative methods (Saunders et al 2015:168). Moreover, an inductive approach is usually associated with qualitative research (David & Sutton 2004:36) and it was applicable to this study.

##### **4.6.1. Methodological choice to achieve the primary research objective**

A qualitative research approach was applied to achieve the primary research objective. Saunders et al (2015:168) state that qualitative methods are suitable “to develop a conceptual framework and theoretical contribution”, which made it appropriate for this part of the study. The benefits of qualitative methods are that it provides vivid and rich data with a ‘real world’ perspective and the research findings often entice a range of interested readers (Miles et al 2014:11). Salkind (2009:12) explains that qualitative studies could employ a range of tools such as interviews, case studies, historical analysis and ethnography to collect data. Saunders et al (2015:168) note that qualitative studies focus on participants’ views to identify themes.

##### **4.6.2. Research strategy to achieve the primary research objective**

With a qualitative approach selected as the methodological choice, the next step in the research process was to decide on the research strategy. The research strategy defines how the researcher will go about answering the research questions (Saunders et al 2015:177). Semi-structured face-to-face interviews were deemed to

be appropriate to achieve the primary research objective. Sekaran (2003:119) suggests that interviews are ideal to identify patterns from participants' answers to develop a viable theoretical framework. Interviews enable the researcher to ask purposeful questions and by carefully listening to the answers the researcher is able to ask follow-up questions to gain valuable insights (Saunders et al 2012:372). Miller and Brewer (2003:167) posit that interviews are suitable when the researcher aims to find wide-ranging and more in-depth knowledge because it allows respondents to speak with greater richness and spontaneity. Semi-structured interviews, to gain in-depth knowledge, were deemed suitable for the first part of the study.

Although an inductive approach was followed it was still necessary to start with an outline of what the researcher wanted to know. Understanding what needs to be determined or identified helps the researcher to draft a list of key themes around which the interviews can be built (David & Sutton 2004:87). Hofstee (2006:132) explains that there are three types of interviews. Firstly, Hofstee (2006:132) indicates that structured interviews ask all respondents the same questions and give them the same options in answering. David and Sutton (2004:87) note that structured interviews maintain a high level of repeatability and reliability. Secondly, Hofstee (2006:132) states that unstructured interviews ask different questions of different interviewees and provide them with the opportunity to answer as they deem appropriate. Sekaran (2003:236) notes that unstructured interviews are appropriate to gain information regarding a specific problem situation. Thirdly, Hofstee (2006:132) explains that semi-structured interviews provide for some flexibility because they allow the researcher to digress from a set format (of questions or answers) depending on the circumstances. This approach suited the primary objective of this study.

Semi-structured interviews were conducted to achieve the primary research objective. Interview questions were standardised to improve reliability, but were open-ended in alignment with David and Sutton's (2004:87) contention that this allows for greater in-depth feedback and personal detail in the research findings. An emphasis was placed on identifying patterns, characteristics and concepts from the interviews. Collis and Hussey (2013:54) posit that this approach will allow for the

findings to be transferable to comparable phenomena. Semi-structured interviews were also suitable because this part of the study was exploratory in nature. Saunders et al (2015:175) state that conducting interviews with experts in their subject field is one of the best ways to do exploratory research. Exploratory research is applied when the researcher does not have a definite hypothesis to test, but instead has a number of questions that he or she hopes to answer towards achieving the research objectives (David & Sutton 2004:11).

#### **4.6.3. Time horizon to achieve the primary objective**

The primary objective of this study was to develop a framework and for this purpose a cross-sectional study with interviews as a 'snapshot' in time was deemed to be suitable. Bryman and Bell (2015:66) motivate the use of a cross-sectional time horizon and state that semi-structured interviews typically employ a cross-sectional research design. David and Sutton (2004:135) note that longitudinal studies are most appropriate when studying social change, which made this approach unsuitable for this study. Longitudinal studies usually survey a sample and then survey the same sample again in the future, usually after some interventions were introduced to potentially develop or change the views or behaviour of the sample (Bryman & Bell 2015:66). The framework developed from this part of the study was not expected to change in the near future and since the framework is an object and not an individual, there was no need to monitor the development of individuals over a period of time.

#### **4.7. DATA COLLECTION AND DATA ANALYSIS TO ACHIEVE THE PRIMARY RESEARCH OBJECTIVE**

In the current research study, the researcher completed the interviews in person to enhance the credibility of the findings. When conducting the face-to-face interviews this researcher also followed the guidelines obtained from a range of literature. Hofstee (2006:135) advises that interviewers need to be polite and considerate. The interviewer should strive to establish a rapport with the interviewees by asking unbiased questions guided mainly by the interview schedule (Sekaran 2003:236). Although subjectivity is part of qualitative research, the researcher made a conscious effort to control any bias and tried to remain objective during the research process.

Gravetter and Forzano (2009:371) suggest that in order to limit any interviewer bias, which could potentially distort results, interviewers adopt a consistent attitude throughout the interview and provide a mildly positive response to anything the participant says. Following the advice of Hofstee (2006:135), the interviewer took field notes on observations and ideas during the interview while considering the need for follow-up questions later in the interview. In addition, the recommendations of Cooper and Schindler (2014: 157) that all individual in-depth interviews be audio-recorded and transcribed were followed. The transcriptions were done by a professional transcriber. These transcriptions provided as much detail as possible to answer the research question(s) and improved the conformability of the research findings. Hand-written field notes were considered in conjunction with the transcriptions when reporting the research findings. All recordings and other documents detailing the research findings were securely stored and backed up. In instances where interviewees communicated in a language other than English, such as Afrikaans, the transcriber and researcher critically considered the translations to ensure that the true meaning of the responses were recorded. The researcher coded individual interviews by making use of an analytical framework approach centred on the categories and themes identified in the initial conceptual framework and the subsequent interviews.

The interview schedule with the list of open-ended questions based on the literature review and the initial conceptual framework was initially explored with three persons. Aligned with the prescriptions of David and Sutton (2004:89), the aforementioned exploratory study was done with these three persons to confirm that the questions were understandable, unbiased and provided the interviewees with the opportunity to clearly express their point of view. The sample for the exploration phase of the study included two experienced researchers in the fields of financial literacy and professional sport. In addition, another person was purposively selected from one of the other groups in the network of actors around a professional athlete with the ability to influence the professional athlete's financial decision-making. These persons' feedback and suggestions (if any) were incorporated to formulate the final interview schedule (see Annexure B). The literature review and the research findings from the aforementioned interviews informed the framework for the financial literacy

skills required by professional athletes which is reported in Chapter 5. From the literature review, fieldwork and evaluation to ensure that the primary research objective had been achieved, the framework was refined and improved.

#### **4.8. ETHICAL GUIDELINES OBSERVED TO ACHIEVE THE PRIMARY RESEARCH OBJECTIVE**

Guiding ethical principles for a qualitative study were observed. David and Sutton (2004:69) advise researchers to guard the anonymity of interviewees and the confidentiality of their responses. Gravetter and Forzano (2009:142) also propose that the identity of the individuals interviewed should not be disclosed, but the basic demographics (a description of the individual's role for the purposes of the study, age and sex) should be disclosed to enable anyone who looks at the sample and the research results to make their own judgment about the representativeness of the sample. This enhances the transferability of the study. Hofstee (2006:135) suggests that the topic, scope of the interview and expected time it will take to complete the interview be communicated to the interviewee beforehand. The ethical guidelines mentioned above were adhered to and communicated to the individual interviewees through an individual consent form (see Annexure A) prior to any interviews. All participants took part in the study on a voluntary basis. The researcher adhered to the principle of confidentiality throughout the research study and the transcriber also signed a confidentiality agreement. In addition, the researcher travelled to the interviewees' places of work or to locations suitable for the interviewees. Situational ethics as defined by Tracy (2010:847) was considered throughout the study and the researcher constantly tried to assess whether the research methods were within reasonable moral standards to achieve the desired outcomes. The researcher also considered relational ethics (Tracy 2010:847) throughout the research process and treated interviewees with the required dignity and respect.

Interviewees provided responses based on their personal experiences. Exiting ethics as described by Tracy (2010:847) was contemplated, but the research findings were not of such a nature that interviewees could be portrayed as poor, marginalised or abused. In instances where the interviewee could have provided information related

to his or her clients, organisational permission was considered before the interviews (see Annexure C). This could apply to brokers or financial advisors who are employed within a large organisation or financial service provider. Tracy (2010:847) recommends procedural ethics to enhance the credibility of the research findings and to safeguard the rights of participants. To this end, approval was obtained from the Unisa College of Accounting Sciences Ethics Review Committee (see Annexure D) and the Unisa Research Permission Subcommittee (RPSC) (see Annexure E) prior to the commencement of the fieldwork.

#### **4.9. SAMPLING TO ACHIEVE THE PRIMARY RESEARCH OBJECTIVE**

It is important to identify the population so that a representative sample can be selected.

##### **4.9.1. Sampling method**

Many authors distinguish between probability and non-probability sampling. According to Saunders et al (2012:262) the sampling frame for any probability sample requires a complete list of all the cases in the population from which the sample will be drawn. Gravetter and Forzano (2012:134) explain that in non-probability sampling “the population is not completely known, probabilities cannot be known, and the sampling method is based on factors such as common sense or ease with an effort to maintain representativeness and avoid bias”.

Non-probability sampling was used since the exact number of individuals in the network of actors with the ability to influence a professional athlete’s financial decisions is difficult to determine. Saunders et al (2015:168) confirms that qualitative studies usually apply non-probability sampling techniques. Purposive sampling is a non-probability sampling technique where the researcher needs to use his or her judgment to select cases that will enable him or her to answer the research questions and meet the research objectives (Saunders et al 2012:287). Cooper and Schindler (2014:156) note that participants for individual in-depth interviews are usually chosen because their experiences and attitudes will reflect the full scope of

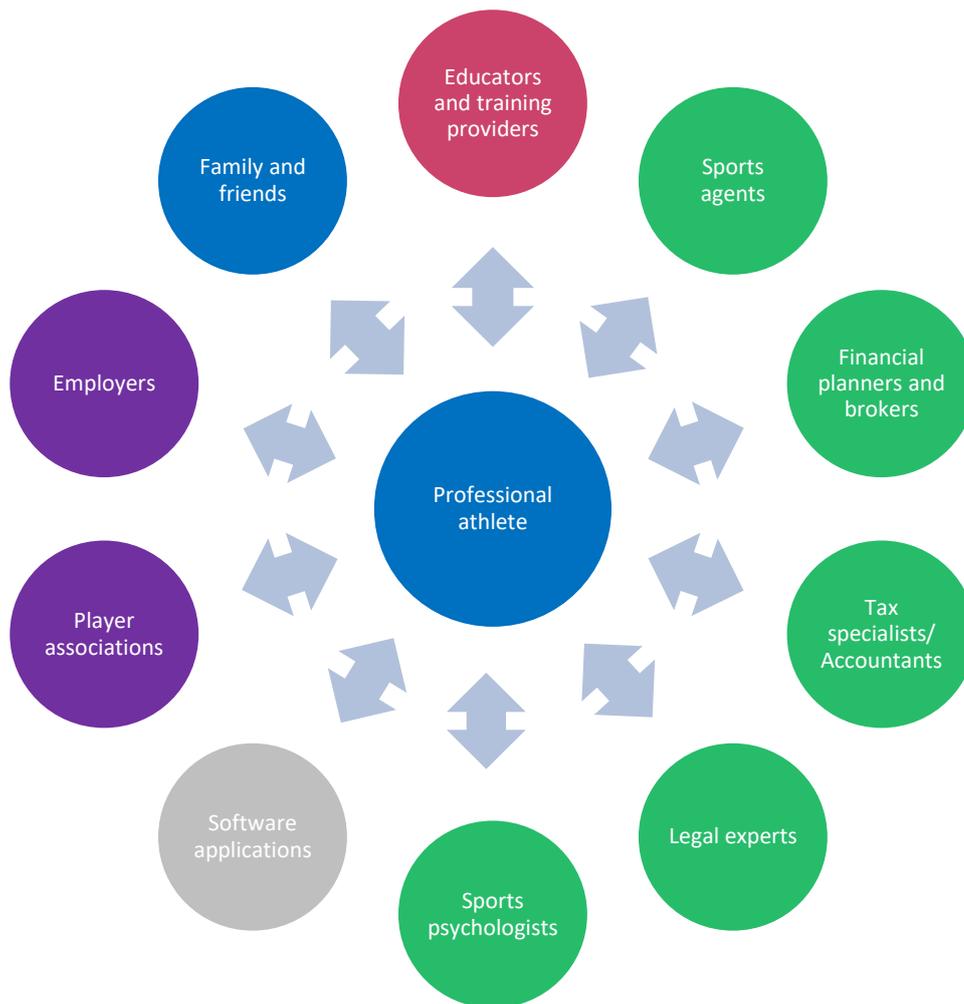
the issue under study. To that effect, “critical case sampling selects critical cases on the basis that they can make a point dramatically or because they are important” (Saunders et al 2012:288). Patton (2002:236) posits that critical case sampling is appropriate if the following clues apply: ‘if it happens there it will happen everywhere’, or ‘if they cannot understand the process, it is likely that no one will understand the process’. Based on the guidelines provided by Saunders et al (2012:282), critical case purposive sampling was deemed appropriate to select representative actors who could influence professional athletes’ financial decisions. This enhanced the credibility of the findings from this study. Interviewees were selected based on information available in the public domain. Elements of snowball sampling were also applied to identify a few of the later interviewees.

Snowball sampling allows the sample to grow like a snowball. This technique, whereby one interviewer recommends another for possible inclusion in the research sample, is used to identify interviewees (Vogt 2005:300). David and Sutton (2004:29) note that snowball sampling is appropriate as part of an inductive approach. Miller and Brewer (2003:275) underline the benefits of snowball sampling and state that it is an appropriate technique to use in qualitative research. Snowball sampling allows the researcher to access an interviewee’s social network to possibly identify other knowledgeable interviewees who would otherwise be difficult to find (Miller & Brewer 2003:275). Myers (2013:88) agrees that snowball sampling works well to identify informed interviewees and respondents. Another benefit of snowball sampling is that it allows the researcher to use past communications with a previous interviewee to gain the trust and co-operation of another interviewee, which is needed to gain sufficient research findings (Cohen & Arieli 2011:428). These authors (2011:428) note that possible limitations of snowball sampling could be bias and reduction of the generalisability and credibility of the results because interviewees of fairly homogeneous affiliation could be enlisted. To counter this, the guidelines provided by Cohen and Arieli (2011:428) were used to plan the sampling process carefully. Bias was limited in this study because a broad range of individuals were selected from the network of actors around a professional athlete, identified in Figure 4.4. Selecting individuals with a common thread that fulfils the sampling requirements but who are from different walks of life made the sample heterogeneous and increased

the generalisability and credibility of the research findings of this study. Identifying the groups in advance also increased the credibility of the findings (David & Sutton 2004:69). No persons were excluded from the study based on race, sex, social and/or financial criteria to enhance the authenticity of the findings.

#### **4.9.2. Sample size**

An appropriate number of interviewees should be included in a sample for the research findings to be transferable to a comparable scenario or phenomena. Eriksson and Kovalainen (2015:304) propose that the researcher should consider the research question and be guided by the need to include a diversity of views in the research findings when determining the sample size. More specifically, Saunders et al (2012:283) prescribe a sample size of 5–25 for semi-structured or in-depth interviews. The total sample size of 27 was deemed to be appropriate because it provided sufficient insights from the human actors or influencers that could form a network around a professional athlete with the ability to possibly influence the athlete's financial decisions. De Vos et al (2011:65) also note that qualitative studies could make use of small samples. The sample of 27 interviews was selected from the four groups (excluding software applications) that had been identified as homogeneous from the network of actors around a professional athlete. Figure 4.4 below illustrates this network of actors and shows how the actors were grouped to select representative interviewees for the purposes of this study.



**Figure 4.4: Grouping of actors within the network of actors that may influence the financial decisions of a professional athlete**

Source: Own observation (adapted from the literature)

The first group consisted of the expert professional advisors that could influence a professional rugby or cricket player's financial knowledge, attitude and behaviour. Six interviews were conducted with individuals from this group. The interviewees included a sports agent who represented professional cricket players, a sports agent who represented professional rugby players, two financial advisors or brokers with an understanding of the unique financial requirements of professional athletes, one tax/accounting expert, a legal expert and a sport psychologist. Interviewees had to be experienced professionals with at least two years' experience in their field of expertise.

The second group consisted of individuals involved in the management of sports franchises (who contract professional athletes) and individuals involved in players' associations who represent the professional rugby and cricket players and provide basic guidelines for the contracting of the players. This group also included retired professional athletes since their views have an effect on the work of the players' associations, which contributes to the well-being of the players. Eight interviewees were selected from this group. The interviewees included an individual involved in the management of a cricket franchise, an individual involved in the management of a rugby franchise, a coach at a leading cricket franchise, a former assistant coach at a leading rugby franchise, a representative from the cricket players' association, a representative from the rugby players' association, a retired cricket player and a retired rugby player. Interviewees were experienced professionals with at least two years' experience in their field of expertise. The retired players interviewed played rugby or cricket professionally for more than two years.

The third group consisted of academics or training providers with a background in finance and understanding of the unique financial challenges faced by professional rugby and cricket players. Six academics with expert knowledge in the field of financial literacy with an understanding of professional athletes' unique careers were selected from this group. Only academics with a relevant postgraduate qualification in accounting sciences and at least two years' experience as academics in the field of accounting sciences were included in the sample.

The fourth group consisted of current professional rugby and cricket players. By extension, this group also included the friends/peers of professional athletes with the ability to influence their fellow athlete's financial decision-making. Six interviewees were selected from this group. They included current professional cricket players, current professional rugby players and a family member of a professional rugby player. All of these players had more than two years' experience playing as paid professionals. No interviewees were selected from the fifth group (software applications). Refer to table 5.1 for the number of interviewees per group.

#### 4.10. RESEARCH DESIGN TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE

The secondary research objective was to provide the basis for an artefact, or in this case, a research instrument, to assess the financial literacy of professional athletes. DSR (discussed in 1.8.1 and 4.4) provided the overarching research design for this study with a secondary qualitative approach employed to do the structured interviews to develop the aforementioned artefact. DSR enhances the practical relevance of a research study because it promotes the development of a useful artefact (Baskerville, Baiyere, Gregor, Hevner & Rossi 2018:358). Baskerville et al (2018:361) state that the pragmatic research philosophy as adopted for this study allows for the use of a range of research design methods, including a qualitative approach, because pragmatists emphasise that a researcher must choose the research method best suited to resolve the research question (Saunders et al 2015:137). Table 4.1 below summarises the research design of the multiple phases to develop the research instrument.

**Table 4.1 Research design to develop an artefact (research instrument) to achieve the secondary research objective**

<b>Research design</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>
Objective	Problem identification	Gain an understanding of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being	Develop an artefact (research instrument with which to assess the financial literacy skills of professional athletes)
Philosophy	Pragmatism	Pragmatism	Pragmatism
Overarching design/Paradigm	DSR	DSR	DSR
Purpose	Exploratory	Exploratory (Inductive)	Exploratory (Deductive)
Method	Thematic review of the literature	Qualitative – Semi-structured interviews	Qualitative – Structured interviews

<b>Research design</b>	<b>Phase 1</b>	<b>Phase 2</b>	<b>Phase 3</b>
Contribution	Empirical analysis	An artefact (framework) for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being	An artefact (research instrument) to assess the financial literacy skills of professional athletes

Source: Own observation

The following sections describe the research methodology and research strategy used to achieve the secondary research objective.

#### **4.10.1. Methodological choice to achieve the secondary research objective**

Inductive exploratory research was done in the first part of the study, which informed the development of the questions in the proposed research instrument. However, a deductive approach was followed to achieve the secondary research objective. Burnard, Gill, Stewart, Treasure and Chadwick (2008:429) explain that a deductive approach makes use of a structure or predetermined outline to analyse data. A deductive approach is useful when the researcher has an awareness of the research topic and the probable participant responses (Burnard et al 2008:430). Deduction provides for a tighter focus and allows for greater reliability of results (David & Sutton 2004:44). The purpose of this part of the study was to develop but not to verify the research instrument.

#### **4.10.2. Research strategy to achieve the secondary research objective**

A variety of research strategies exist. Research strategies are quantitative, qualitative or mixed methods in nature (Saunders et al 2015:164). A qualitative research strategy was selected for this part of the study, because qualitative methods such as interviews offer a deeper understanding of participants' views and beliefs about a topic, compared to the data gained from quantitative methods such as questionnaires (Gill, Stewart, Treasure & Chadwick 2008:292). Therefore, the

research strategy for this part of the study was exploratory and qualitative in nature with elements of mixed methods present. David and Sutton (2004:45) explain that mixed method research strategies allow researchers to gain in-depth research findings and to improve the accuracy of the research results. The use of mixed method research is not just about employing quantitative and qualitative techniques, but may involve a combination of sequential qualitative and qualitative approaches (David & Sutton 2004:45).

The research instrument to achieve the secondary objective of this study was initially informed by a review of the literature (see Chapters 2 and 3) related to the assessment of individuals' financial literacy, specifically focused on professional athletes. Furthermore, the research instrument was developed based on the findings from the semi-structured face-to-face interviews conducted in the first part of the study and refined by structured, follow-up face-to-face interviews in the second part of the study. This approach was aligned with the findings of Ricci, Lanfranchi, Lemetayer, Rotonda, Guillemin, Coste and Spitz (2019:149) that many authors recommend a series of steps to develop and support the content validity of questionnaires. These authors (2019:149) state that the most common steps to develop questionnaires are a literature review, individual concept interviews, qualitative data analysis, item generation and cognitive interviews to elicit thoughts about the questionnaire items.

A focus group was originally considered for the second part of the study, especially since focus groups are ideal to gain the collective views of participants and to generate a rich understanding of participants' experiences and views (Gill et al 2008:293). Ricci et al (2019:149) also contend that the most appropriate way to collect data towards the development of a questionnaire, while ensuring content validity, is by conducting qualitative research through direct communication with a population of interest. Although Gill et al (2008:293) note that the optimal size for a focus group is relatively small, with six to eight participants, however it became apparent during the research process that a focus group would be challenging to arrange. It was evident that gathering a suitable focus group of interviewees would be impractical due to the situational ethical (Tracy 2010:847) use of participants'

time, logistical challenges, the stature of interviewees, and their busy schedules. Gill et al (2008:293) also caution that focus groups are not always suitable because participants may be uneasy with each other and unwilling to discuss the topic of interest in front of others. Alshenqeeti (2014:40) adds that although focus groups can be suitable for investigating complex behaviour, it can often be a challenging and time-consuming process. By taking situational and relational ethics (Tracy 2010:847) into account, another round of structured individual interviews, limited to a smaller purposive sample, was identified as a suitable alternative for the secondary part of the research. The use of structured face-to-face interviews as an alternative research strategy to verify the relevance of the proposed questions to develop an artefact (research instrument) with which to assess the financial literacy of professional athletes was motivated by ethics and further encouraged by the research of Gill et al (2008:291). These authors (2008:291) explain that structured interviews are particularly useful when clarification of certain questions is required. Ricci et al (2019:149) confirm that individual interviews are a common way of generating questionnaire items.

#### **4.10.3. Time horizon to achieve the secondary research objective**

The proposed questions that were identified for evaluation as part of the development of the artefact (research instrument with which to assess the financial literacy of professional athletes) were identified based on the literature review and the semi-structured interviews in the first part of the study. However, the time horizon for the assessment (through face-to-face structured interviews) of the questions that were included in the resultant artefact (research instrument to achieve the secondary research objective) was cross-sectional and these interviews were conducted as a 'snapshot' in time. Eriksson and Kovalainen (2015:29) note that a longitudinal design explores or describes a change in process over time, which was not deemed to be necessary for this study. Bryman and Bell (2015:135) point out that a cross-sectional study is more cost effective and less time consuming.

#### **4.11. DATA COLLECTION AND DATA ANALYSIS TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE**

This part of the study required the drafting of a structured interview schedule to evaluate the appropriateness of a list of questions to assess the financial literacy skills of professional athletes. DSR provided the overarching research design for this study, which Peffers, Tuunanen, Gengler, Rossi, Hui, Virtanen, and Bragge (2006:84) describe as a research paradigm ideally suited to produce artefacts of practical value in an exploratory research setting. These authors (2006:84) state that the concept of design is at the heart of DSR and they define design as “the act of creating an explicitly applicable solution to a problem”. The data collection process to develop an artefact (research instrument) to assess the financial literacy of professional athletes was guided by DSR and supplemented by a qualitative research approach. A literature review followed by structured interviews was deemed appropriate to develop the research instrument which was also informed by the first part of the study.

##### **4.11.1. Development of the research instrument**

The initial development of the research instrument, to determine a list of possible questions to assess the financial literacy of professional athletes, firstly drew on previous research and questionnaires, which were used to assess individuals' financial literacy, in particular those used by Lusardi and Mitchell (2011:511–512), Louw et al (2013:445), OECD (2015:13–38), Finke et al (2015:38–39), Potrich et al (2016:375) as well as Louviere et al (2016:14–18). Huston (2010:308) also provides guidelines for the development of an instrument to measure financial literacy. Huston (2010:308) emphasises that the clarification of the financial literacy construct is the first step in operationalisation. Secondly, the research instrument was informed by the framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being developed from interviews conducted in the first part of this study. The selection of the sample of interviewees was also guided by ANT and drawn from the sample of interviewees used in the first part of the study. Although only 10 purposively selected interviewees were consulted for the

second part of the study due to practical and ethical considerations. After taking into account the prescriptions of Huston (2010:308), the research instrument developed to measure financial literacy included both knowledge and application items. Kim and Mueller (1978:29) propose that the minimum number of items having meaningful loadings on a domain factor varies between three and five (Huston 2010:309).

#### 4.11.1.1. Guidance from the literature to develop the questions in the research instrument

Assuming financial literacy encompasses three main content areas, namely knowledge, attitude and behaviour, it would suggest that the minimum number of items required would be between nine and fifteen. Louviere et al (2016:8) suggest that demographic information should be collected whenever financial literacy or financial capability is measured to help identify target groups for education or advice programmes. Hofstee (2006:133) recommends that questions should be attractively designed to engage the participants. Based on the suggestions of Huston (2010:309), attention was given to item wording and the ordering of questions. Hofstee (2006:133) suggests that questions need to be as short as possible, clearly formulated and neutral (to avoid pushing respondents towards a particular response) and that personal or controversial questions should be listed towards the end of the research instrument. All of the above was taken into consideration when the questions were drafted for the research instrument. Moreover, the recommendations of Saunders et al (2015:439) that research instruments should include an overview and explanation of the purpose of the research instrument, the questions should be carefully designed, and the research instrument should be a clear and visual presentation were adhered to.

A cover document highlighting the purpose of the study and to gain consent from the interviewee was attached to the research instrument (see Annexure A). The questions were also carefully designed and worded in such a way that the meaning of the questions was the same for all the interviewees. The interview schedule also explained that the purpose of the study was not to test the participants' financial

literacy, but to evaluate the relevance of the questions to assess professional athletes' financial literacy.

The interview schedule was standardised and included three narrative options to choose from to assess the relevance of each question to assess the financial literacy of professional athletes. The same standardised interview schedule was used for each of the 10 interviews. The data analysis was done by the researcher to formulate the research findings.

#### 4.11.1.2. Guidance from the findings in the first part of the study to develop the questions in the research instrument

The framework developed in the first part of the study identified key themes or content areas in which professional athletes should have financial knowledge, a sound financial attitude and financial behaviour. These key content areas informed the list of questions included in the research instrument. There was at least one question for every content area. This research instrument was refined and improved through the different phases prescribed by DSR (which guided the overarching research design) from the literature review, as well as from the fieldwork and evaluation to ensure that the primary research objective had been achieved (see Table 1.1).

#### **4.11.2. Design of the structured interview schedule to assess and refine the research instrument**

The structured interview schedule included a list of questions that interviewees had to assess. It contained three narrative response options: 'very relevant', 'relevant' and 'not relevant'. This method created a rating of the questions by their discriminatory power, which was analysed to develop a resultant research instrument/questionnaire to assess the financial literacy of professional athletes.

The structured interview schedule was self-completed by the sample of interviewees in the presence of the researcher who would provide limited clarifications, if required.

The interviewees also had the opportunity to write or orally explain their assessment of each question. The researcher collected and safeguarded all written responses and made field notes of explanations or comments provided by the interviewees.

#### **4.12. ETHICAL GUIDELINES OBSERVED TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE**

All participants participated in the study on a voluntary basis and the identities of the interviewees will not be disclosed. However, general demographical information to possibly add depth to the research findings may be disclosed with the consent of the respondents. Basic demographical information included the respondent's age, marital status, number of dependents, highest level of qualification, job title, work experience. Ethical considerations such as the participants' right to anonymity, confidentiality, privacy or non-participation, informed consent and protection from discomfort, harm and victimisation, among others, were adhered to during the data collection process. The researcher travelled to the respondents' places of work or to locations suitable for the respondents when the questionnaire was administered.

#### **4.13. SAMPLING TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE**

Non-probability sampling was used because the exact number of individuals in the network of influencers around a professional athlete is difficult to determine. Quota sampling is an example of a non-probability sampling method.

##### **4.13.1. Sampling method**

Quota sampling was used because the network of actors around a professional athlete had been divided into four homogeneous groups (Figure 4.4). Saunders et al (2015:299) explain that to use quota sampling the researcher needs to divide the population into specific groups and determine a quota for each group based on available data. Quota sampling will increase confidence in the research findings, because it could improve the representativeness of the sample (Miles et al 2014:32). Critical case purposive sampling was applied because there was a clear reason for

selecting the interviewees (Saunders et al 2012:282). In addition, quota sampling was applied to ensure that the quota for every group was reached (Monette, Sullivan & DeJong 2011:152). The sample included at least two interviewees from each of the four groups to make the sample more representative and to improve the credibility of results for generalisation. The interviewees were selected based on Morse's definition of a good interviewee as "one who has the knowledge and experience the researcher requires, has the ability to reflect, is articulate, has the time to be interviewed and is willing to participate in the study" (Morse 1994:228).

The first group consisted of the advisors that could influence a professional rugby or cricket player's financial knowledge, attitude and behaviour. This group included sports agents, family and friends, financial advisors and brokers, accountants, and legal experts. Only experienced professionals with at least two years' experience in their field of expertise were included in the sample.

The second group consisted of individuals involved in the management of sports franchises (who contract professional athletes) and individuals involved in players' associations who represent the professional rugby and cricket players and who provide basic guidelines for the contracting of the players. Only experienced professionals with at least two years' experience in their field of expertise were included in the sample. This group also included retired professional athletes since their views have an effect on the work of the player's associations that seek to contribute to the well-being of the players. Only retired athletes who had played rugby or cricket professionally for at least two years were included in the sample.

The third group consisted of academics and training providers with a background in finance and an understanding of the unique financial challenges faced by professional rugby and cricket players who have short playing careers before they need to transition to a vocational career. The researcher used his judgment to select the sample, but only academics with a relevant postgraduate qualification in accounting sciences and at least two years' experience as academics in the field of accounting sciences were included in the sample. The sample included male and female respondents to increase the representativeness of the sample.

The fourth group consisted of professional rugby and cricket players as well as their family and friends, which included their peers. For this purpose, 'gatekeepers' of a leading rugby and cricket franchise were contacted to avail a number of contracted players who were contacted for the structured face-to-face interviews.

All respondents were between the ages of 18 and 65 and all respondents completed the structured interview voluntarily. To enhance the authenticity of the findings, no individuals were excluded from the study based on race, sex, social and/or financial criteria. Basic demographic information of the final sample was documented to improve the credibility and transferability of the study.

#### **4.13.2. Sample size**

The research instrument was initially explored by two interviewees from two different groups defined above. Bryman and Bell (2015:272) note that first piloting (or exploring) a research instrument allows the researcher to determine the adequacy of instructions to respondents, to evaluate the most appropriate order of the questions, to determine whether any of the questions could cause respondents to feel uncomfortable and to evaluate whether questions are clear and understandable. Exploring the research instrument may provide new insights and could result in a need to change the proposed questions (David & Sutton 2004:79). The research instrument was adjusted after the exploration phase and subsequently used for structured face-to-face interviews with the full sample of 10 interviewees.

#### **4.14. ANALYSIS OF THE RESULTS FROM THE STRUCTURED INTERVIEWS TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE**

Analysing the results from qualitative research studies can be challenging. Burnard et al (2008:429) caution that the choice of analysis and method to present the data from qualitative research can be bewildering. Sandelowski, Voils and Knafl (2009:10) recommend quantitising or enumerating the findings to reduce and amplify data to provide greater clarification and extraction of meaning from the data. Sandelowski (2001:231) dispels the myths that qualitative researchers cannot count or do not

count to interpret their findings from research data. This author (2001:231) notes that counting is integral to the analysis process and suggests that data be scored to enable the researcher to consider the presence or absence of events, experiences or themes. Sandelowski et al (2009:10) contend that researchers must know whether there is a need for quantitising their qualitative data and should consider whether it would add value to convert qualitative data into a form of quantitative data. For the purpose of this part of the research study, quantitising and counting the number of 'very relevant' and 'relevant' responses provided the ideal backdrop to determine relevant questions that could be included in a research instrument to assess the financial literacy of professional athletes. Another benefit of quantitising data from structured interviews is that it yields numeric data which can be reported in tables and graphs (Alshenqeeti 2014:42). However, written and oral responses from interviewees to explain their choice of assessment for each question (where relevant) were considered in order to retain the richness of the data provided by the interviews. These explanations were taken into account when the final research instrument was formulated to assess the financial literacy of professional athletes to achieve the secondary research objective.

#### **4.15. LIMITATIONS**

While the research was undertaken in line with methodological norms to achieve a credible, trustworthy and applicable research claim, it nevertheless encountered limitations. Many of these limitations have been alluded to in Chapter 1 and the discussion below elaborates on the limitations already mentioned.

The conceptual framework provided broad guidelines regarding financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The literature also pointed toward possible questions that could be included in a research instrument to assess the financial literacy skills required by professional athletes. The study was limited to professional athletes who compete in a team sport environment such as rugby and cricket and did not consider professional athletes involved in individual sports such as tennis and golf. The study did not take into account the financial literacy skill set required by professional athletes who compete

in individual sports, since the length of their careers, contractual engagements and tax accounting may be different. In addition, the framework did not take into account individuals' diverse circumstances, emotional state and financial well-being. Many athletes come from different backgrounds with different physiological traits and financial means, factors which will have an impact on their risk tolerance and financial decision-making. It was not possible to take of all of these individual circumstances into account when determining the financial knowledge and especially the financial attitude needed to make sustainable financial decisions. The majority of interviewees were males because the study focused on rugby and cricket, which are predominantly male sports in South Africa. The results may be different in a female team sport environment where there are generally comparatively fewer financial rewards. The interpretive nature of interviews also placed a limitation on the study, but the researcher attempted to remain objective during the study. Only South Africans were interviewed, which increased contextual limitations. However, many interviewees had considerable international exposure in their field of expertise to reduce the limitation. ANT provided the theoretical lens for the study and approaching the study with another theoretical frame may render different results. Some methodological limitations also applied because the study followed an exploratory qualitative approach and not an explanatory quantitative one.

Despite these limitations, the study results should be relevant as a guideline for professional athletes competing in a team sport environment, especially since the study indicates the financial literacy skills – including the financial knowledge and sound financial attitude – required by professional athletes to make better financial decisions in pursuit of sustainable financial well-being.

#### **4.16. FUTURE USE OF THE ARTEFACTS DEVELOPED DURING THIS STUDY**

Both artefacts (a framework and a research instrument) developed during this study provide broad guidelines for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. Peffers et al (2006:92) explain that the fifth step in the DSR process (shown in Table 1.1) requires 'evaluation' to determine whether the research objectives had been satisfied by the development of

the artefact; and that the problem and solution requirement of DSR had been met (Hevner et al 2004:86). The researcher of the current study suggests that the research objectives have been met by the design of the artefacts, since the developed artefacts were satisfactorily evaluated against the research objectives and the literature reviewed (in Chapters 2 and 3). Hevner et al (2004:86) state that such descriptive evaluations are acceptable, although the researcher may decide at the end of the design process to revert to step 3, the 'design and development' phase to improve the artefact (Peppers et al 2006:92). The researcher chose to continue to step 6, 'communication'. Further improvements have been left to subsequent research projects. Geerts (2011:146) notes that it is common practice for artefacts developed through DSR to be further evaluated in subsequent research projects because DSR invariably creates an artefact research network. Hence, an opportunity for future research exists to further test the application of the framework developed (artefact to satisfy the primary objective) as well as the research instrument (artefact to satisfy the secondary objective).

#### **4.17. SUMMARY**

This chapter outlined the research process that was followed to achieve the research objectives. The chapter also discussed the research philosophy, research approaches, methodological choices, research strategies and data collection techniques that were employed to achieve both the primary and the secondary objective. Furthermore, the decision to make use of semi-structured interviews to achieve the primary objective and to use structured face-to-face interviews to achieve the secondary research objective was motivated. The next two chapters present the findings that emerged from the data and the analysis thereof.

## **CHAPTER 5 – FINDINGS FROM THE INTERVIEW DATA**

### **5.1. INTRODUCTION**

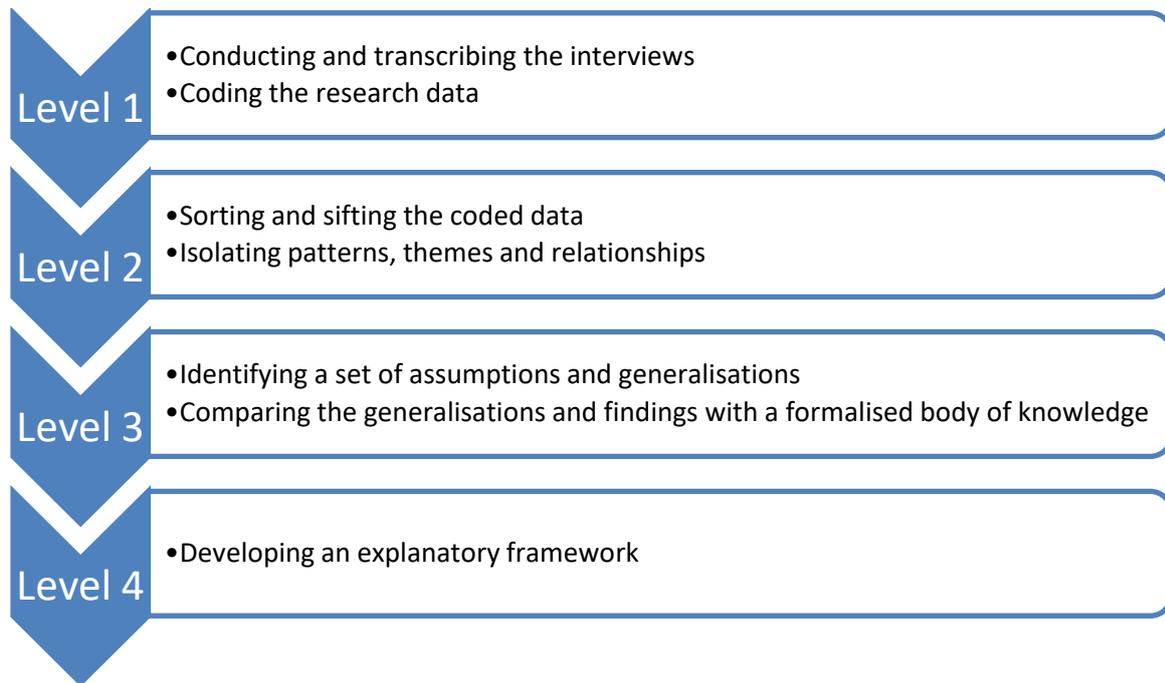
Chapters 2 and 3 outlined the theoretical perspective of this study (phase 1 of this study as illustrated in Table 4.1) and Chapter 4 defined the research methodology. Following the research methodology and research design, the next steps in the research process, as illustrated in Figure 1.4, are the fieldwork and analysis of the research findings to draw factual conclusions (Trafford & Leshem 2008:170). Chapter 5 reports on the empirical work that was conducted to achieve the primary research objective and the resultant findings. The primary objective (phase 2) of this study was to provide an artefact in the form of a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The empirical work in this chapter was conducted to enhance the initial conceptual framework illustrated in Figure 2.1. To this end, interviews were held with a number of individuals from the network of people who have the ability to influence a professional athlete's financial decisions. These findings are presented in this chapter. The framework for the financial literacy skills required by professional athletes is shown in Chapter 6.

The secondary objective (phase 3) was to provide the basis for an artefact in the form of a research instrument to assess the financial literacy of professional athletes. This objective was achieved by conducting structured face-to-face interviews with some of the individuals from the network of people with the ability to influence a professional athlete's financial decisions. Those findings are presented in Chapter 7.

### **5.2. ANALYSING THE RESEARCH FINDINGS**

Qualitative data analysis converts raw data into research findings. Saunders et al (2016:568) note that qualitative research provides the opportunity to explore a research topic in a 'real manner' and the analysis of the qualitative data needs to capture and highlight the richness and fullness of the research findings, which

characterises qualitative research. An overview of the data analysis employed for this part of the study is illustrated in Figure 5.1 below.



**Figure 5.1: The data analytics process**

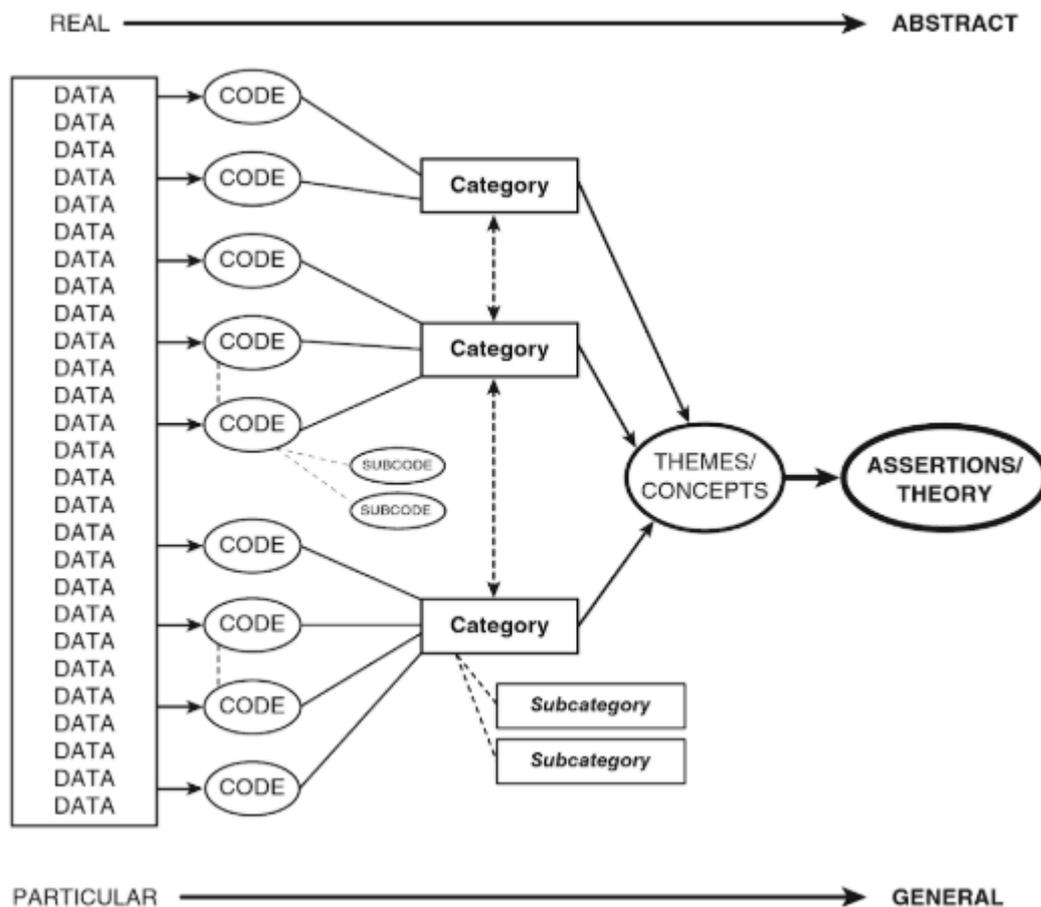
Source: Adapted from Miles et al (2014:10)

Taking guidance from Miles et al (2014:10) and level 1 of the data analytics process reflected in Figure 5.1 above, the interviews were conducted and transcribed. As suggested by Samkin, Pitu and Low (2014:52), the interviews were transcribed by a professional transcriber shortly after the interviews were conducted to improve the reliability of the data and the eventual quality of the coding. Creswell and Poth (2017:190) state that coding involves grouping similar data from the transcriptions into small categories of information and then assigning a label to each code. Structural coding was applied because Saldaña (2015:98) proposes structural coding when data is gathered from numerous participants for exploratory investigations. According to Saldaña (2015:98), “structural coding applies a content-based or conceptual phrase representing a topic of enquiry to a segment of data to both code and categorise the data”. In vivo coding was simultaneously applied to define codes. Strauss (1987:33) states that in vivo coding is ideal to help the researcher identify behaviours or processes to explain how the basic problem of the actors is resolved or processed. Other benefits of in vivo coding are that it provides

analytic usefulness and allows the researcher to declutter the data (Strauss 1987:33). Hence, quotes of respondents were incorporated into determining the final list of codes. A benefit of in vivo coding is that it makes the research findings more 'colourful' and it entices many readers who are likely to find some of the codes interesting (Strauss 1987:34). The initial list of codes was identified based on the literature review and expanded based on the analysis of the database of transcribed interviews. Creswell and Poth (2017:190) emphasise the importance for researchers to remain open to identifying new codes during the data analysis process. In line with the recommendation of Creswell (2013:245), a computer software program (ATLAS.ti) was used to create a database of transcriptions and assign codes. The next step, as shown in Figure 5.1, above required the sorting and sifting of codes to isolate patterns and themes (Miles et al 2014:10).

### **5.3. IDENTIFICATION OF THEMES TO DEVELOP A FRAMEWORK**

At the second level of analysis similar codes from different interviewees were linked to condense, sort and sift the number of codes in order to establish content areas. Similarities or linkages in codes were then identified to categorise the codes. Saldaña (2015:14) provides the following streamlined model (illustrated in Figure 5.2) to transcend the data from codes, to categories, to themes and ultimately into assertions, theories or artefacts:



**Figure 5.2: A streamlined codes-to-theory model for qualitative inquiry**

Source: Saldaña (2015:14)

Combining codes into categories is the next step towards identifying themes that will ultimately lead to the development theories or artefacts. Aligned with the suggestions of Saldaña (2015:11), codes were clustered into categories based on similarities between the codes for ease of analysis and each code only fitted into a category to avoid codes from being subsumed into multiple categories. The codes and categories were refined and often relabelled during the multiple stages of data analysis. The coding and the categorisation of codes were conducted with the assistance of ATLAS.ti and manually reviewed to confirm that the codes were correctly assigned to enhance the validity of the analysis and the research findings. The following six categories were identified for the purpose of this study: contracts and documents, planning and money management, financial obligations, risk management, preparing for a life after sport, and professional advice.

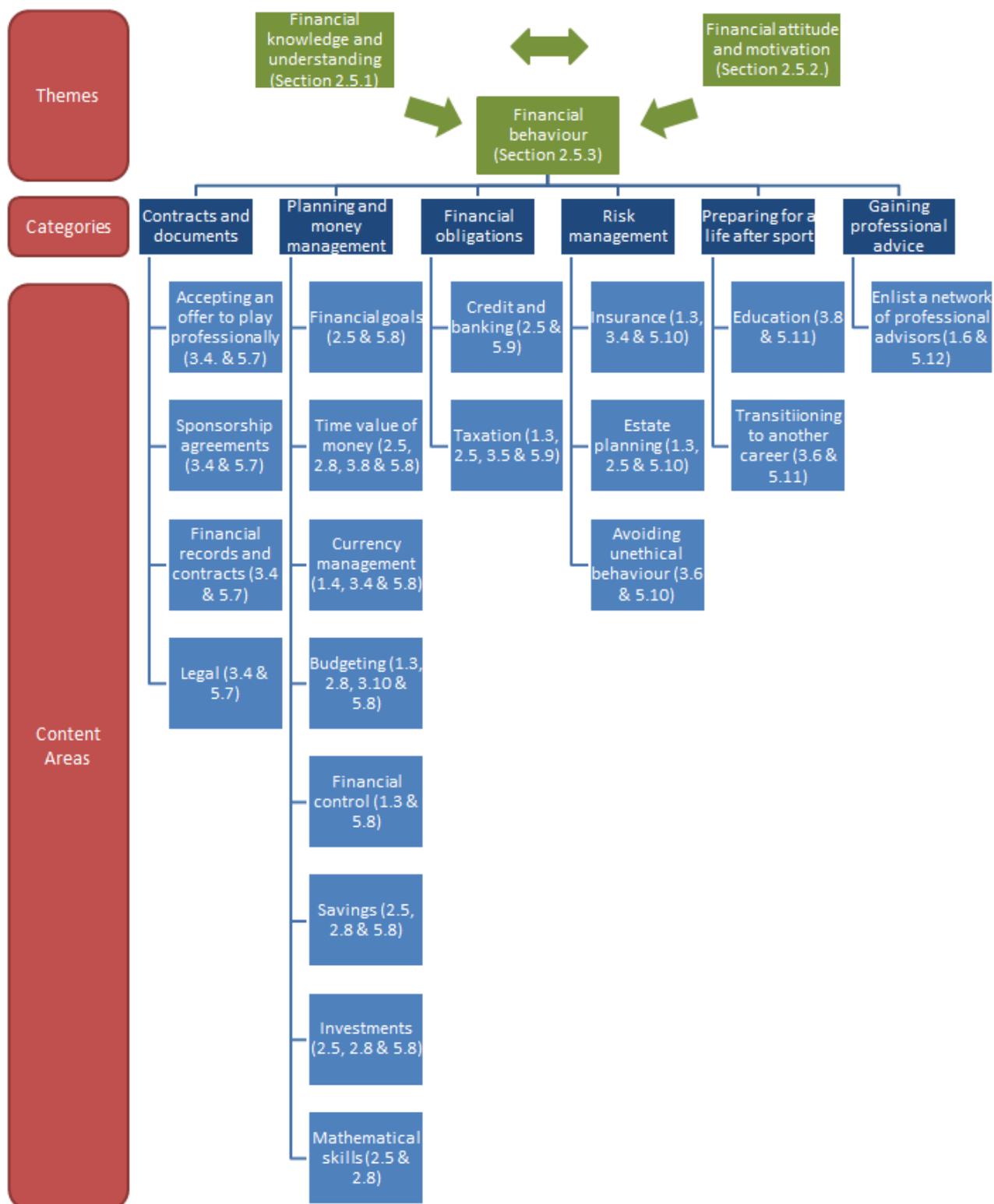
The next step towards theory development required the identification of themes. Saldaña (2015:199) defines a theme as “an extended phrase or sentence that identifies what a unit of data is about and/or what it means”. Themes serve phenomenology, defined by Saldaña (2015:199) as “a study of the lifeworld, the world as we experience it pre-reflectively”. Smith and Fletcher (2001:126) claim that the identification of themes is fundamental to making sense of the data. It thus follows that themes are necessary to place the research findings in a broader context (Bazeley 2013:17). For the purpose of this study the themes were identified based on the analytic framework of Smith and Fletcher (2001:81), which considers how many respondents hold a similar view and the intensity with which views are held. These themes were: (i) the financial knowledge content areas that could financially benefit professional athletes; combined with (ii) the financial attitudes and motivation required to enhance financial well-being that could promote (iii) sound financial behaviour in pursuit of sustainable financial well-being.

These overarching themes were informed by the literature and the interviews. ANT, as the theoretical lens for the study, contributed to the identification of the themes since interviewees were selected from the network of potential advisors who could influence a professional athlete’s financial behaviour in pursuit of sustainable financial well-being. The themes identified from the language of the respondents were compared to the initial conceptual framework illustrated in Figure 2.1 and the literature review to improve the validity of the findings and the contribution (an artefact in the form of a framework) which resulted from the first part of this study. The comparison of research findings with the literature contributes to the generalisability of the results and aligns with the third level of the analytic process formulated by Miles et al (2014:10) and illustrated in Figure 5.1. Saldaña (2015:15) explains that theory aims to progress from the specific to the general, which in this case was the analysis of data from 27 interviews to develop an artefact in the form of a generic framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. This satisfies the final level in the analytic process formulated by Miles et al (2014:10). This framework is

diagrammatically illustrated in 5.3 and summarised in 5.8 after a discussion of the research findings from the interviews.

#### **5.4. DIAGRAMMATIC REPRESENTATION OF THE CORE FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES IN PURSUIT OF SUSTAINABLE FINANCIAL WELL-BEING**

The diagrammatic representation below (Figure 5.3), summarises the feedback from the interviews and highlights the core financial literacy content areas or competencies that professional athletes require in pursuit of sustainable financial well-being. These core areas underpin other core competencies that may also be required based on an individual professional athletes' unique circumstances. The core competencies for each content area were categorised and then grouped under the summarised themes of the required components of financial literacy, namely financial knowledge and understanding, financial attitude and motivation, and financial behaviour. The sections where the themes and content areas were identified and discussed are noted on Figure 5.3 below to create a link between the literature review chapters and the findings.



**Figure 5.3: Diagrammatic representation of the financial skills required by professional rugby and cricket players in pursuit of sustainable financial well-being**

Source: Own observation (from the research findings)

Aligned with the prescriptions of Burnard et al (2008:432), the findings were reported under each main theme using verbatim quotes to illuminate findings and by linking the themes to existing literature.

With ANT as the theoretical lens for this study, Figure 5.4 illustrates how ANT informed the development of the overarching themes in this study as well as the framework.

<b>Stages of ANT (which provided the theoretical lens)</b>	<b>Description of the stages of ANT</b>	<b>Themes identified from the research</b>
Problematization	The primary actor attempts to identify the 'problem' and what is the 'knowledge claim' that is required in order to identify possible actors in the network to solve the problem	The primary actor may realise that in his or her pursuit of sustainable financial well-being he or she may lack skills or acumen in certain areas of financial knowledge and financial attitude or motivation
Interessement stage	The primary actor (professional athlete) endeavours to form a network of actors (advisors) through negotiations with potential actors	In response to realising the need for greater financial knowledge and an effective financial attitude (motivations), the primary actor identifies potential actors (advisors) that could provide the required guidance
Enrolment	Actors (advisors) join the network	The primary actor convinces other actors to join his or her network to find solutions or build knowledge and motivation towards beneficial financial behaviour
Mobilisation	This occurs when the actors within the network start and continue to findings solutions and to create knowledge	The primary actor is guided by the other actors, and with enhanced financial knowledge and the required financial attitude and motivation, the primary actor is empowered to make sound financial decisions (behaviour) in pursuit of sustainable financial well-being

**Figure 5.4: The contribution of ANT towards the identification of the overarching themes**

Source: Own observation

Figure 5.4 above illustrates how ANT contributed to the development of the overarching themes and ultimately the framework for the financial literacy skills required by professional athletes, which is illustrated in 5.8.

The following section highlights the demographics of the interviewees.

## 5.5. DEMOGRAPHICS OF THE INDIVIDUAL INTERVIEWEES

In line with the ANT approach, the interviewees were identified as individuals who most probably could have an influence on a professional athlete's financial decision-making process. The actors or advisors were clustered into four groups, based on the sample size provisions of 4.7.2. Table 5.1 below shows that an effort was made to have a more or less equal number of interviewees from each of the groups.

**Table 5.1: Number of interviewees/respondents from each group of actors/advisors**

Group number	Description	Interviewees	Number of interviewees
Group 1	Professional advisors	Including sports agents, financial advisors/brokers, an accounting expert, legal expert and a sports psychologist	7
Group 2	Employers (franchises) and players' associations	A member of management from a rugby franchise, member of management from a cricket franchise, rugby coach, cricket coach, a representative from a rugby players' association, a representative from a cricket players' association as well as a retired rugby player and retired cricket player. The retired professional athletes had experience of playing locally and at international level.	8
Group 3	Academics and training providers	Academics from the fields of accounting sciences and financial literacy	6
Group 4	Professional athletes, friends/peers and family	Professional cricket players, professional rugby players and their family. Three of the professional athletes also have international playing experience.	6

In order to recruit the interviewees as shown in Table 5.1, critical case purposive sampling (Saunders et al 2012:282) was applied with elements of snowball sampling

(David & Sutton 2004:29). The sample size of 27 was approximately distributed across the groups of participants to ensure a diversity of views. The sampling method was deemed to be appropriate because there was a clear in-depth motivation for selecting the sample.

Interviewees/respondents were selected based on the sample design in 4.7.2. The sample design identified that all respondents had to be between 18 and 65 years of age and all respondents had to have at least two years' experience in their field of expertise. The detailed demographics of the interviewees are summarised in Table 5.2 below.

**Table 5.2: The anonymised demographics of the individual interviewees**

Inter-viewee number	Group number	Description of the actor in the network around a professional athlete	Age between 18 and 65	More than two years' experience
<b>Group 1: Professional advisors</b>				
1	1	Sports agent (with experience of local and international dealings) who represents professional rugby and cricket players	Yes	Yes
2	1	Sports agent and qualified lawyer (with experience of local and international dealings) who represents professional rugby players	Yes	Yes
3	1	Certified Financial Planner® and independent broker	Yes	Yes
4	1	Financial planner, financial mentor for numerous current rugby players and ex-Springbok rugby player.	Yes	Yes
5	1	Chartered Accountant (SA), Associate member of CIMA (ACMA, CGMA) and tax advisor/practitioner	Yes	Yes
6	1	Lawyer and legal expert in the contracting of professional athletes employed by a major rugby union	Yes	Yes
7	1	Sport psychologist experienced in working with local and international sports teams	Yes	Yes
<b>Group 2: Employers (franchises) and players' associations</b>				
8	2	Chief Executive Officer at a cricket franchise in South Africa	Yes	Yes
9	2	Financial Manager at a leading rugby union/franchise in South Africa	Yes	Yes

Inter-viewee number	Group number	Description of the actor in the network around a professional athlete	Age between 18 and 65	More than two years' experience
10	2	Coach at a leading cricket union/franchise in South Africa (and former professional cricket player)	Yes	Yes
11	2	Former assistant coach at a leading rugby franchise in South Africa and ex-Springbok rugby player	Yes	Yes
12	2	Senior employee at a cricket players' union	Yes	Yes
13	2	Senior employee at a rugby players' union	Yes	Yes
14	2	Former professional cricket player with experience in playing locally, overseas and at international level with experience as an executive committee member of a players' association	Yes	Yes
15	2	Former rugby player with experience in playing locally, overseas and at international level	Yes	Yes
<b>Group 3: Academics and training providers</b>				
16	3	Experienced academic and CA (SA)	Yes	Yes
17	3	Experienced academic and CA (SA)	Yes	Yes
18	3	Experienced academic and CA (SA)	Yes	Yes
19	3	Experienced academic and CA (SA)	Yes	Yes
20	3	Experienced academic	Yes	Yes
21	3	Experienced academic and CA (SA)	Yes	Yes
<b>Group 4: Professional athletes, friends/peers and family</b>				
22	4	Current professional cricket player with experience in playing for leading franchises locally, overseas (including the IPL) and at international level for the Proteas	Yes	Yes
23	4	Current professional cricket player with experience in playing for a leading franchise in South Africa	Yes	Yes
24	4	Current professional rugby player with experience in playing for leading franchises locally, overseas and at international level for the Springboks	Yes	Yes
25	4	Current professional rugby player with experience in playing for leading franchises locally and overseas	Yes	Yes
26	4	Current professional rugby player with experience in playing for a leading franchise in South Africa	Yes	Yes
27	4	Family member (with a background in finance) of a current professional rugby player who has played for the Springboks.	Yes	Yes

As discussed in the Chapter 4, the interviews were semi-structured and guided by a predetermined interview schedule (see Annexure B). The key categories and content areas/topics identified from the interviews are discussed below. The overarching topics identified were financial knowledge, financial attitude and financial behaviour. Certain direct quotes from the respective interviewees are also included to explain or substantiate the research findings.

## **5.6. INTRODUCTION TO THE RESEARCH FINDINGS USED TO DEVELOP THE FRAMEWORK FOR THE FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES**

This section details the results of the research findings to address the primary research objective, which was to develop a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The interviews confirmed that professional rugby and cricket players have unique financial needs because they generally earn a great deal of money for a few years competing in professional sport before they have to retire from their sporting careers and transition to another career. It was also evident from the interviews that professional rugby and cricket players need to gain a sufficient level of financial literacy from a young age.

Interviewee 8 emphatically stated: “We have at least 10 players at our franchise who earn more than R10 million per year. However, not all the players earn large salaries and while many will play professionally for 10 to 15 years it can end in an instant through injury or non-selection so it is not a sustainable career.”

The guidelines and streamlined model of Saldaña (2015:14) was applied to transcend the data from codes, to categories, to themes and ultimately into assertions, theories or artefacts. The key themes identified were: financial knowledge and understanding; financial attitude and motivation; and financial behaviour. Aligned with the suggestions of Saldaña (2015:11), codes were clustered into categories based on similarities between the codes/key content areas. Each of

six categories was broken down into key content areas which were derived after the codes were condensed, sorted and sifted through multiple rounds of data analysis.

A description of these key content areas under each of the six categories follows. Each of the content areas should be read with the three key themes of financial knowledge and understanding, financial attitude and motivation, and financial behaviour in mind. The framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being is tabulated and summarised in 5.8 after the discussion of the research findings below.

## **5.7. CATEGORY 1: CONTRACTS AND DOCUMENTS**

The first category clusters five key content areas that share a likeness because they deal with contracts and documents. These content areas are accepting an offer (player's contract) to play professionally, sponsorship agreements, keeping financial records, contracts, and legal acumen.

The first of these content areas relates to the skills required to evaluate an offer to play sport professionally. Signing an initial player contract is also the start of the journey to being classified as a professional sportsman, when an athlete starts to earn a living from playing sport (Harvey 2013:223) and when an athlete's participation in sport "transforms from a volunteer driven to a business-like phenomenon" (Dowling et al 2014:528).

### **5.7.1. Accepting a professional player's contract**

The decision to accept a professional player's contract is critical to a professional athlete's long-term sustainable financial well-being. The majority of interviewees remarked that any decision to accept a player's contract should be made with long-term goals in mind. The interviewees highlighted the following as some of the pertinent considerations before accepting a player's contract: the proposed remuneration, agent's commission, tax implications, living cost, opportunity cost, term of the contract, opportunities to play and develop, one's long-term intellectual

property value and opportunities after sport, injury insurance and medical aid, performance management and recognising the risk of 'burn-out', and procedures for the termination of the contract. These considerations can be grouped into financial and non-financial considerations.

#### 5.7.1.1. Financial considerations before signing a player contract

The results from the coding of the interviewees' responses highlighted that numerous interviewees regarded the following as important financial considerations before signing a player contract: evaluating the proposed remuneration, the sports agent's commission, living costs in the town where they would be based, tax implications, and provisions for income protection and medical insurance.

Multiple interviewees raised the importance of the remuneration in the proposed contract as a fundamental consideration. This was in agreement with the findings of Hodges et al (2014:406) that money in professional sport is a significant lure for talented aspiring rugby players because "there is more at stake than the love of the game". The interviewees also explained that remuneration for professional rugby and cricket players could include the proposed weekly/monthly/annual salary, match fees, sign-on bonuses, winning bonuses, the use of the player's intellectual property rights, fringe benefits, and more. Four interviewees commented that all players need to understand their payslip and what is regarded as remuneration and deductions (Interviewees 3, 9, 11 and 16). A number of interviewees also highlighted the importance for professional athletes to have currency management acumen to calculate their salaries when playing abroad. Currency management is discussed in more detail under 5.8.3. The majority of interviewees recognised that many professional athletes are only concerned about the financial considerations in their proposed player contracts.

Interviewee 16 stated: "Money will obviously be the number one consideration when deciding whether to accept or reject a player contract."

However, the majority of interviewees also remarked that more professional athletes should focus on the long-term implications of the proposed player contracts, including the non-financial considerations.

#### 5.7.1.2. Non-financial considerations before signing a player contract

From the interviewees' responses it was apparent that a player's decision to sign a professional contract with a particular franchise should be done with medium- and long-term goals in mind and should not be based solely on financial reasons. Non-financial considerations could include opportunity cost, term of the contract, opportunities to play and develop, one's long-term intellectual property value and opportunities after sport, performance management, recognising the risk of 'burn-out', and procedures for the termination of the contract.

The realisation that only a few players can play for South Africa and the prospect of earning comparatively bigger salaries overseas in the short term convinces many young players to go overseas as soon as possible. This links with the findings of Ellis (2016:101) that many young, promising schoolboy players hope to sign contracts with overseas clubs in the near future. It was apparent from the interviews that qualitative factors such as opportunities to play are important, but most professional athletes value financial rewards more than any other consideration. Similarly, professional athletes need to consider a range of factors before accepting a sponsorship agreement.

#### **5.7.2. Considerations before accepting a sponsorship or endorsement agreements**

The vast majority of interviewees remarked that professional athletes need to have a clear understanding of their rights, responsibilities and other stipulations included in any sponsorship or endorsement contracts. Professional athletes should also be aware that their player contracts may prohibit them from signing individual sponsorship agreements with the rival companies of their employer's/franchise's sponsors. It was also evident from the interviews that employers/franchises have

codes of conduct or rules in place to ensure that those sponsoring the unions are respected and gain valuable exposure for their brands. Failure to this could result in penalties or the sponsorship agreements being cancelled (Interviewees 2 and 23)

Numerous interviewees advised that professional athletes should consider gaining legal advice and not only rely on their sports agents for advice before signing a sponsorship agreement. This view is in agreement with the recommendations of the OECD (2016b:11) that individuals need to gain legal and financial advice before signing any contract and highlights the importance for professional athletes to engage with a network of advisors to assist with their financial decision-making. Player contracts and sponsorship agreements are examples of legally binding documents that should be safeguarded. In addition, professional athletes need to understand the importance of safeguarding and reviewing their financial records.

### **5.7.3. Financial records and contracts**

Financial records and the safeguarding of important documents are also highlighted by the OECD (2016b:11) as a key financial literacy topic. The regular reviewing of personal financial records, taking due care before signing any contract, and the safeguarding of personal financial records and important documents are good habits to achieve successful personal financial planning.

#### **5.7.3.1. Regular review of personal financial records**

Aligned with the recommendations of Billingsley et al (2016:57), more than one interviewee remarked that professional athletes need to keep record of their income (including payslips) and expenses (receipts and creditor statements). Moreover, the OECD (2016b:10) advises professional athletes to develop the acumen and motivation to reconcile and record their monthly gross and net income. In addition, professional athletes need to have the confidence to check financial records and receipts and to follow up if mistakes have potentially been made (OECD 2016b:10). Interviewee 9, a financial manager at a leading rugby franchise, positively remarked that many professional rugby players contracted at a leading franchise in South

Africa diligently monitor their monthly payslips and reconcile their gross and net income. Interviewee 7 stated that it was unfortunate that many professional athletes do not seem to take the same care before signing contracts or agreements.

#### 5.7.3.2. Safeguarding of financial records and important documents

Many interviewees indicated that documents that should be safeguarded include: a recent balance sheet, recent income statement, will, marriage contract, identity documents for all members of the household, insurance policy documentation, bank statements, statements of debt, copies of employment and sponsorship contracts, contracts for the sale and purchase of assets or property, and any rental agreements.

Interviewee 18 remarked: "Safeguarding personal and financial documents is very important especially since supporting documents may be necessary to resolve disputes. It may also be important for tax purposes. Unfortunately, I don't think many professional athletes are administratively organised to safeguard important documents electronically or manually."

#### 5.7.4. Legal acumen

Basic legal acumen was identified as another of the financial literacy content areas required to achieve sustainable financial well-being. A few interviewees stressed that it is essential for professional athletes to have a basic understanding of the terms and conditions in their contracts and any relevant legal terminology. In addition to basic legal knowledge related to players' contracts and sponsorship agreements (discussed above), many professional athletes may acquire properties and other assets through purchases defined by a contractual agreement, hence professional athletes need to understand all their rights and obligations in terms of such agreements. It was apparent that the majority of respondents did not think that professional rugby and cricket players have the required basic legal acumen and many sign contracts 'blindly' without clearly understanding the contracts.

Interviewee 8 commented: “Professional athletes have a lot of money and because they don’t have a lot of experience in the commercial world, they are a target for brokers and others seeking their investment. It would be great if professional athletes could have basic legal knowledge to identify biased contract terms and to know when they need expert advice.”

Interviewee 6 also advised that all professional athletes need to take responsibility to up-skill themselves about the basics of contracts. This view links with the recommendations of Swart (2016:125) that individuals should know what a legal contract entails. In addition, individuals need to know their rights and responsibilities as consumers and in terms of every contract they sign (OECD 2017:136).

The next category of content areas within the framework for the financial literacy skills relates to financial planning and money management, which links to more generic financial skills required in pursuit of sustainable financial well-being.

## **5.8. CATEGORY 2: PLANNING AND MONEY MANAGEMENT**

The second category clusters eight key content areas that incorporate financial literacy skills related to financial goals, time value of money, currency management, budgeting, financial control, savings, investment, and mathematical skills.

### **5.8.1. Financial goals**

Financial goals are fundamental to financial planning and are different for everybody.

#### **5.8.1.1. Understanding how to set financial goals**

Based on a few of the interviews, personal financial planning was seen to start with an understanding of one’s financial position, one’s risk appetite and one’s medium- and long-term financial goals. One interviewee explained that financial goals may include buying a residence, paying for one’s children’s education, establishing investments and retirement planning. Financial goals should also be set with an ideal

and realistically achievable balanced lifestyle in mind because financial freedom is only one segment of a person's needs (Interviewees 3 and 7). Numerous interviewees emphasised that it is essential to know how to identify strategies to achieve short-, medium- and long-term financial goals.

Interviewee 9 advised: "Professional athletes need to have enough knowledge and a clear understanding of their future financial needs to determine realistic financial goals, with the required motivation for them to realise those goals."

#### 5.8.1.2. Setting financial goals

Having financial goals allows an individual to plan where they are going in a financial sense and should include building up capital and cash reserves, retirement planning, savings for emergency funds and one's own and one's children's education (Billingsley et al 2016:13). Based on the interviewees very few professional rugby and cricket players have medium- and long-term financial goals (interviewees 1 and 12).

Interviewee 7 stated: "Professional sportsmen set various goals such as striving to be the best player in their position in the world, but neglect to set financial goals."

More than one interviewee also remarked that many professional athletes are too acutely focused on short-term financial goals and assume that if it is going well with their finances now it will continue to go well in the future.

#### 5.8.1.3. Considering the financial needs of dependants when setting financial goals

Professional athletes should consider the financial requirements of their dependants when setting financial goals. Dependants could include their spouse and children, but may also include other members of their extended family.

A number of interviewees referred to the cultural legacy among some members of the black and coloured community in South Africa commonly known as 'black tax'. This is a colloquial term to describe how young black people who are employed are required to financially support less privileged members of their immediate and extended family. 'Black tax' is regarded as a major reason why young black professionals are unable to save after they have shared their salaries with a range of family members.

Interviewee 11 explained: "Many black and coloured professional athletes feel obligated to financially support their extended families."

Interviewee 6 stated: "Some of the black and coloured professional rugby players are required to apportion up to 70% of their salaries to support a range of family members. This makes it challenging to improve those players' financial literacy and to teach them about savings and investments."

This situation is not necessarily limited to players from specific ethnic groups in South Africa. Lima Sopoaga, a 28-year-old New Zealand rugby player with 20 test caps for his country, recently acknowledged that he accepted a more lucrative offer to play rugby for the Wasps Club in England because he has "30 members of an extended family to support" (Nonu's Super Rugby return may herald a new era 2019). Professional athletes who are required to financially support a number of family members need to take similar situations into account when doing financial planning and budget setting (discussed in 5.4.6). This also links with the recommendations of Louviere et al (2016:18) that individuals should check regularly whether their insurance and investments still meet their needs to achieve their financial goals.

#### 5.8.1.4. Recognising the need to consult with a qualified financial planner

Professional athletes should be able to recognise the need to consult with a qualified financial planner to assist with financial goal setting and to draft an appropriate financial plan. Interviewee 3 explained that certified financial planners could also

help professional athletes to make changes to their investment strategy if necessary (investments are discussed in 5.8.7). This links with the recommendations of Foyle (2015:189) and Bateman et al (2012:53) who advise that professional athletes seek the assistance of financial advisors when they do their financial planning and set long-term financial goals.

It was also clear from the interviews that professional athletes should understand the financial advice they receive from a qualified financial planner and buy into the financial plan. A financial plan can only be successful if the professional athlete understands, approves and supports the plan to achieve his or her medium- and long-term financial goals (Interviewees 3 and 12).

The interviewees felt that professional athletes should take responsibility for setting their financial goals and monitoring the progress made towards the achievement of the goals. This echoes the recommendations by OECD regarding acumen and financial behaviour (2016b:15). Knowledge about the time value of money was seen as another of the great motivators for individuals to save and invest.

### **5.8.2. Time value of money**

An understanding of the time value of money is central to recognising the need to save and invest from a young age.

Interviewee 3 commented: “In simple terms, time value of money means R100 is worth more now than what it will be in the future. Unfortunately, very few people understand the time value of money.”

Many interviewees noted that a general lack of knowledge about the time value of money and inflation is often ascribed as some of the main reasons why individuals do not prioritise long-term financial goals, saving and investments. Interviewee 4 noted that professional athletes do not understand that they need to invest their money at a rate higher than inflation to prevent it from losing value in the future. Too many professional rugby players merely keep their money in a bank account without understanding the concept of inflation or the need to save and invest (Interviewee

26). A number of interviewees highlighted that a better understanding of the time value of money could greatly influence the financial behaviour among professional rugby and cricket players to save, invest and build up capital reserves from a young age to improve their financial sustainability. This aligns with the literature that a clear understanding of compound interest is expected to have a positive effect on an individual's financial decisions and investment planning (OECD 2016b:14; Lusardi & Mitchell 2011:511).

Sound currency management is another key content area within the cluster of planning and money management.

### **5.8.3. Currency management**

Many professional athletes earn income from different countries in a range of currencies. Hence, numerous participants highlighted the importance of money and currency management. Interviewee 22 stated that the more successful one becomes, the more money one earns in foreign currencies; therefore, knowing how to invest that money and when to convert the money into Rand becomes challenging. Interviewee 3 highlighted that professional athletes need to be efficient at converting money between different currencies, while being aware of broker fees. Professional athletes also need to understand how much money they can move in and out of South Africa annually.

Interviewee 5, a tax and accounting specialist, explained: "There are times when it is better to repatriate the monies back to South Africa – especially from a tax point of view."

The assistance of a financial planner or advisor can also be beneficial when it comes to helping professional athletes with their currency management. Currency management is just one element of money management. Another element of money management, and perhaps of greater importance to individuals, is the financial literacy acumen to draw up a budget and live according to it.

#### **5.8.4. Budgeting**

The majority of the interviewees agreed with the literature that the ability to set a budget is a fundamental financial literacy skill (Farinella et al 2017:1; Atkinson & Messy 2012:6). Budgeting requires skills related to each of the central themes of financial literacy because individuals need to have the required knowledge about setting a budget, the necessary attitude to maintain and follow a budget, as well as the financial behaviour and acumen to stay within budget.

##### **5.8.4.1. Knowledge to set a budget and understanding its benefits**

Individuals need to know how to set a budget. This principle resonates with the recommendations of the OECD (2016b:12) that individuals need to know how to create a budget and understand the benefits of drafting and following a budget. Interviewee 3 echoed these sentiments by emphasising the utmost importance of knowing how to draft a maintainable budget towards achieving one's short-, medium- and long-term financial goals. In his view, this is the most important skill to develop in pursuit of sustainable financial well-being. Interviewee 3 further advised that professional athletes need to budget with their future expected earnings in mind.

Interviewee 3, a Certified Financial Planner, advised: "Professional athletes need to first determine their future financial needs, expected income from a vocational career (after their sport careers) and to then set a budget accordingly so that they can accumulate enough capital and assets to sustain them in the future."

An individual can only benefit from a well thought out and balanced budget if he or she is motivated to set a budget regularly.

#### 5.8.4.2. Motivation towards setting a budget

Individuals should be motivated to maintain a periodic budget. However, many of the participants estimated that the majority of professional rugby and cricket players in South Africa did not have a budget.

Interviewee 23, a current professional cricket player, confirmed these sentiments and stated: “Money comes in and comes in so I don’t have a budget.”

This is concerning since the OECD (2016b:12) emphasises that individuals should have a financial attitude that motivates them to create and stay within a budget to achieve sustainable financial well-being.

#### 5.8.4.3. Financial behaviour and acumen to stay within budget

Professional athletes do not seem disciplined at staying within a budget. Furthermore, when planning their expenditure, they appear to disregard the possibility that their income may be irregular.

Interviewee 1 noted: “The biggest reason why some professional athletes experience financial difficulty later in life is because they spend their entire salaries and fail to save and invest. This could be addressed with a budget calculated to achieve long-term financial goals.”

The ability to exercise financial control is fundamental to achieve budgeted financial goals.

#### **5.8.5. Financial control**

Professional athletes are in the public eye and are often categorised as individuals who have high living costs. Professional rugby and cricket players should recognise that their careers as professional athletes are relatively short and could end in an

instant so they need to exercise financial control and live within their means whilst adhering to a budget.

A number of interviewees emphasised that many professional rugby and cricket players choose to live lavishly. Many of them are capable of maintaining their lifestyles with the large salaries that they earn as professional athletes. This approach is sometimes a major contributor to their inability to create long-term sustainable financial well-being.

Interviewee 8 observed: “Professional athletes live an abnormal life and some of them earn more than R10 million a year so they spend money on ridiculous things and unfortunately many of them make stupid investments.”

Interviewee 12 explained that it is normal for many people to have a lifestyle that matches their income, but professional athletes’ sporting careers are short so they need to exercise greater financial control than others. Interviewee 11 cautioned that professional athletes struggle to maintain their high standard of living when their sporting careers end. Consequently, any financial constraints, coupled with the emotional strain of no longer being a professional athlete, often result in divorce, which generally causes them to lose a further part of their wealth or savings.

Therefore, Interviewee 3’s recommendations were appropriate. He strongly suggested that professional athletes need to limit their spending early in their careers, build up capital, establish themselves in their sporting career and as far as possible reduce the risk of injuries before increasing their standard of living. Interviewee 8 also advised that professional athletes need to be educated that bonuses or windfalls should not be taken into account when calculating income for credit purposes. This advice links with the recommendations of the OECD (2016b:21).

Interviewees 6 and 17 suggested that professional athletes exercise financial control and learn to apply sensible spending behaviours such as comparing the prices of similar goods knowing that substitute products could be available at a lower cost.

This links with the recommendation that professional athletes need to feel in control of their money and understand their debit orders, know where their money is going or how the investments that they are contributing towards work (Interviewee 15). Interviewee 7 warned that while many of them may feel in control they probably are not in control because they do not set aside a sufficient amount for saving and investment.

#### **5.8.6. Savings**

This content area strongly links to understanding and adhering to a budget, which was discussed in the previous section. The ability to save and invest is a direct result of adhering to a budget and optimally applying one's financial resources (Remund 2010:284). Lusardi and Mitchell (2007:213) indicate that savings decisions can be complex and an individual's attitude towards saving is also linked to their understanding of compound interest (see 5.4.9). Based on the interviews, professional athletes' failure to take a long-term view of their finances and a lack of saving were highlighted as major reasons why professional athletes do not attain sustainable financial well-being.

Numerous interviewees stated that young players, in particular, are so excited to earn a salary that saving is not a priority and they only start thinking about saving later in life when it is too late. Interviewee 23 concurred and noted that although he has been playing cricket professionally for four years, he only plans to start saving from the age of 25 and that is why he bought a second car with his bonuses from the previous season.

Interviewee 25 explained this thinking: "Many players think that they will have a 10 to 15 year sports career and that they can spend a lot of money early in their careers and start saving later, but this reduces their chances to attain a sustainable financial position."

Interviewee 8 also noted that many professional athletes are somewhat oblivious to the risk that their sporting careers may end prematurely due to injury, non-selection

or other external factors. The majority of interviewees agreed that all professional athletes need to start saving from a young age. In addition to saving in an effort to build up reserves for investments, individuals should be motivated to prioritise savings ahead of some discretionary expenses and need to build up emergency funds to manage unforeseen events and financial shocks (Interviewee 3). This links with the recommendations in the literature that individuals should build up emergency funds (OECD 2016b:14; Atkinson & Messy 2012:9). However, not all professional rugby and cricket players are motivated to build up emergency funds and interviewee 23 stated that he does not have a medical aid or emergency funds to cover unforeseen expenses. The acumen to convert one's savings into sustainable investments to counter the time value of money is also an essential financial literacy content area.

#### **5.8.7. Investments**

Recognising the need to invest is usually a result of having savings available to invest (discussed in 5.8.6) as well as an understanding of the time value of money (discussed in 5.8.2) and compound interest. The choice of investment strongly links to an individual's ability to draft and maintain a sustainable budget (discussed in 5.8.4) geared towards achieving long-term financial goals.

While financial literacy skills related to investments are often linked to other areas of financial literacy, it is a fundamental content area of financial literacy in particular for professional athletes who have relatively short playing careers. It is similarly important that they have basic knowledge about compound interest and investment options.

Interviewee 3 explained: "You need to build up capital with which to generate passive income in the future to sustain a certain level of living after retirement when your income decreases. Most individuals' income decreases after the age of 65, but for professional athletes this usually happens when they transition to another career after sport, which is much sooner in life."

Interviewee 8 stated: “Many professional athletes retire from their sporting careers in their mid-thirties and their biggest need is to make sure that they will have enough money to provide for their families and themselves for the rest of their lives.”

The majority of interviewees highlighted the important role that a certified financial planner could play in advising professional athletes. However, many interviewees noted that professional athletes need to have basic knowledge about investments and a clear understanding of what they are investing in or contributing towards and what the likely value of their investments would be. Interviewee 13 stated that he believed many professional rugby players live from month to month, because many withdraw money from their pension fund within two years after their playing careers end. It was also apparent from the interviews that many professional rugby and cricket players understand the need to start investing at some point in their sporting careers. However, they appear to have little knowledge about investment options and how to choose the most beneficial alternatives.

#### *Some investment options for professional athletes to consider*

According to feedback from interviewees, many professional athletes invest in a range of investment alternatives such as property, a residence, pension funds, provident funds, retirement annuities, off-shore investments, shares, unit trusts, farms, businesses; high-risk investments such as trade in crypto currencies, and investments managed by a financial planner. A number of interviewees highlighted cash flow and risks as important considerations when making investment choices.

#### *Cash flow*

The interviews further revealed that professional athletes also need to consider how sustainable the contributions will be after they retire from their sporting careers. They may need to invest a greater portion of their income during their sporting careers since they are likely to experience a significant drop in income after they stop playing (Interviewee 15). In addition, it was evident from the literature and the interviews that the majority of investments have tax implications. For example, Interviewee 4

recommended that all professional athletes need to include retirement annuities and tax-free saving accounts (with obvious tax benefits) in their diversified investment portfolio, although the tax effects for many investments are different. Moreover, investors need to be aware that some investment options may include varying amounts of continuous costs or fees (Interviewee 3). All these factors supported the recommendations of Interviewees 6 and 12, who suggested that professional athletes need to consult with a financial planner or accounting expert before making an investment.

### *Risks*

Many interviewees warned professional athletes about high-risk investments such as investments in businesses. These high risk investments could yield high returns, but a number of interviewees noted that these investments or ventures are seldom successful and highlighted that professional athletes are not skilled in reading financial statements and cash flow forecasts, or assessing risks. The majority of interviewees also agreed that professional rugby and cricket players are naïve, easy targets for fraudsters and too easily led into making high-risk investments without the required knowledge of the field or industry.

Interviewee 15 emphatically stated: “Many professional athletes realise late in their sporting careers that they need to start making investments, and in an effort to make quick money they invest in high-risk business ventures and often lose almost everything.”

In contrast, Interviewee 4 remarked that many young players have become too conservative in their approach to investment due to a lack of knowledge and because they have heard of the losses suffered by former players. Hence, Interviewees 11 and 15 advised professional athletes to invest somewhat conservatively, to play an active role in developing long-term financial goals and to choose a diversified investment portfolio with the assistance of a qualified financial planner. This underpins the views of many interviewees that a financial planner and/or financial accountant could greatly assist professional athletes in assessing

the risk attached to an investment and in establishing a diversified investment portfolio.

How to choose a suitable network of financial advisors is discussed in 5.20, and ways to avoid the pitfalls when starting a business and the skills that could contribute to being a successful entrepreneur are discussed in 5.11.2.7.

Basic mathematical skills is another key content area.

#### **5.8.8. Basic mathematical skills**

Basic mathematical skills and financial numeric acumen are important components of sound financial knowledge. Having basic mathematical skills includes being able to do calculations related to interest rates and repayments, and to determine the effects of compound interest. A digital platform (which may include a financial calculator) were mentioned as useful resources (by Interviewee 9) as an actor within the network of financial advisors to guide a professional athlete's financial decisions. However, the individual still needs the insight and acumen to provide the relevant 'input' values and to interpret the results. This notion links with Jappelli and Padula's (2015:379) statement that mathematical competence is a necessary condition for financial literacy.

The acumen to manage one's financial obligations is also an important cluster of financial literacy skills for professional athletes in pursuit of sustainable financial well-being.

### **5.9. CATEGORY 3: FINANCIAL OBLIGATIONS**

This category clusters credit and banking and taxation as two key content areas in which professional athletes require financial literacy skills in pursuit of sustainable financial well-being.

### **5.9.1. Credit and banking**

Knowledge about credit extends to the ability to choose the most appropriate finance option. Banking includes an understanding of banking products to manage and safeguard one's money.

#### 5.9.1.1. Credit

Credit or borrowing money provides individuals with access to resources that they only have to pay back in the future in, for instance, periodic monthly instalments. This means that the consumer does not have to save the required amount before making a purchase, and it is a way to pay for relatively expensive items (Billingsley et al 2016:217). However, credit comes at a cost known as interest, which makes effective credit planning critical for individuals to avoid becoming over-indebted and to achieve sustainable financial well-being.

#### *Credit/finance options*

Different credit options may include a bond, vehicle finance and short-term finance options. A number of interviewees acknowledged that many professional athletes will probably need a bond to finance the purchase of a residence and possibly investment properties at some stage in their lives.

Interviewee 3 emphatically stated: "It is important not to be over-indebted. However, debt is not necessarily bad as long as you use debt to increase your assets such as buying a house and not to pay expenses. When buying a property with a bond it is obviously important to check how much deposit you'll be able to pay if the bank requires it, make sure you can afford the bond repayments even if the interest rate goes up, compare interest rates from different banks, know if the interest rate is variable or fixed and know who signs surety for the loan."

Many participants noted that professional athletes lack knowledge about credit and finance options. It was evident from the interviews that it could be beneficial to have

a basic understanding of one's own financial position, the different types of credit, whether it is secured by an asset, the repayment terms, compound interest, what each form of credit could be used for, and the advantages and disadvantages of the different credit options. Many professional rugby and cricket players appear to be uninformed when it comes to credit and borrowing (Interviewees 17 and 24). 'Sponsored' vehicles were identified as a particular area where professional athletes' lack of knowledge about credit could result in their being exploited.

Interviewee 25 highlighted: "Players sometimes think they are sponsored and pay a reduced amount for a vehicle with their names printed on the side of the vehicle. The reality is that many of the finance options on 'sponsored cars' include increased instalments from the second year of the finance term or a large lump sum at the end."

It is a financial literacy skill to plan and manage debt and to know when debt should be avoided. Interviewee 15, for example, stated that he did not understand why professional athletes need to get vehicle finance to buy a very expensive car. Debt is best managed by identifying sensible financial goals (discussed in 5.4.1), drafting a financial plan and adhering to a budget (discussed in 5.4.6). Interviewee 3 advised that a qualified financial planner could be consulted to provide guidance regarding credit decisions if necessary.

#### *High-cost finance options to be avoided*

Individuals should avoid high-cost finance options as far as possible. These finance options often accumulate interest at a higher than the usual interest rate, which increases the required monthly repayments. High-cost finance options could include credit cards, overdrafts and short-term loans. The majority of respondents believed that professional rugby and cricket players earn enough money to avoid paying high costs for financing. However, a number of respondents noted that some players' standard of living exceeds their income and they inevitably have clothing accounts, cell phone bills, credit card debt, overdrafts and unpaid accounts.

Interviewee 7 highlighted: “Although a number of players often make personal loans amongst each other; I think it is the younger players who are more likely to live beyond their means and have high-cost finance products. The biggest reason for this is a lack of education and too many young players are not taught to take responsibility for their actions.”

In addition, to understand credit options professional athletes also need to be knowledgeable about banking products.

#### 5.9.1.2. Banking

Knowledge about banking includes, among other things, an understanding of bank charges, debit orders and knowing that a person’s ‘available bank balance’ is likely to include an overdraft amount.

Interviewee 6 stated: “The majority of professional rugby players are ill informed about banking products and bank charges.”

Interviewee 25 also commented that since rugby and cricket players are high-earning individuals they are often approached by private banks. However, they often do not get much guidance from the private banker to help them manage their bank charges or to choose banking products. Swart (2016:364) points out that the Financial Advisory and Intermediary Services Act (FAIS) restricts the advice that banking employees may give; hence it would be prudent for professional athletes to gain knowledge about the different bank accounts and the related bank charges. They should also aspire to maintaining a positive bank balance to avoid using an overdraft, which is a high-cost finance option. A number of interviewees also highlighted the role that digital platforms could play in guiding a person’s financial decisions. The OECD (2016b:27) advises that individuals need to understand that money and financial services can assume different forms, including digital or ‘fintech’ (shorthand for the financial technology space). A concept such as ‘mobile money transfers’ is essential to navigate the financial world. Individuals also need to

understand a range of payment methods such as electronic fund transfers, vouchers, coupons, pre-paid cards, debit cards or online payment facilities.

Sound tax knowledge and the ability to identify when expert tax advice is required are also essential components of financial literacy.

### **5.9.2. Taxation**

Knowledge about taxation was highlighted as an important skill for professional athletes. The majority of interviewees believed that professional athletes are not required to be tax experts, but they need to have basic knowledge about taxation and they should be able to identify when they need to consult with a tax or accounting specialist. Many interviewees highlighted that professional rugby and cricket players lack basic tax knowledge.

Interviewee 7 commented: "I don't think professional rugby and cricket players have any tax knowledge."

Interviewee 24 admitted: "I naively signed a contract to play professionally in Europe and did not realise beforehand that I would be paying tax at a high rate of 48%."

Interviewee 9 remarked that she was dumbstruck by the number of queries she receives from SARS about players who have not submitted a tax return for four or five years. Many of them think their employer (the union) does it for them, but their employers only deduct employee's tax from their salaries. Interviewee 24 also acknowledged that he does not know how tax works.

Interviewee 12 explained: "We have realised that players need to have basic tax knowledge such as the need to be registered for income tax, to know they need to submit an annual tax return, to understand the tax deduction tables, to be familiar with e-filing and to be aware of the tax implications of their generic income streams."

In addition, they should be aware that if they are found guilty of tax evasion it could reduce the value of their intellectual property among supporters and could have far-reaching consequences such as penalties, interest and even jail time (Matthee, 2016:2).

Interviewee 17 remarked: "Soccer players often make the news for tax evasion and because they are in the public eye, they are often used to create awareness among the population at large of the importance to be tax compliant. Hence rugby and cricket players also need to make sure they are compliant with the tax laws of the countries where they work and where they reside."

Interviewee 19 advised: "Professional athletes need to regularly consult with a tax specialist to help with their tax calculations and submission of tax returns."

Many interviewees from the first group (professional advisors) and the third group (academics) advised that professional athletes should be aware of the different types of tax, such as income tax, capital gains tax, donations tax, dividends tax, estate duties; property tax (when buying a property) and indirect taxes such as value added tax and import tax. In addition, professional athletes need to be motivated to be aware of changes to the tax legislation in the jurisdictions in which they operate.

Interviewee 22 explained: "I didn't understand the 'residency' rule for tax purposes when I started playing, but after playing for some time and regularly engaging with my tax consultant I am aware of it. I therefore try to manage it by making sure I'm out of the country for more than 183 days per year. I also know that there are forthcoming changes to how foreign income will be tax in the future."

The interviewee correctly referred to the amendment of section 10(1)(o)(ii) of the Income Tax Act, Number 58 of 1962, which prescribes that only the first R1 million of foreign private sector employment income will be exempt from tax in South Africa for

South African tax residents from 1 March 2020 (RSA 1962). Double tax treaties and tax credits for taxes paid abroad will therefore become more relevant. While professional athletes need to have a grasp of basic tax knowledge and be motivated to remain aware of possible changes to the tax legislation in the jurisdictions in which they are employed, it is clear that they can benefit from consultation with a qualified tax or accounting expert. Professional athletes playing overseas are specifically advised to consult with a tax specialist to take advantage of tax deductions in foreign countries related to education, relocation and others. In addition to tax planning and extensive tax advice, a tax specialist can also provide expert advice on when it will be best to claim tax credits for taxes paid overseas.

Many individuals are exposed to various risks that they have to try and manage as part of their personal financial planning. Insurance is one way to mitigate such risks.

#### **5.10. CATEGORY 4: RISK MANAGEMENT**

The fourth category clusters financial literacy skills related to insurance, estate planning and acumen to avoid unethical behaviour. Acumen in these content areas is essential to address specific risks and promote sound risk management.

##### **5.10.1. Insurance**

Many individuals face a range of risks that could affect their finances. Insurance is one way to mitigate many of these risks and professional athletes need to be aware of a range of insurance options to manage risks. A number of important insurance options were identified from the interviews, including medical aid, income protection insurance, short-term and life insurance.

###### **5.10.1.1. Medical aid**

The importance of good health to contribute to an individual's well-being is undeniable. Jordaan (2015:77) argues that anyone in pursuit of well-being must actively manage their physical and mental health and live in a way that sustains their

health. Medical aid and gap cover (where applicable) are vital, especially for professional athletes given the high risk of injury on the sports field. Interviewee 7 explained that medical aid and gap cover are standard in employment contracts for rugby and cricket players based in South Africa, thanks to the collective agreements established by MyPlayers and SACA. Interviewee 7 noted that it is not necessarily the case if players are contracted overseas; in those instances, players need to make sure that they have the prerequisite insurance cover.

Interviewee 14 remarked: “The problem is that many players are used to having medical aid and forget to arrange medical aid for themselves or their families after they retire from professional sport.”

Many interviewees highlighted that professional athletes are likely to incur additional medical expenses later in life due to injuries sustained in their playing careers.

Interviewee 2 advised that players need to familiarise themselves with the policy documents, the insured amounts and conditions of cover whenever they arrange insurance. A few interviewees advised that professional athletes also need to determine whether they have the necessary medical insurance cover when they change employers or when their playing careers end. Professional athletes are advised to seek the assistance of an independent insurance broker if necessary (Interviewee 4). The significant risk of injury faced by professional athletes on the sports field may also cause them to consider the need for income protection insurance.

#### 5.10.1.2. Income protection insurance

Much the same as medical insurance cover, income protection is standard in South African employment contracts for professional rugby players, thanks to the collective agreements established by MyPlayers.

Interviewee 6 stated: “The standard income protection cover for rugby players in South Africa arranged by MyPlayers provides for a pay-out of up to 12 months’ income after a serious injury.”

Income protection is not included in the collective agreements established by SACA and is therefore not standard for cricket players based in South Africa. Some of the cricket players interviewed was under the impression that SACA provides income protection cover to all professional cricket players playing in South Africa. Income protection insurance is also not generally included in rugby or cricket players’ contracts overseas.

The greatest challenge with income protection cover is that it is often restricted to injuries sustained while playing for a specific team in a specific country competing in a specific sports code. Injuries sustained while relaxing or enjoying another sports code are usually not covered.

Interviewee 12 elaborated: “Income protection is an expensive product and injuries could at times be hard to prove, which increases the risk that the insurer may not pay out. The conditions of cover often determine that the insurance will pay out if a person is unable to continue with their ‘work’. The challenge is that somebody may be able to continue playing professionally after an injury, but not necessarily at the same level as before the injury.”

Professional athletes are often under-insured. Interviewee 1 explained that the income protection cover arranged by players or their brokers is often inadequate to cover their salaries, because it is very difficult to estimate how much a player will be earning in five or ten years’ time. Therefore, the interviewee advised that professional athletes need to familiarise themselves with the insurance terms, policy documents, the insured amounts and conditions of cover so that they can make an informed decision about the value of the insurance. Professional athletes also need to understand the difference between income protection insurance and disability insurance to make sure that they manage their risks according to their needs.

#### 5.10.1.3. Contract insurance

Contract insurance offers players insurance in the case of injury in the months preceding the start of their contract of employment. Interviewee 2 strongly advised that professional rugby and cricket players should consider getting contract insurance, which covers them for a loss of income should they get injured before the starting date of their next player's contract.

According to the sports agents and professional athletes interviewed, very few professional rugby and cricket players had income protection cover or contract insurance outside of the standard cover in their employment contracts. In contrast, the players seem well informed about short-term and life insurance.

#### 5.10.1.4. Short-term and life insurance

Short-term and life insurance products could be used to mitigate the effects of events with adverse financial consequences. Short-term and life insurance products are further examples of insurance products that could be used to manage risks.

Most interviewees believed that the vast majority of professional rugby and cricket players understand the purpose of short-term insurance. However, professional athletes are advised to make sure they understand the implications of an insurance excess and the risks of being over- or under insured. Professional athletes who drive a 'sponsored car' are also guided to make sure whether the insurance is arranged by the sponsor.

Most interviewees also noted that professional rugby and cricket players were well informed about life insurance products. SACA provides group death, disability and life insurance cover for cricket players based in South Africa (Interviewee 12). Interviewee 13 explained that MyPlayers does not provide the same level of cover as SACA for rugby players based in South Africa. Furthermore, Interviewee 13 believed that professional rugby players are more likely to subscribe to life insurance from their mid-twenties or after getting married.

One interviewee advised that professional athletes need to save and build emergency funds (discussed in 5.8.6) in addition to obtaining relevant insurance to manage risks. In addition to life insurance, thorough estate planning is another area of financial literacy.

### **5.10.2. Estate planning**

Estate planning focuses mainly on how an individual's assets should be distributed when he or she passes away, and the minimisation of estate duties payable by the deceased estate. Preston and Kloppers (2016:238) explain that the main objectives of estate planning are to secure the financial future of the estate planner's family, to protect the assets of the estate and to minimise estate duties. A number of participants identified basic estate planning as an essential financial literacy skill. This includes understanding that one needs to draft a legal will, plan to cover one's dependants' living expenses in the event that one passes away, and specify how one's assets and liabilities are to be distributed at the end of one's life. Dependants may include other family members who are financially dependent on an individual's income (also see 5.8.1.3, which considers the concept of 'black tax').

Interviewee 3 stated: "Professional athletes need to have basic knowledge about estate planning. Those players who are earning foreign currencies and investing capital abroad should be especially aware of duties on their estates and the need for tax planning."

Interviewee 4 highlighted: "Unfortunately I don't think any of them would know what estate duties mean. Ideally they should make sure that they have a will and simply be able to identify the need to consult with a tax or accounting expert to help with their tax planning."

Based on the interviews, another essential skill in pursuit of sustainable financial well-being was identified, namely the ability to recognise and avoid unethical behaviour.

### 5.10.3. Unethical behaviour

Unethical behaviour could result in a lengthy ban from professional sport or potentially end a player's sporting career, with adverse financial consequences. Numerous interviewees remarked that unethical behaviour could also have a negative effect on a player's intellectual property value. This links with the statements of Ribeiro (2016:21) that people are more likely to idolise a professional athlete who displays positively perceived behaviours, which increases the professional athlete's commercial value and chances to gain sponsorship agreements. Unethical behaviour includes, among other things, match fixing, the use of banned substances (doping) and social drug abuse.

#### 5.10.3.1. Match fixing

The results of the study highlight that the risk of match fixing is much more prevalent in cricket than rugby. This is motivated by the significant amounts of money being bet on cricket matches all around the world and the fact that many book makers can gain financially if they are able to pay players to influence matches.

Interviewee 14 explained: "There is a massive sport betting market in many Asian countries and because some domestic South African cricket matches are broadcast in India the risk of match fixing multiplies."

Most participants acknowledged that professional cricket players are very well informed about what constitutes match fixing and the risks involved.

Interviewee 12 explained: "Cricket's governing bodies are very methodical and consistent in their message that match fixing is unacceptable."

Nevertheless, many participants alluded to the recent match fixing scandal of 2016 in which a number of South African franchise cricket players were involved. A few interviewees explained that those players were close to the end of their professional cricket careers, in financial trouble and realised that they did not have savings or

investments to sustain them in the future; therefore, they took part in match fixing hoping to make 'quick money' before they retire. It is evident that the group of players most likely to commit match fixing are those who did not consistently play for South Africa, never earned a very big salary, did not sufficiently save or invest and failed to plan for a transitional career after sport.

Interviewee 22 exclaimed: "Match fixing will mostly happen if a player is very greedy or in instances where a player has not planned for a life after professional cricket."

Many participants also noted that match fixing and unethical behaviour is a personal matter, influenced by a player's upbringing and background.

Match fixing is not regarded as a great risk in rugby because there is very limited betting on individual performances and more on the results of matches. It is debatable whether rugby players are sufficiently informed about the risks of match fixing. In contrast, doping appears to be more likely to occur amongst rugby players instead of cricket players.

#### 5.10.3.2. Doping

Some of the interviewees believed that rugby players are more likely to use banned substances than cricket players, because some of these substances can help a player to become stronger and faster much more quickly, which can be an advantage in a very physical sport such as rugby. There are a number of initiatives from national governing bodies, players' associations and franchises to educate professional athletes about the risks of using banned substances. All professional rugby and cricket players who were interviewed indicated that they were well informed about banned substances. Most supplements and nutritional shakes are also provided by the franchises to ensure that players are not guilty of using banned substances. Regular testing at professional level is also an effective deterrent against doping.

Interviewee 25 confirmed: “Professional rugby players are very well informed and only a fool would use banned substances.”

The greatest risk of doping seems to be at school level where players are not regularly tested and young players are possibly less informed about the risks and disadvantages of using banned substances.

Interviewee 15 remarked: “These young players aspire to playing on the television, being famous, earning a lot of money and living a glamorous lifestyle and hope that the use of banned substances will provide them with a competitive edge. School players are unfortunately also sometimes under a lot of pressure from parents and coaches who expect them to perform at a very high level.”

In addition to doping, the abuse of social drugs also has many risks and could have a very negative effect on a professional athlete’s career.

#### 5.10.3.3. Social drugs

Unethical behaviour includes the abuse of illegal drugs and social drugs such as alcohol. One interviewee explained that modern training gear includes ‘trackers’ in players’ training vests, which monitor their performance metrics and make it easier to track whether a player used social drugs or alcohol in the preceding days. Nonetheless, many professional athletes, especially younger players, are susceptible to unethical behaviour. Interviewee 7 stated that under the current contract system up to 70 young players are contracted at a rugby union at a time. At least half of them do not study and they focus only on the rugby. They only play competitive matches for a few months in the year. The interviewee explained that since these young players do little else but practise and exercise in the gym, they often become bored. Three consequent pitfalls should be avoided: gambling and alcohol and drug abuse. This links with the advice of Canter (2019), namely that gambling should be avoided and never be regarded as investing.

This provides further motivation for professional athletes to study towards a tertiary qualification or to gain an artisan skill to prepare for a career after their sport careers end and to live a more balanced life.

## **5.11. CATEGORY 5: PREPARING FOR A LIFE AFTER SPORT**

The fifth category relates to the acumen required for professional athletes to prepare for life after sport and to plan towards a transitional career when their sport careers end. This category includes content areas related to gaining a tertiary education or artisan skill and planning towards a transitional career.

### **5.11.1. Education**

Numerous interviewees highlighted the benefits of obtaining a tertiary education or sought after artisan skill.

Interviewee 26, a professional rugby player, stated: “Since I have better prioritised my time, I have found it quite easy to study towards a degree and being a more balanced individual has improved my rugby.”

Interviewee 7 emphatically said: “Professional athletes who study towards a degree or who have completed a tertiary qualification possess much more financial literacy knowledge than their counterparts who never studied.”

A number of interviewees also noted that a tertiary qualification makes retired professional athletes more employable. This links with statement of De Lannoy, Graham, Patel and Leibbrandt (2018:21) that there is much evidence that higher levels of education equate to a higher chance of employment and a higher salary in South Africa and most other countries. The interviewees indicated that professional athletes share a talent for playing sport, but they are a diverse group of people from a range of backgrounds with different intellectual capacities and traits outside of sport. While not all of them will be successful when studying towards a formal qualification (Interviewee 6), the vast majority of respondents recommended that

professional athletes should study towards a tertiary qualification or learn a specialised artisan skill. A few interviewees also noted various benefits for professional athletes who study. At the same time, many interviewees noted that the majority of professional rugby and cricket players in South Africa were not studying.

Interviewee 23, a young professional cricket player, confirmed: “I am just focused on one thing and that is my sport career. I’ll start thinking about studying towards a tertiary qualification later in life.”

This is in spite of Interviewee 7’s estimate that 3 out of every 70 young players employed by a leading rugby union in South Africa are likely to become Springboks. Interviewee 7 also explained that many professional athletes simply register to study at a university so that they can compete in the Varsity Cup. Many of these athletes enrol for qualifications that will not enhance their employability, or they fail to complete their studies (Interviewees 2 and 7). Hence, Interviewee 7 advised that professional athletes need to take their studies seriously and study towards a qualification that develops a scarce skill. Based on the interviews, it can be deduced that professional athletes need to gain knowledge about tertiary qualifications and artisan skills that would contribute to their future employability. Professional athletes are also advised to have a positive attitude and the required motivation to gain a tertiary qualification or artisan skill. A number of interviewees acknowledged that consultation with a career development consultant or sports psychologist could also benefit professional athletes to find a future career path. Swart (2016:150) also explains that employers want a person with broad practical and personal skills in addition to a tertiary qualification who will make a positive contribution to their organisation. Hence professional athletes need to plan and prepare for another career after sport from a young age.

### **5.11.2. Transitioning to another career**

Transitioning to another career after a professional athlete’s sport career ends could be a very challenging endeavour and many professional athletes are ill prepared for this next phase of their lives.

#### 5.11.2.1. Professional athletes become disconnected from some realities, which makes transitioning to life after sport challenging

Many professional athletes are contracted from a young age and start earning a salary from the age of 18. A number of interviewees highlighted that professional athletes become used to sponsored cars, sponsored clothes and other perks. A few interviewees also explained that there are many people – including sports agents and employees at the franchises (or unions) – who attend to many of their needs such as arranging travel visas and assisting with personal errands or arrangements. Hence some players do not understand the true value of money.

Interviewee 8 stated: “It is an abnormal life because some employers provide housing, pay for players’ groceries and private travel expenses. Many also enjoy a range of other perks such as playing golf for free and dining for free at certain restaurants. This causes them to live in a comfort zone and they become disconnected from reality.”

This reminds of the statement by Pete Carroll, one of the most successful NFL coaches, who often warns his players: “You live in a temporary fairy tale” (Van Heerden 2018:6). Interviewee 13 explained that professional athletes do not really understand the reality that they need to have a sustainable job to take care of their family until they are about to retire from their professional sport careers. The reality is that almost all South African professional rugby and cricket players will need to transition to another career when they retire from sport (Interviewees 1, 11 and 27). Despite the inevitability of having to transition to another career after their sport careers end, few professional athletes seem to be emotionally prepared for this phase in their lives.

#### 5.11.2.2. The emotional impact when a professional athlete’s sport career ends could make transitioning to life after sport challenging

According to a number of interviewees it can be a very challenging time for a professional athlete when his or her sport career ends.

Interviewee 15 noted: “You find your identity in sport and you often see yourself in newspapers and on the cover of magazines, so many professional athletes feel depressed when their sporting careers end.”

Interviewee 14 emphasised: “It’s like getting retrenched at age 35 and having to start work in a completely new industry. It is a seriously stressful thing with many emotional and intellectual challenges.”

Interviewee 11 explained that it is an enormous challenge to start with another career after retiring as a professional athlete. One is no longer in the public eye and does not feel like a hero any longer. Suddenly having to work in an office for eight hours a day with much less time for socialising causes one to seek guidance from colleagues – some often 10 years younger. It can be very demoralising and depressing (Interviewee 11). This links to the findings of Van Heerden (2018:6) that many professional athletes experience psychological difficulties when they retire from professional sport. In addition to the emotional challenges, many retired professional athletes experience financial stress after their sporting careers end.

#### 5.11.2.3. The financial impact when a professional athlete’s sport career ends

The financial stress experienced by many professional athletes when their sporting careers end mostly stems from the standard of living that they and their families have become used to, and which is more difficult to sustain after their sport careers end. Interviewee 11 estimated that professional rugby players are likely to earn about 10–20% of the remuneration they were earning as professional athletes when they transition to a new career outside of sport. It is also only when they retire from professional sport that professional athletes realise how high their standard of living had been (Interviewee 13). Interviewees 1 and 13 explained that once retired athletes experience financial constraints, they tend to fall back on their savings and investments. The resultant need to lower their standards of living could bring about much marital stress which too often causes divorce and ultimately depression in the retired professional athlete. A professional athlete’s career can end in an instant, so

professional athletes need to plan and prepare for a career after sport from an early age (Interviewee 8).

#### 5.11.2.4. Many professional rugby and cricket players leave it too late to plan for a transitional career

Despite the risk that a professional athlete's career could end in an instant, many of them seem oblivious to the need to prepare for a transitional career.

Interviewee 24, a very successful professional rugby player, noted: "I'll think about a career after rugby when I feel I have two more years left of my rugby career."

Interviewee 1 stated: "Until their early thirties professional rugby and cricket players are just focused on being the best player in their position or discipline and their greatest concern is signing their next player contract."

Interviewee 7 criticised this thinking and stated that professional rugby and cricket is not a career, because it only allows a player to earn income for 10 to 15 years. This links with Van Heerden's (2018:6) statement that "professional sport is not a long-term career, yet many athletes think no further than making it into the professional ranks and staying there". If players postpone planning for another career after sport until their late twenties or thirties, they are clearly taking a risk because a player's career could end unexpectedly through injury or non-selection (Ellis 2016:43). This view concurs with the findings of the NZRPA (2011:9) that almost half of New Zealand's professional rugby players were forced into retirement from professional sport due to injury, non-selection or other external issues. In addition, it was found that 82% of retired professional rugby players in New Zealand experienced a period of unemployment for longer than three months after they retired (NZRPA 2011:27). Besides gaining more knowledge about planning and working towards another career after their sporting careers end, many professional athletes need to adapt their attitude to be more motivated to plan for a transitional career.

#### 5.11.2.5. Choosing a career after sport

There are various resources such as career guidance books, websites, blogs and others that guide individuals on how to choose a possible career path. These resources will probably guide an individual to consider, among other things, what are their skills, interests, personality traits, and educational background; whether they like working with people, and what is their earning potential for a specific job (Swart 2016:149).

It was evident from the interviews that many players who think about transitioning to another career do not have any idea where to start or how to plan for it.

Interviewee 13 explained: “Professional athletes are fortunate to do something they love, which comes naturally to them from a small age. It is often challenging for them to find something outside sport that they are passionate about and able to turn into a sustainable career.”

Many interviewees noted that a career development planner/consultant or sports psychologist could greatly assist professional athletes to choose and prepare for a career after their sport careers end. Many interviewees encouraged professional athletes to do ‘shadow work’ on their off days in vocational and professional environments to identify and develop their interests in a suitable vocational career. The aim would be to help them study successfully towards a qualification that would enhance their later employability when their sporting careers end. A number of interviewees also encouraged professional athletes to get involved in a business on a part-time basis to develop skills that could make them more employable outside of professional sport.

#### 5.11.2.6. Starting a business

Due to the challenges when transitioning to another career outside of sport many professional athletes start their own businesses or partner with others in a business

venture. However, many professional athletes are ill prepared to start or partner in a business.

Interviewee 3 warned: “I believe that too many people and professional athletes in particular start a business too quickly.”

Interviewee 14 also explained that very few professional athletes have the knowledge to start a business. Furthermore, while their name or intellectual property helps, it also means they are targeted by sly business people who think that professional athletes are wealthy and naïve. Hence, a couple of interviewees warned that if professional athletes invest in a business, they need to be properly involved in those businesses and have the acumen to make a positive contribution, monitor the cash flow and constantly evaluate the performance and future prospects of the businesses. This links with the recommendations of Allen and Truman (2016:8) that entrepreneurs should be directly involved in the business they invest in. Swart (2016:5) also suggests that anyone who wants to start a business needs to have personal financial literacy acumen. This author (2016:191) describes a range of additional business skills required by entrepreneurs, including understanding the different forms of business ownership, the ability to formulate a business plan, and knowing how to obtain finance and employing staff. Interviewee 6 also noted that professional athletes who aspire to becoming business owners or who have an interest in a business require more advanced business, legal and tax acumen.

While some individuals may require more advanced knowledge about key financial literacy content areas based on their goals and circumstances, it was obvious from the interviews that all professional athletes could benefit from the guidance of a network of advisors to influence their financial behaviour.

## **5.12. CATEGORY 6: GAINING PROFESSIONAL ADVICE**

The last category relates to gaining professional advice from an appropriate network of advisors.

### **5.12.1. Gaining advice from a network of actors or advisors to guide financial decisions**

The vast majority of interviewees stated that professional rugby and cricket players should surround themselves with a network of actors or qualified advisors to help them set financial goals, to inform their financial decisions and to assist with their money management.

#### 5.12.1.1. Actors within a potential network of advisors

Based on the interviews, it is clear that professional athletes could surround themselves with a network of advisors to guide their financial decisions. These advisors could include a financial planner, an accountant or tax advisor, a sports agent, a legal expert, a sports psychologist, a career development planner, a legal advisor, an independent insurance broker, digital platforms (as a source to find out more about issues such as currency management, property prices and taxes such as transfer duties), and academics or training providers. This substantiates the appropriateness of ANT as a suitable theoretical lens for this study. The next section provides some recommendations for professional athletes when choosing professional advisors to inform and guide their financial decisions.

#### 5.12.1.2. Choosing a network of advisors

Based on the interviews, it seems critical that the professional athlete choose wisely when selecting individuals or actors within the network of advisors. The risks of advisors and in particular sports agents acting in self-interest or not acting in the best interest of the professional athlete are well documented. In agreement with the statements of Neiman (2007:140), numerous interviewees also warned and illustrated that some financial advisors and sports agents have acted in self-interest in the past. To counter this risk and to improve the effectiveness of the advice, some interviewees provided direction for professional athletes when appointing actors or advisors to guide their financial decisions.

A few interviewees proposed that professional athletes need to engage with suitably qualified actors or advisors who belong to professional bodies that govern their professional actions and to check the advisors' credentials before they engage with the professional advisors (Interviewees 11 and 15). Various interviewees recommended that professional athletes do a basic due diligence and a reference check on a number of professional advisors to confirm their proficiency before choosing an advisor. Interviewees 3, 4 and 20 recommended that professional athletes make sure they fully comprehend the professional advice they receive and therefore suggested it is best to choose advisors that speak in understandable language. This links with the recommendations of Purdon (2018:12) that an individual needs to choose a financial advisor with technical expertise, but also one capable of moving beyond the numbers, who takes a client-first approach to address the client's emotional needs and makes sure that the client feels heard and understood. It was apparent from the interviews that professional athletes are advised to consult regularly with the advisors/actors in their network and be motivated to build a long-term relationship with their financial advisors. Yet, a number of interviewees felt that professional athletes should remain responsible for their own financial planning and should be sufficiently financially literate to acquire, interpret and apply the financial advice they receive.

### **5.13. LEVEL OF FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES**

The majority of participants noted that professional athletes lack financial literacy skills.

Interviewee 12 stated: "There is this outdated mentality in sport that the player just plays ball and everybody else will take care of the rest. This is very unhelpful because how do you positively shape somebody's attitude towards achieving certain goals if they are never involved in setting the goals?"

A lack of financial literacy could cause a professional athlete to trust blindly and rely too strongly on professional advice to guide his or her financial decisions

(Interviewees 11 and 13). Similarly, a lack of financial literacy could cause professional athletes to place too little trust in the advice of professional advisors because they do not understand the advice they receive (Interviewees 1, 9 and 24).

Based on the feedback from the interviews, it can be deduced that the level of financial literacy required by professional rugby and cricket players would largely depend on the individuals' needs and plans for the future. However, an appropriate level of financial literacy as highlighted in the framework in Chapter 6 (see 6.1), coupled with the ability to choose a suitable network of professional advisor (discussed above) should be sufficient to help a professional athlete to make informed financial decisions or to recognise the need for more expert guidance.

#### **5.14. SUMMARY**

The primary objective of this study was to provide an artefact in the form of a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. This chapter described the research findings from the semi-structured face-to-face interviews that were conducted to achieve the primary research objective. The discussion was based on the themes and key content areas identified. The framework for the financial literacy skills required by professional athletes is shown in Chapter 6.

## **CHAPTER 6 – THE FRAMEWORK FOR THE FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES**

### **6.1. INTRODUCTION**

This chapter illustrates the framework that was developed from the literature review and the results of semi-structured interviews that were discussed in Chapter 5. The framework tabulates and summarises the skills for each key content area required by professional athletes in pursuit of sustainable financial well-being. The skills and content areas have been interpreted under each of the three main themes (see Figure 5.3) identified for this study, namely financial knowledge and understanding, financial attitude and motivation, and financial behaviour.

### **6.2. FRAMEWORK FOR THE FINANCIAL LITERACY SKILLS REQUIRED BY PROFESSIONAL ATHLETES IN PURSUIT OF SUSTAINABLE FINANCIAL WELL-BEING**

Similar to the diagrammatic representation in Figure 5.3, the core competencies or skills for each content area are grouped based on the required financial knowledge and understanding, financial attitude and motivation, and financial behaviour. This framework highlights a range of content areas or topics that could be considered relevant financial literacy skills for professional rugby and cricket players who are in pursuit of sustainable financial well-being. This framework is focused specifically on providing key financial literacy skills required by professional rugby and cricket players and complements other relevant universally recognised generic financial literacy frameworks such as the OECD's Core Competencies Framework on Financial Literacy for Adults (OECD 2016b).

The framework is intended to be read as a high-level overview of the financial literacy skills required by professional rugby and cricket players. Some content areas may be more or less relevant for professional athletes who are from different backgrounds, at different life stages and with different financial goals. Despite these

variables it is anticipated that professional athletes skilled in all the content areas could improve their ability to achieve sustainable financial well-being.

The framework is likely to be of interest to a range of stakeholders (actors) including employers (sports clubs and franchises), sports governing bodies, and players' associations. In addition, advisors including financial planners, relevant tax and accounting specialists, sports agents, legal advisors and anybody hoping to enhance the level of financial literacy among professional rugby and cricket players should find the framework of interest. Although the framework has been developed in a South African context with a focus on male rugby and cricket players it is expected that many of the content areas could be universally relevant for professional rugby and cricket players and potentially for other professional athletes, both male and female, who compete in a team sport environment.

Each content area is elaborated on with core competencies described under the following themes: financial knowledge and understanding, financial attitude and motivation, and financial behaviour. In some cases, core competencies could fit under more than one content area, but an effort was made to limit repetition. There is no specific sequential listing of the content areas or topics and the numbering of the content areas is for ease of reading and not intended to indicate the importance or difficulty of the content areas. Tables 6.1–6.6 depict the framework for the financial literacy skills required by professional athletes identified as a result of this research study. Tables 6.1–6.6 are not meant to be an exhaustive list of financial knowledge, financial attitude and financial behaviour content areas required by professional athletes in pursuit of sustainable financial well-being, but a broad guideline based on the interviewee responses and the literature. The content areas are discussed under each of the six categories.

### **Category I: Contracts and documents**

The first category clusters four key content areas together that share a likeness because they deal with contracts and documents. See Table 6.1 for the required financial literacy skills related to contracts and documents.

**Table 6.1: Contracts and documents**

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
<p><b>1. Accepting an offer to play professionally</b></p>	<p><b>Consider</b> the following before signing a contract of employment:</p> <ul style="list-style-type: none"> <li>- opportunity cost;</li> <li>- agent commission;</li> <li>- salary structure;</li> <li>- tax implications;</li> <li>- living cost;</li> <li>- term of the contract;</li> <li>- opportunities to play and develop;</li> <li>- one's long-term intellectual property value and opportunities after sport;</li> <li>- injury insurance and medical aid;</li> <li>- performance management and recognising the risk of 'burn-out'; and</li> <li>- procedures for the termination of the contract.</li> </ul>	<p>Be <b>motivated</b> to read and understand all the implications of a contract of employment.</p> <p>Be <b>motivated</b> to consider the medium- and long-term implications of the contract.</p> <p>Be <b>motivated</b> to assess the 'opportunity cost' of signing a contract of employment as a professional sportsman or -woman.</p>	<p><b>Select</b> a contract of employment after taking a holistic view of the offer and after taking into account the medium- and long-term implications should one accept the offer.</p> <p><b>Recognise</b> the need to consult with an expert if there are complex legal or financial implications attached to the contract.</p> <p><b>Only sign</b> a contract of employment after understanding the legal and financial terms and implications of the contract.</p>
<p><b>2. Sponsorship agreements</b></p>	<p><b>Understand</b> one's rights and responsibilities in terms of every sponsorship agreement signed by the player; or agreed to by the employer or players' associations.</p> <p><b>Understand</b> the legal terminology used in the sponsorship agreement.</p> <p><b>Understand</b> the prohibitions/limitations imposed by sponsorship agreements.</p>	<p>Be <b>motivated</b> to adhere to the requirements of the sponsorship agreement and make sure that performance goals (if any) are attainable.</p>	<p><b>Select</b> the most suitable sponsorship agreements.</p> <p>Be <b>alert</b> to sponsorship agreements that may be very prohibitive.</p> <p><b>Recognise</b> the need to consult with a legal expert if necessary.</p>
<p><b>3. Financial records and contracts</b></p>	<p><b>Know</b> which documents have to be safeguarded.</p> <p><b>Understand</b> the implications of signing a contract with a financial service provider.</p> <p><b>Understand</b> the importance to keep record of one's income and expenses.</p>	<p>Be <b>confident</b> to check financial records and receipts and be motivated to follow up if mistakes have been made.</p> <p>Be <b>motivated</b> to ask for legal or other advice before signing a contract.</p>	<p><b>Safeguard</b> personal documents, financial records, contracts and other important documents.</p> <p><b>Query</b> uncertainties relating to financial records and contracts and ask for any errors to be corrected (if necessary).</p>

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
			<p><b>Reconcile</b> gross and net income earned.</p> <p><b>Check</b> payment details, receipts and change.</p> <p><b>Only sign</b> a contract after understanding the legal and financial terms and implications.</p> <p><b>Sign</b> an ante-nuptial agreement before getting married.</p>
<p><b>4. Legal</b></p>	<p>Basic <b>understanding</b> of one's rights and obligations as well as the legal terminology included in one's contracts of employment, sponsorship agreements, assets purchase agreements and other contractual agreements.</p>	<p>Professional athletes should be <b>motivated</b> to read and understand the contracts that they sign, including their contracts of employment.</p> <p>Be <b>motivated</b> to do research by consulting an expert and/or finding relevant information on reputable websites and apps about the legalities and pitfalls of contracts.</p>	<p><b>Interpret</b> the advice of the legal expert to decide on the most suitable course of action.</p>

## Category II: Planning and money management

The second category clusters eight key content areas that incorporate financial literacy skills related to financial goals, time value of money, currency management, budgeting, financial control, savings, investment, and mathematical skills. The financial literacy skills related to planning and money management are shown in Table 6.2 below.

**Table 6.2: Planning and money management**

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
<p><b>1. Financial goals</b></p>	<p><b>Understand</b> one's current balance sheet, income statement, details of insurance portfolio and risk appetite.</p> <p><b>Understand</b> the importance of financial goals and know how to set ideal and realistically achievable medium- and long-term financial goals.</p> <p><b>Understand</b> the need to build up reserves, plan for retirement and maintain emergency funds.</p> <p><b>Understand</b> the financial needs of dependants now and in the future.</p> <p><b>Understand</b> the need to be financially secure beyond a normal working age of 60 or 65.</p> <p><b>Comprehend</b> the financial advice received from a qualified financial planner.</p>	<p><b>Be motivated</b> to adhere to a financial plan in order to achieve medium and long-term financial goals.</p> <p><b>Be motivated</b> to consider the short-, medium-, and long-term financial needs of dependants.</p> <p><b>Be motivated</b> to generate passive income in the future while making a realistic assessment of likely future income.</p> <p><b>Accept</b> the responsibility to manage one's own (and possibly one's household) finances.</p>	<p><b>Recognise</b> that a sustainable financial position is just one of the factors that influence one's well-being.</p> <p><b>Identify</b> strategies to achieve medium- and long-term financial goals.</p> <p><b>Monitor</b> any changes in value of investments, assets and liabilities and make changes to one's financial goals and financial plan if necessary.</p> <p><b>Save</b> for one's children's education.</p> <p><b>Recognise</b> the need to consult with a qualified financial planner to assist with financial goal setting.</p> <p><b>Recognise</b> that well-being extends beyond only achieving financial goals.</p>
<p><b>2. Time value of money</b></p>	<p><b>Understand</b> the time value of money and inflation.</p>	<p><b>Be motivated</b> to seek investments to counter the 'time value of money'.</p>	<p><b>Be able to identify</b> beneficial saving options.</p> <p><b>Monitor</b> the growth in savings.</p> <p><b>Understand</b> what drives inflation and <b>recognise</b> when financial plans and investments may need to be adapted.</p>
<p><b>3. Currency management</b></p>	<p><b>Understand</b> that exchange rates fluctuate and how fluctuation could affect income and expenses.</p> <p><b>Be knowledgeable</b> about converting money between currencies.</p> <p><b>Understand</b> how much money can be moved in and</p>	<p><b>Be motivated</b> to consider the fees and exchange rates offered by different service providers when converting money.</p>	<p>Have the skills to beneficially <b>convert</b> money between currencies.</p> <p>Have the skills to <b>recognise</b> the need for advice on when it is best to move money in and out of</p>

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
	out of South Africa. <b>Recognise</b> the need to consult with a tax or accounting expert because the timing of when money is moved in and out of the country has tax implications.		South Africa.
<b>4. Budgeting</b>	<b>Know</b> what a budget is. <b>Know</b> how to create a budget. <b>Understand</b> that a budget needs to allow for discretionary spending such as holidays and donations. <b>Understand</b> the benefits of drafting and following a budget. <b>Understand</b> that an abnormally large portion of income earned as a professional athlete needs to be saved and invested. <b>Know</b> that income could fluctuate based on the conditions of employment, bonuses and endorsements.	<b>Be motivated</b> to create and adhere to a budget to achieve sustainable financial well-being. <b>Be motivated</b> to compare actual and budgeted income and expenditure. Have a <b>positive attitude</b> to achieve medium and long-term financial goals.	Use a budget to <b>plan and monitor</b> income, savings and expenses. <b>Plan</b> purchases based on an understanding that professional athletes earn large amounts for a short period of time during their sport careers since this situation is likely to diminish when they transition to another career.
<b>5. Financial control</b>	<b>Understand</b> that goods may be priced differently by different providers and that substitutes are often available. Have a <b>sense of control</b> about your finances – <b>know</b> your bank balance and <b>understand</b> where money is coming from and on what it is being spent. <b>Set</b> sustainable living standards. <b>Recognise</b> that bonuses and windfalls should not be taken into account when budgeting for credit purposes.	<b>Be motivated</b> to adhere to a budget. <b>Be motivated</b> to distinguish between essential and discretionary expenditure ('needs' and 'wants'). <b>Consider</b> the opportunity cost of a purchase and that money spent on one item cannot be spent on another. <b>Be confident</b> to apply knowledge about exchange rates, interest rates and inflation when making a large purchase.	<b>Compare</b> prices of similar goods. <b>Buy</b> goods and services at a fair price. <b>Resist</b> advertising and social pressure to make impulsive or unwanted financial decisions. <b>Avoid</b> spending bonuses and windfalls before the money is earned.
<b>6. Savings</b>	<b>Know</b> the importance of saving from a young age. <b>Understand</b> the importance of having a saving plan and financial goals.	<b>Be motivated</b> to prioritise savings ahead of some discretionary expenses. <b>Be motivated</b> to build up emergency funds.	<b>Start a savings habit</b> and put aside a portion of one's monthly income to achieve one's financial goals. <b>Recognise</b> the importance of

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
			saving and investing especially since a professional athlete's career could end prematurely.
7. Investments	<p><b>Understand</b> compound interest.</p> <p><b>Have knowledge</b> about choosing an investment, including:</p> <ul style="list-style-type: none"> <li>- Pension funds, provident funds, retirement annuities and tax-free saving accounts;</li> <li>- Investment in a primary residence (and treat it as an investment decision based on sound reasoning and not emotion);</li> <li>- Investments in property;</li> <li>- Off-shore investments;</li> <li>- Shares, unit trusts and saving plans;</li> <li>- Investments in business.</li> </ul> <p><b>Know</b> about tax incentives when one saves for retirement or otherwise.</p> <p><b>Understand</b> the benefits of a diversified investment portfolio.</p> <p><b>Know</b> that some investments are more liquid than others.</p> <p><b>Know</b> that some investments have a 'buy-in' or 'exit' cost.</p> <p><b>Assess</b> what income can reasonably be expected from an investment choice.</p> <p><b>Know</b> that some investments may incur future costs.</p> <p><b>Have knowledge</b> about assessing risks and understanding that investments may increase or decrease in value.</p> <p><b>Recognise</b> the need for a financial advisor to help with assessing risks and to choose an investment.</p> <p><b>Recognise</b> that investments have tax implications and that the assistance of a tax specialist may be required.</p>	<p><b>Be motivated</b> to make investments to benefit from compound interest and avoid the negative effects of the 'time value of money'.</p> <p><b>Be motivated</b> to reduce cost and maximise returns when setting financial goals and choosing investments.</p> <p><b>Be motivated</b> to do research before selecting an investment option.</p>	<p><b>Seek</b> to benefit from incentive schemes such as tax savings on tax-free savings accounts.</p> <p><b>Be skilled</b> to recognise the need to consult with an expert – i.e. a certified financial planner – to build a diversified investment portfolio.</p> <p><b>Be skilled</b> to understand professional financial advice about investment options.</p> <p><b>Be skilled</b> to understand professional financial advice about the tax implications, fees and return on investment of an investment choice.</p> <p><b>Be skilled</b> to determine the most suitable choice of investment option(s).</p> <p><b>Be able</b> to avoid high-risk investments and scams.</p> <p><b>Avoid</b> lending money to family and friends.</p> <p><b>Manage</b> a diversified investment portfolio.</p> <p><b>Monitor</b> costs of investments; since fees, commission and other charges may apply on investment</p>

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
	<b>Know</b> that gambling is not investing.		products.
<b>8. Mathematical skills</b>	<b>Know</b> what basic mathematical skills entail. <b>Understand</b> basic financial terminology such as interest rates, present value and future value. Have the <b>acumen</b> to use digital platforms that can assist with financial calculations such as calculating the repayments on a loan.	<b>Be motivated</b> to develop good mathematical skills and take the time to understand the mathematical calculations and the financial implications of all financially oriented decisions.	Make <b>use</b> of digital platforms to assist with financially oriented mathematical calculations if necessary.

### Category III: Financial obligations

This category clusters credit and banking as well as taxation as two key content areas in which professional athletes require financial literacy skills in pursuit of sustainable financial well-being. Table 6.3 summarises the financial literacy skills that could help professional athletes to manage their financial obligations.

**Table 6.3: Financial obligations**

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
<b>1. Credit and banking</b>	Have a basic <b>understanding</b> of the different types of credit. <b>Understand</b> the cost of credit (and that it is usually expensive). <b>Know (or be capable to conduct research)</b> about credit, including: <ul style="list-style-type: none"> <li>- when credit or debt is secured;</li> <li>- what form of credit should be used for which purchases;</li> <li>- the advantages and disadvantages of each form of credit;</li> <li>- the difference between fixed and variable interest rates;</li> </ul>	Have a positive financial <b>attitude</b> towards a good credit score to reduce the cost of borrowing. <b>Be motivated</b> to avoid unnecessary credit and to reduce the cost of borrowing. <b>Be motivated</b> to reduce bank charges. <b>Be motivated</b> to have a positive bank balance. <b>Consider</b> the advantages and disadvantages of different forms of money when choosing which to	<b>Avoid</b> high-cost finance options. <b>Make timely</b> repayments on credit agreements. <b>Live</b> within one's means and within a set budget. <b>Use</b> credit only when it can increase one's asset holding and not for expenses. <b>Make sure</b> one can afford bond and other loan repayments even if the interest rate goes up. <b>Compare</b> interest

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
	<ul style="list-style-type: none"> <li>- the repayment terms of sponsored assets such as vehicles;</li> <li>- that bonuses or windfalls should not be taken into account when calculating income for credit purposes.</li> </ul> <p><b>Understand</b> the risks of being over-indebted.</p> <p><b>Understand</b> the risks of signing surety for another party.</p> <p><b>Know (or be capable to conduct research)</b> about banking, including:</p> <ul style="list-style-type: none"> <li>- understanding debit orders</li> <li>- understanding the different types of bank accounts, their related bank charges and how charges are calculated;</li> <li>- knowing that a bank overdraft is a high-cost finance option;</li> <li>- knowing one's 'available bank balance' includes an overdraft.</li> </ul> <p><b>Understand</b> a range of payment methods such as electronic fund transfers, digital money transfers, vouchers, coupons, pre-paid cards, debit cards, or online payment facilities.</p> <p><b>Understand</b> the need for data security and <b>know</b> how to avoid risks and traps of digitally available financial service products.</p> <p><b>Know</b> one's rights as a consumer of financial products.</p>	use.	<p>rates and bank charges from different banks to choose the most suitable option.</p> <p><b>Recognise</b> the need to consult with a qualified financial planner or financial advisor for guidance regarding credit and banking.</p>
<b>2. Taxation</b>	<p>Knowledge about tax, including:</p> <ul style="list-style-type: none"> <li>- the need to register for income tax;</li> <li>- that the tax year normally stretches over 1 year and ends on 28 February;</li> <li>- the need to submit an annual income tax return;</li> </ul>	<p><b>Be motivated</b> to gain relevant tax knowledge.</p> <p><b>Be motivated</b> to gain knowledge about tax and to stay aware of changes in tax legislation in the jurisdictions where</p>	<p><b>Consider</b> the income tax implications in the country of residence and the country of employment (if applicable) before signing a contract of employment.</p>

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
	<ul style="list-style-type: none"> <li>- the tax deduction tables;</li> <li>- the tax implications of different income streams and investments;</li> <li>- capital gains tax;</li> <li>- when one will be classified as a 'resident' for income tax purposes and the implications thereof.</li> </ul> <p>Be <b>aware</b> of the different tax types that may include direct taxes (such as income tax, capital gains tax, dividends tax, donations tax and estate duty) and indirect tax (such as VAT and import tax).  <b>Recognise</b> the need to consult with a qualified tax or accounting expert especially when earning income abroad or from different income streams.</p>	one is employed.	<p><b>Apply</b> basic tax knowledge to <b>recognise</b> the need for a tax specialist. Have the <b>acumen</b> to select a suitably qualified tax or accounting expert. Have basic skills to <b>interpret</b> the advice of a qualified tax or accounting expert.</p>

#### Category IV: Risk management

This fourth category clusters financial literacy skills related to insurance, estate planning and acumen to avoid unethical behaviour. As shown in Table 6.4, acumen in these content areas is essential to address specific risks and promote sound risk management.

**Table 6.4: Risk management**

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
<b>1. Insurance</b>	<p><b>Need to understand</b> insurance products and the conditions of cover. Insurance products could include:</p> <ul style="list-style-type: none"> <li>- medical insurance and gap cover</li> <li>- income protection insurance</li> <li>- contract insurance</li> <li>- short-term and life</li> </ul>	<p>Have a <b>positive attitude</b> towards assessing one's own risk without being excessively influenced by social pressure and marketing.  <b>Be motivated</b> to do research about insurance with the support of advisors</p>	<p><b>Consider</b> risks that may have an impact on one's sustainable financial well-being and find ways to manage the risk.  <b>Take into account</b> that one's risk profile may change in the event of unforeseen circumstances.  Have the <b>acumen</b> to</p>

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
	insurance <b>Recognise</b> the need to consult with a qualified independent broker or financial advisor.	and/or digital platforms to gain more information and possibly statistics.	select a reputable independent broker. Periodically <b>check</b> various insurance products and measure the fairness of price and cover.
<b>2. Estate planning</b>	<b>Know</b> that one needs to have a legal will and living will. <b>Have a basic understanding</b> of estate duties. <b>Recognise</b> the need to consult with a qualified expert especially if one is earning foreign income or investing capital abroad.	<b>Be motivated</b> to consider the long-term financial needs of one's dependants and others who depend on one financially.	<b>Prepare</b> a legally binding will and living will. <b>Plan</b> to cover one's dependants' living expenses and how one wants one's assets and liabilities to be distributed at the end of one's life.
<b>3. Avoiding unethical behaviour</b>	<b>Know</b> about the risks of match fixing, doping, alcohol abuse, social drugs and gambling. <b>Recognise</b> the importance of financial planning to avoid the temptations of unethical behaviour.	<b>Be motivated</b> to live a balanced life and to avoid the 'red flags' that may result in unethical behaviour.	<b>Take steps</b> to avoid unethical behaviour.

### Category V: Preparing for a life after sport

This category relates to the acumen required for a professional athlete to plan towards a transitional career after being a professional athlete. Table 6.5 depicts the skills necessary to prepare for life and a career after sport.

**Table 6.5: Preparing for a life after sport**

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
<b>1. Education</b>	<b>Understand</b> the need for a tertiary qualification or to develop an artisan skill. <b>Know</b> the benefits of studying and gaining a qualification or artisan skill in addition to one's sports career. <b>Recognise</b> the need to consult with a career	<b>Be motivated</b> to gain a tertiary qualification or artisan skills. <b>Develop an attitude</b> to cultivate good time management.	<b>Develop skills</b> to enhance time management and effectiveness. <b>Gain</b> a tertiary qualification or artisan skill to develop a scarce skill in order to enhance one's

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
	development consultant or sports psychologist to assist with choosing a future career path and obtaining a relevant qualification.		employability after sport. <b>Ensure</b> continuous professional development in the field of the acquired qualification or skill. <b>Develop a habit</b> to improve all aspects of financial literacy.
<b>2. Transitioning to another career</b>	<b>Understand</b> the need to plan for a career after sport. <b>Understand</b> the emotional impact of transitioning to another career after sport. <b>Be aware</b> of potentially suitable career paths or entrepreneurship opportunities (now and in the future). <b>Gain knowledge</b> about starting a business (if relevant).	<b>Be motivated</b> to plan for a transitional career after sport from a young age. <b>Have a positive attitude</b> to upskill with the necessary knowledge to transition to a vocational career or to become a successful entrepreneur.	<b>Seek guidance</b> from a career development consultant, mentor or relevant digital resources to identify suitable career paths. <b>Take practical steps</b> such as doing 'shadow work' from a young age and gaining an education to plan for a future career path. <b>Seek guidance</b> from a career development consultant, mentor or relevant digital resources to prepare for a career after sport. <b>Be aware</b> of the pitfalls when investing without being involved in a business. <b>Gain and understand</b> the skills required to succeed as an entrepreneur (if intent on investing in a business).

## Category VI: Gaining professional advice

The last category relates to gaining professional advice from an appropriate network of advisors, as shown in Table 6.6.

**Table 6.6: Gaining professional advice**

Topic/content area	Financial knowledge and understanding	Financial attitude and motivation	Financial behaviour
<p><b>1. Enlisting a network of professional advisors</b></p>	<p><b>Be able to recognise</b> the need for a specific advisor.  <b>Understand</b> the roles of professional bodies and financial regulators.  <b>Understand</b> one's rights as a customer of a financial service provider.            Be <b>aware</b> of the risks of financial scams and fraud.</p>	<p><b>Be motivated to find</b> qualified and reputable advisors or digital platforms.  <b>Be motivated to choose</b> registered and trustworthy advisors and financial service providers.  <b>Be motivated to find</b> advisors with whom one can build a long-term business relationship.  <b>Be an informed consumer</b> of financial services.  <b>Be confident</b> to question offerings that appear fraudulent.</p>	<p><b>Assess</b> the need for a professional advisor (e.g. sports agent) and only appoint an advisor if necessary.  <b>Check</b> the credentials of qualified advisors.  <b>Select</b> advisors, and in particular a sports agent, devoid of conflicts of interest.  <b>Understand</b> the advice received.  <b>Regularly consult</b> with advisors (if necessary).  <b>Use digital platforms</b> to gain guidance when making financial decisions.  <b>Assess the level of service</b> received from advisors and financial service providers.  <b>Take actions</b> to keep personal information including password and pins secure.  <b>Request</b> advisor to provide transparency of fees and to disclose any conflicts of interest.</p>

Tables 6.1–6.6 above summarise the financial literacy skills that are required by professional athletes in pursuit of sustainable financial well-being. This addressed the primary research objective of this study. Confirming that the research objective has been met satisfies the fifth step of ‘evaluating’ within the DSR (see 4.4) process and ‘communicating’ the artefact (framework) above satisfies the final step of DSR.

### **6.3. PERCEIVED LEVEL OF FINANCIAL LITERACY AMONG PROFESSIONAL RUGBY AND CRICKET PLAYERS**

Based on the interviews, it can be deduced that professional rugby and cricket players have a low level of financial literacy. While players’ interests, background and support structure from family, friends and professional advisors have a significant effect on players’ financial planning and financial decision-making, the general perception, based on the interviews from this study, is that most South African professional rugby and cricket players lack basic financial literacy skills. Interviewees 7 and 8 believed that the majority of South African professional rugby and cricket players are not equipped to make sound financial decisions.

Interviewee 6 stated: “Especially the young players seem to have zero interest in gaining financial literacy skills.”

The current professional rugby and cricket players interviewed confirmed that most of their peers focus on their sporting careers and do very little medium- or long-term financial planning.

Interviewee 16 explained: “I think the majority of professional athletes are contracted from a very young age with very little ‘life experience’ or understanding of finances and by the time they realise that they need to save or invest or think about a life after sport it is a bit too late because by then the biggest part of their sporting careers are over.”

Interviewee 7 and 11 confirmed that the level of financial literacy among South African professional rugby and cricket players is very low and many retired players

struggle financially 10 years after retiring from international sport. This is in spite of some initiatives by the unions (employers) and players' associations to improve players' financial literacy.

#### **6.4. CURRENT INITIATIVES**

Players' associations such as SACA and MyPlayers have a range of initiatives to teach players life skills and improve their levels of financial literacy. These initiatives include the opportunity to gain work experience on players' off days and to attend a range of workshops. The workshops address basic financial literacy such as budgeting and life skills training, such as how to engage in an interview. The benefits of the workshops are unknown, but the majority of respondents believed that the workshops could be more effective.

Interviewee 12 noted: "Attendance of workshops is always an issue even if the franchises (employers) make some of them compulsory."

Interviewee 11 explained: "Hoping to host a successful workshop on players' off days is impossible. Rugby players play on Saturdays so they relax and spend time with their friends and families on their one off day during the week. After I had retired, I arranged a workshop for a group of current professional rugby players with various speakers and a catering company to supply food and drinks. I invited 45 current players and only one player attended the workshop."

Interviewees 4 and 12 believed that less than 30% of attendees understand what they are taught in the workshops facilitated by the players' associations and many of those do not find it applicable at the time, so the effectiveness of the workshops is hard to measure.

Interviewee 1 stated: "MyPlayers has workshops to improve rugby players' financial literacy, but the workshops are not sufficient and ineffective."

Interviewee 12 noted: “It is difficult to say if the workshops arranged by the players’ associations have any effect.”

It was noteworthy from the interviewees’ responses that a generic approach to improving an individual’s financial literacy will not always be beneficial; providing the relevant teaching based on an individual or age group’s needs at a certain time would be more beneficial. These and other recommendations for future initiatives to improve professional rugby and cricket players’ financial literacy are detailed below.

## **6.5. RECOMMENDATIONS FOR FUTURE INITIATIVES**

While an individual’s background and interests influence their inclination to gain financial literacy skills, it appears that the majority of professional rugby and cricket players show little interest in gaining the necessary financial literacy skills.

### **6.5.1. Promoting a change in culture among professional athletes**

It was clear from the interviews that the majority of professional rugby and cricket players were doing very little to educate themselves with financial knowledge or to improve their financial literacy skills.

Interviewee 7 stressed: “The biggest reason why professional athletes lack financial literacy skills is because only a small percentage of players educate themselves with the necessary knowledge.”

Interviewee 11 remarked: “Players are simply not worried about their financial futures. It is a huge problem.”

Interviewee 26 admitted: “I am one of those that don’t do much to improve their financial knowledge.”

A change in culture is required to create awareness about the importance of financial literacy.

Interviewee 3 stated: “I would start by shocking them about the reality of their financial futures, which is more uncertain than they realise.”

Interviewee 8 said: “Professional athletes are wired differently because they don’t know their ‘sell-by date’. Especially the younger players all think they are going to play for South Africa and in lucrative overseas competitions and their intellectual property will develop enough for them to easily get a job when their sport careers end. Unfortunately, that is where some of them get into trouble because a career can end quickly due to non-selection or a serious injury and only a few have sufficient intellectual property for them to be marketable after their sporting careers end.”

Professional rugby and cricket players should also be better informed about long-term financial planning and the risks of not setting or achieving long-term financial goals. A greater awareness of the benefits of good financial literacy skills needs to be nurtured. Professional athletes also need to be made aware of the benefits of reading financial publications. Based on the feedback, workshops to improve professional athletes’ financial literacy skills should not be arranged on their off days.

#### **6.5.2. Promoting a change in culture among employers/ franchises**

Franchises and unions (employers) are often criticised for not doing enough to encourage players to study and to help them with their financial planning. The majority of interviewees also noted that the rugby and cricket unions (franchises) were not doing enough to improve their contracted players’ financial literacy.

Interviewee 6, a well-known sports administrator, remarked: “Of course I want players to think about their financial well-being after their sport careers end, but right now it is more important for me that they win a trophy.”

Interviewee 15, a former Springbok rugby player confirmed: “The rugby unions are only concerned about success on the rugby field. They pay your

salary and hope that you help them to win trophies. They are not concerned about your financial well-being.”

Interviewee 15 also suggested: “When young rugby and cricket players have a choice of employer or franchise to contract with, they should also consider that employer’s approach to helping their contracted players’ achieve academic success and to educating them about financial literacy.”

Interviewee 27 remarked: “I think the unions or employers need to do more and hosting the odd financial workshop is ineffective. I believe monthly initiatives and workshops will see real and long-term benefits.”

Interviewee 6 noted that in an ideal world the employer should appoint a ‘career development consultant’ to help the players. A career development consultant could co-ordinate a process whereby players are able to obtain individual advice to aid their financial decisions and to monitor their career planning and tertiary education or vocational skills development (Interviewee 6). Such a career development consultant could, by extension, also be instrumental in guiding professional athletes with their selection of advisors or actors that could help them in their pursuit of sustainable financial well-being. Interviewee 7 remarked that he arranges life skills workshops for professional athletes but admitted that they do not teach enough financial literacy skills at these workshops. In addition, a career development consultant could help professional athletes to set a life plan with goal posts to improve their mental strength on the sports field, to help with their financial planning and choice of a future career path, and to select an appropriate tertiary qualification or ways to develop an artisan skill and other related needs (Interviewee 6). 16 Interviewees highlighted the contribution that a career development consultant or career guidance counsellor could make. From the interviews it can be deduced that a ‘career development consultant’ should have a high level of financial literacy. In spite of these recommendations, Interviewee 3 stated that the professional athletes still need to take responsibility for their own financial planning and be motivated to improve their financial acumen.

### 6.5.3. More tailored workshops

It is recommended that workshops be tailored to the needs of individuals. Many professional sports teams will include players from a range of age groups and backgrounds. These players will have different financial needs depending on their age, qualifications, financial goals, risk appetite, marital status, number of children, and other factors.

Interviewee 8 cautioned: "I'd be apprehensive about a generic approach to educate professional athletes because players are at different intellectual levels and in our squad I have someone who could not pass Grade 11 and another player with a BCom degree."

Interviewee 4 remarked: "It is hard to effectively influence all the players during a workshop because their background and upbringing has a major effect on their financial knowledge and curiosity to gain greater financial literacy. A player who grew up in a house with a parent who taught them about being money wise and how to succeed in business is likely to be more financially literate than someone who did not have a parent or mentor to teach or guide them."

Interviewee 25 stated: "It is difficult to educate some players because they come from backgrounds where nobody in their family was knowledgeable about money and they are earning a bigger monthly salary at 23 than their parents will ever earn."

Younger players will have different financial needs and levels of financial literacy compared to others at different life stages (Huston 2010:310). Huston's (2010:310) observation that financial literacy education initiatives and workshops are often generic, were confirmed to be the case as well when professional athletes are considered for financial literacy education.

Interviewee 13 indicated: “We facilitate a workshop at the players’ association that focus on generic things such as career development and risk assessment.”

Interviewee 22 noted: “I am much more assured about my tax knowledge now that I have been playing professionally for more than 10 years compared to when I started playing. I now also now have a much greater interest in financial news and stock prices.”

Interviewees 4 and 7 noted that workshops could be more effective if they considered the life stage of the attendees. Younger players do not seem to be aware of the need to budget and save from a young age and require guidance with the purchasing of their first property. In contrast, many older players have already purchased their first property and require more advanced guidance within areas such as their investment portfolio, and tax and estate planning. This observation aligns with the recommendations of Huston (2010:310) that financial literacy education should be designed to suit the different demographics, life stages and learning styles of the target group. It is also important that financial literacy workshops focus on the full range of financial literacy skills required by professional rugby and cricket players and not just on a few important skills.

#### **6.5.4. Workshops to include the full spectrum of financial literacy skills as per the framework developed as a result of this study**

It was evident from the interviews that current workshops and initiatives do not focus on all the content areas of the framework, of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being, identified by this study. For example, an understanding of basic financial terminology and mathematical skills is not currently included in the workshops facilitated by players’ associations (Interviewee 4). An understanding of financial terms such as inflation, interest, compound interest, investment, dividends, capital growth, income tax, payment, withdrawal, stokvel, consolidated debt, Ombudsman and others could be regarded as essential building blocks to attain financial literacy. The ability to use

digital platforms to help with financial calculations also requires an understanding of terms such as interest rate, number of repayment periods, present value and future value.

The importance of financial literacy should not be underestimated. While it is necessary to acknowledge the statements of Louviere et al (2016:6) that individuals with different personality traits, attitudes and personal circumstances will demonstrate different financial behaviour, it is also important to note that greater financial knowledge enhances financial behaviour and directly correlates with better credit management, savings and investment practices for most individuals (Hilgert, Hogarth & Beverly 2003:321). The effectiveness of workshops can also be better monitored if assessment instruments were used after the completion of the workshops.

#### **6.5.5. Workshops to include an assessment instrument**

Workshops also need to include an assessment instrument to measure attendees' skills levels as an outcome to encourage individuals to be more attentive in the workshops and to improve their learning.

Interviewee 14 noted: "The players' association spoon feeds the athletes to improve their financial knowledge, but it seems ineffective and professional cricket players are very naive."

This notion links with the literature and the recommendations of Huston (2010:307) that any effort to improve financial literacy requires financial literacy to be measurable so that weaknesses can be identified and improvement after any interventions can be monitored.

#### **6.5.6. Information at workshops should be easily understandable and practical**

It is suggested that workshop facilitators should present information to professional athletes in clear and understandable terms and avoid complex financial terminology.

Facilitators are also advised to use relevant practical examples to explain financial terminology and to guide professional athletes in their financial decisions.

Interviewee 4 stated: “We have invited professionals to do financial planning presentations for the players, but it is often ineffective because the presentations contain financial language such as ‘real return’ without defining or explaining the terminology.”

It is important for training providers and other financial advisors to recognise that their teachings and guidance must be clearly understandable for the professional athletes.

## **6.6. SUMMARY**

This chapter provided the answer to the primary research question in the form of an artefact or framework for the financial literacy skills required by professional athletes is shown in chapter 6. Based on the research findings, employers and players’ associations could do more to tailor financial literacy workshops for professional athletes and to teach professional athletes how to select suitably qualified actors that could form a network of financial advisors around them.

The next chapter details the findings from the structured interview schedule, which was administered to develop a proposed research instrument with which to assess the financial literacy of professional rugby and cricket players.

## **CHAPTER 7 – FINDINGS FROM THE STRUCTURED INTERVIEWS TO DEVELOP A RESEARCH INSTRUMENT**

### **7.1. INTRODUCTION**

The research findings presented in the previous chapter concluded with a framework (Tables 6.1–6.6) for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. This framework achieved the primary research objective of the current study. This chapter reports on the results from the second part of this study, which aimed to address the secondary research objective: to provide the basis for a research instrument to assess the financial literacy of professional athletes.

DSR provided the overarching research design to first develop the framework in the first part of the study and then to develop the research instrument in this, the second part of the study. The secondary research objective was inspired by the need for financial literacy to be measurable and measured (Behrman et al 2012:303; Lusardi & Mitchell 2011:523; Remund 2010:284). This objective also arose in response to the statement of Huston (2010:307) that any effort to improve financial literacy requires the key components of financial literacy to be measurable so that weaknesses can be identified and progress after any interventions can be monitored.

### **7.2. DEMOGRAPHICS OF THE INDIVIDUAL INTERVIEWEES TO DEVELOP THE RESEARCH INSTRUMENT**

After taking the primacy of situational and relational ethical considerations on research (Tracy 2010:847) into consideration, the interviewees from the first round of individual interviews (noted in Table 5.1) were reduced to a smaller sample of 10 interviewees. ANT provided the theoretical lens for the entire study and an effort was made to purposively select interviewees who could represent each of the actors (identified in Figure 4.4) within the network of professional advisors that a professional athlete could consult to gain guidance in pursuit of sustainable financial well-being. Figure 4.4 recognised sports agents, financial planners and brokers, tax

specialists and accountants, legal experts, sports psychologists, software applications, players' associations, employers, family and friends, and qualified training providers as potential advisors or actors that a professional athlete may consult for guidance with his or her financial decisions. The sample of interviewees represented the individuals noted in the network and satisfied the suggestion of Ricci et al (2019:154) that a population of interest be consulted for questionnaire development. The demographics of these interviewees are shown in Table 7.1 below.

**Table 7.1: The anonymised demographics of the individual interviewees to achieve the secondary research objective (to develop a research instrument/artefact)**

<b>Inter- viewee number</b>	<b>Description of the actor in the network around a professional athlete</b>	<b>Age between 18 and 65</b>	<b>More than two years' experience</b>
1	Certified Financial Planner® and independent broker	Yes	Yes
2	Chartered Accountant (SA), associate member of CIMA (ACMA, CGMA) and tax advisor/practitioner	Yes	Yes
3	Sports agent and qualified lawyer (with experience of local and international dealings) who represents professional rugby players	Yes	Yes
4	Sports psychologist and career development consultant experienced at working with local and international sports teams	Yes	Yes
5	Chief Executive Officer at a leading cricket franchise in South Africa	Yes	Yes
6	Financial Manager at a leading rugby union/franchise in South Africa	Yes	Yes
7	Experienced academic and CA (SA)	Yes	Yes
8	Experienced academic and CA (SA)	Yes	Yes
9	Former professional cricket player with experience at playing locally, overseas and at international level with experience as an executive committee member of a players' association	Yes	Yes
10	Current professional rugby player with experience at playing for a leading franchise in South Africa	Yes	Yes

ANT provided the theoretical lens for this study and guided the selection of the sample as shown in Table 7.1. The formulation of the structured interview questions in the next section was guided by the framework for the financial literacy skills

required by professional athletes (listed in Tables 6.1–6.6) developed in the first part of this study.

### **7.3. THE DEVELOPMENT OF THE PROPOSED QUESTIONS FOR THE STRUCTURED INTERVIEWS**

The structured interview questions were designed to develop relevant questions with which to assess the financial literacy skills of professional athletes. The use of interviews was justified by the statements of Ricci et al (2019:153) that interviews are a common way of generating questionnaire items. The development of the structured interview questions was guided by the literature review and the research findings from the structured interviews. The framework developed in the first part of this study (see 6.1), namely the themes of financial knowledge, financial attitude and motivation as well as financial behaviour; the six categories; and 20 content areas identified in the framework were also considered. Based on the recommendation of Huston (2010:308) as well as Warmath and Zimmerman (2019:1607), the proposed research instrument was designed to include knowledge and application type questions. The structured interview schedule which was considered by the individual interviewees is included under Annexure F.

### **7.4. RESULTS OF THE STRUCTURED INTERVIEWS TO DEVELOP A RESEARCH INSTRUMENT**

The results of the structured interviews to assess the relevance of questions for inclusion in a research instrument with which to assess the financial literacy of professional athletes are summarised in Table 7.2 below. The structured interview schedule included 29 questions with each of the 20 content areas from the framework developed in the first part of this study (see Tables 6.1–6.6) represented by at least one question. Each question required interviewees to assess the relevance of the question with three distinct descriptions, namely ‘most relevant’, ‘relevant’ and ‘not relevant’. Taking direction from Sandelowski (2001:231), the researcher enumerated and counted interviewees’ responses, which made it possible to draw conclusions about the relevance, importance and suitability of each

question. Annexure F provides the structured interview schedule that was presented to participants to assess the relevance of each of the proposed questions. Interviewees were also given the option to explain their assessment of each question's relevance. Those findings are discussed in 7.4, which follows Table 7.2 below.

**Table 7.2: The evaluated relevance of questions with which to assess the financial literacy of professional athletes**

Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
1	Which of the following is most important when accepting a player contract?	The opportunities I will get to develop as a player to showcase my talents and the quality of the coaches that could bring greater wealth in the long term.	Accepting an offer to play sport professionally	Contracts and documents	0	4	6
2	Assume you have reached the pinnacle of the sport and you have played one (1) test match for South Africa. Which of the following is the best course of action with regard to accepting an offer to play overseas?	I am going to try and play more matches for South Africa and when I am approaching the end of my career as an international player I will attempt to be contracted as a marquee player by an overseas club or franchise to earn a large salary.	Sponsorship agreements	Contracts and documents	0	5	5

Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
3	Which of the following would you consider to be most relevant before signing a sponsorship agreement /contract?	<p>All of the options are correct:</p> <ul style="list-style-type: none"> <li>• I will make sure that I clearly understand the limitations imposed by the contract.</li> <li>• I will make sure that I understand my rights and responsibilities in terms of the sponsorship agreement including any performance requirements.</li> <li>• I will consider getting advice from a legal expert to clearly understand the legal terminology and to make sure that the sponsorship agreement will not infringe on my player contract.</li> </ul>	Financial records and contracts	Contracts and documents	0	4	6
4	Which of the following best describes your behaviour regarding financial records and contracts?	I safeguard all important documents including a recent balance sheet, a recent income statement, identity documents for all members of the household, insurance policy documentation, bank statements, contracts and other relevant documents.	Financial records and contracts	Contracts and documents	1	6	3

Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
5	Which of the following statements best describes your behaviour when it comes to signing contracts?	There may be times when it is best to consult with a qualified legal advisor before signing a contract.	Legal acumen	Contracts and documents	0	2	8
6	Which of the following is most important when setting financial goals?	Financial goals should be set to ensure financial sustainability beyond a person's normal working age and all short-, medium- and long-term financial goals should be realistically achievable.	Financial goals	Planning and money management	0	4	6
7	Imagine you have R1000 000 cash in the bank. If you earn interest at 3.5% per year and the current inflation rate stays the same, how much will your money be worth in 10 years?	Less than today.	Time value of money	Planning and money management	1	5	4

Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
8	Assume the current exchange rate is as follows: Buy rate: US\$1 = R13.50 Sell rate US\$1 = R13.00 Assume you earned US\$100 000 after tax overseas and you want to convert that into South African Rand to bank the money in your South African bank account. How much money will you bank?	R1 300 000	Currency management	Planning and money management	0	5	5
9	Do you have a monthly budget and regularly compare your monthly income and expenditure against the budgeted values?	Yes	Budgeting	Planning and money management	0	1	9
10	Which of the following best describes your financial behaviour?	I consider the opportunity cost of a purchase and know that money spent on one item cannot be spent on another.	Financial control	Planning and money management	0	6	4
11	Which of the following best describes your view about saving?	I think professional athletes need to save a significant portion of their income from a young age.	Savings	Planning and money management	0	3	7

Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
12	Assume you have R100 000 in the bank. This money earns interest at 10% per year and the interest is reinvested. If you ignore any tax implications, how much money will you have in two (2) years?	R121 000	Savings	Planning and money management	1	4	5
13	Which one of the following investment options usually provides the highest rate of return in the long term (i.e. longer than 20 years)?	A well-managed diversified share portfolio	Investments	Planning and money management	1	6	3
14	Do you think that a proposed investment with a high return is likely to also be a high risk investment?	Yes	Investments	Planning and money management	0	4	6
15	If you invest R100 000 in a unit trust that only invests in off-shore shares, is there any chance that your investment will be worth less than R100 000 one year later?	Yes	Investments	Planning and money management	1	6	3

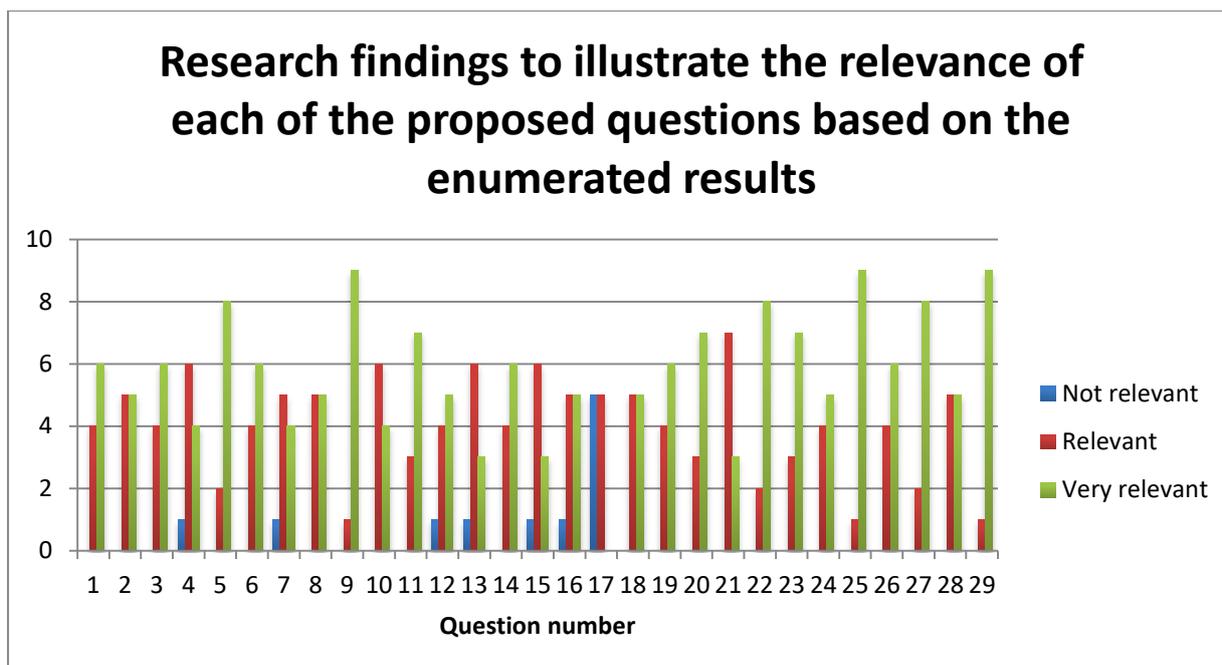
Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
16	Which one of the following statements do you think is the best advice for a young professional athlete?	Professional athletes need to have the acumen (or skill) to evaluate an appropriate investment so that they can manage a diversified investment portfolio with the assistance of a Certified Financial Planner (CFP®).	Investments	Planning and money management	1	5	4
17	Assume a new sports field is laid out. On day one a patch of grass is planted in the middle of the sports field. If the patch of grass doubles in size every day, it will take 24 days for the entire field to be covered in grass. How long will it take for half of the sports field to be covered in grass?	23 days	Mathematical skills	Planning and money management	5	5	0
18	Which one of the following represents the biggest risk of getting injured?	1 in 10 chance	Mathematical skills	Planning and money management	0	5	5
19	Which of the following do you think is most likely to be a 'high-cost' finance option?	Bank overdraft	Credit and banking	Financial obligations	0	4	6

Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
20	When you buy a property with a 10-year bond, the monthly instalments will be more than if you get a 20-year bond, but the total interest repaid over the term of the loan will be less in the case of the 10-year bond. Do you think the following statement is correct?	Yes	Credit and banking	Financial obligations	0	3	7
21	Which one of the following investment options does not provide for a tax incentive?	Investments in shares	Taxation	Financial obligations	0	7	3
22	Which one of the following statements is the most correct one?	Professional athletes need to have basic tax knowledge so that they can recognise when they need to consult with a qualified tax or accounting expert especially when they are earning income abroad.	Taxation	Financial obligations	0	2	8

Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
23	The way South Africans are taxed on income earned outside South Africa will change from 1 March 2020 due to the South African Taxation Laws Amendment Act, No. 17 of 2017. Which of the following best describes how the Act will be applied in the future?	The first R1 million of an individual's private-sector foreign employment income is not subject to income tax in South Africa as long as the individual spent more than 183 full days outside South Africa in the preceding 12-month period (of which at least 60 days were for a continuous period).	Taxation	Financial obligations	0	3	7
24	Which one of the following statements is most correct?	Professional athletes need to have the skill or ability to select a reputable independent broker to assist with their insurance needs (if necessary).	Insurance	Risk management	0	4	6
25	Do you have a will and do you have enough capital assets or reserves to pay off your outstanding debt and cover your dependants' living expenses when you pass away?	Yes	Estate planning	Risk management	0	1	9
26	Which one of the following statements do you agree with the most?	People with a high level of financial literacy and sound financial planning are more likely to avoid unethical behaviour (match fixing, doping, social drugs, etc.)	Avoid unethical behaviour	Risk management	0	4	6

Question number in interview schedule	Proposed question	Most correct answer to the question	Content area in the framework covered by the question	Category in the framework covered by the question	Relevance of the question for inclusion in a research instrument to assess professional athletes' financial literacy		
					Not relevant (%)	Relevant (%)	Very relevant (%)
27	Which one of the following statements best describes your view about gaining a qualification?	I have consulted with a career development planner or sports psychologist to identify a career option when my sporting career ends and I am currently studying towards (or have completed) a tertiary qualification or artisan skill to develop a scarce skill.	Education	Preparing for a life after sport	0	2	8
28	Which one of the following statements best describes you?	I have been doing 'shadow work' from a young age and I am progressing well to gain a qualification for a future career path when my sporting career ends.	Transitioning to another career	Preparing for a life after sport	0	4	6
29	Which one of the following statements best describes you when it comes to consulting with expert advisors?	I consult with a range of qualified advisors (such as a financial planner or tax specialist when necessary) for financial advice and I always check their credentials and gain some background information on them before I consult with them.	Enlist a network of professional advisors.	Gaining professional advice	0	1	9

The enumerated research findings to determine the relevance of each of the proposed questions with which to assess the financial literacy of professional athletes are shown below in Figure 7.1.



**Figure 7.1: Research findings to illustrate the relevance of each of the proposed questions to include in the research instrument (artefact) with which to assess the financial literacy of professional athletes**

Source: Own observation

The narrative findings to enhance the credibility and trustworthiness of the findings as depicted in Table 7.2 and Figure 7.1 are reported in more detail below. Selected direct quotes from the respective interviewees are also included in some instances to explain or substantiate the questions included in the final research instrument.

### **7.5. QUESTIONS RELATED TO CATEGORY I: CONTRACTS AND DOCUMENTS (QUESTIONS 1–5)**

This set of questions related to the first category which clustered four key content areas together that share a likeness because they deal with contracts and documents.

The majority of respondents agreed that Question 1, pertaining to the considerations before signing a contract to play sport professionally, was ‘very relevant’.

Interviewee 2 remarked: “Deciding for which team to play and considering all the quantitative and qualitative factors attached to the decision is essential because it directly impacts your ability to succeed as a professional athlete and the amount of money that you will earn in the short term and for the rest of your professional sports career.”

The majority of respondents believed that Question 2 was ‘very relevant’. This question is also linked to the content area pertaining to the considerations before signing a contract to play sport professionally. This question assesses when will usually be the most opportune time from a financial point of view for a South African sportsman to sign a player contract abroad. This was also highlighted as a key decision by a number of respondents.

The majority of respondents agreed that Question 3, relating to an understanding of sponsorship agreements, was a ‘very relevant’ question.

Interviewee 3 warned: “Players need to read and understand their playing contracts and sponsorship agreements because contracts sometimes include bias clauses that could negatively impact the professional athlete in the future.”

Interviewees 7 and 10 in particular highlighted that there could be significant financial rewards from sponsorship agreements, which made the question ‘very relevant’.

Question 4 related to the maintenance and safeguarding of legal and accounting documents. While one respondent felt that the question was not relevant, the majority regarded it as relevant or very relevant.

Interviewee 8 regarded the question as very relevant and noted: “Individuals need to safeguard documents to protect themselves as the consumer and to have supporting documents for accounting and tax purposes.”

Question 5 related to legal acumen, and the vast majority of interviewees agreed that the question was very relevant. The question and answer highlighted that there may be times when professional athletes need to consult with a qualified lawyer or legal advisor before signing a contract. Interviewees 3 and 4 stated that many professional athletes do not understand all the legal terminology, clauses and 'fine print' in the contracts that they sign and reiterated the need for them to consult with a legal advisor before signing a contract. This also confirms the importance for professional athletes to surround themselves with a network of suitable advisors to guide their financial decisions.

## **7.6. QUESTIONS RELATED TO CATEGORY II: PLANNING AND MONEY MANAGEMENT (QUESTIONS 6–18)**

Questions 6–18 related to planning and money management skills. Question 6 assessed the ability to recognise the importance of financial goals. The majority of respondents regarded this as a very relevant question to include in a research instrument to assess the financial literacy skills of professional athletes.

Interviewee 2 highlighted: "It is fundamental for anyone's financial planning that they understand and take ownership of their own financial goals even if they are assisted by a professional financial advisor."

This links with the assertions of numerous authors, including Atkinson and Messy (2012:9) as well as Potrich et al (2016:356), that the ability to set sound short-, medium- and long-term financial goals is a fundamental financial literacy skill.

Question 7 assessed an understanding of the time value of money. The vast majority of respondents regarded this question as relevant or very relevant. Interviewee 7 remarked that it was a good question because it integrated financial knowledge related to the time value of money, savings and investments.

Question 8 assessed currency management. The majority of respondents regarded the question as very relevant. Interviewees 5 and 10 explained that the question is

very relevant because so many professional athletes earn a part of their full income from overseas sources and the majority of South African professional rugby and cricket players hope to sign a contract with an overseas club of franchise at some point in their careers to earn money in stronger foreign currencies.

Question 9 assessed an individual's attitude and motivation to maintain a monthly budget. Almost all the interviewees believed that this was a very relevant question highlighting this as one of the most important financial literacy skills for professional athletes. Interviewee 9 highlighted that budgeting is a critical skill because it has an impact on other areas required to achieve sustainable financial well-being. The interviewee explained that individuals need a budget to manage their monthly expenses and a well-maintained budget also directs individuals' standards of living, which directly influences their financial goals and the investments they need to make to help them maintain the same standards of living beyond retirement.

Question 10 related to financial control and the majority of interviewees regarded the question as relevant. Interviewee 2 viewed the question as very relevant and recognised that the question linked with the theme of financial behaviour. This interviewee stated that financial knowledge is irrelevant if it does not equate to sound financial behaviour. The relevance of this question links with the findings in the first part of the study where many current and retired professional athletes felt that too many young players are impulsive in their spending habits.

Interviewee 7 stated: "This is a very relevant question because in addition to addressing 'financial control', it assesses if an individual understands and considers the opportunity cost of their financial decisions, which is an essential financial literacy skill."

Question 11 related to the importance for professional athletes to save from a young age. The majority of interviewees believed that this question was very relevant. Interviewees 4 and 6 remarked that too many young professional athletes fail to recognise the importance of saving from the beginning of their careers, which is a major concern.

Question 12 also related to savings and required a cumulative interest calculation. It could be considered an application-type question (Huston 2010:308). One interviewee regarded the question as not relevant; conversely, half of the respondents regarded the questions as very relevant. Interviewee 1 emphasised that a clear understanding of compound interest and inflation is essential because individuals need to understand that the buying power or value of their money will reduce over time.

Interviewee 2 remarked: “An understanding of compound interest is a fundamental financial literacy skill and a greater understanding of this concept should improve an individual’s financial decision-making.”

Question 13 assessed an individual’s knowledge about investing in a diversified share portfolio. It is linked with the content area of investments. The vast majority of interviewees regarded the question as relevant or very relevant.

Interviewee 8 suggested: “Professional athletes need to find alternative investments in addition to their pension fund because they will be earning a lot of money for a short period of time and it is essential that they gain optimal investment returns to accumulate enough money to sustain them after they reach normal retirement age.”

Question 14 also linked with the content area of investments and the correlation between risk and return when making an investment. All interviewees believed that this was an appropriate question and the majority viewed it as very relevant. This links with the findings from the first part of the study that professional athletes are susceptible to making high-risk investments and require financial literacy skills to guide their investment choices.

Question 15 related to the risks attached to a specific investment instrument, in this case a unit trust. All the interviewees except for Interviewee 10 (a current professional rugby player) regarded this as relevant or very relevant. Interviewee 10

remarked that the financial advisor guiding one's investment decisions should manage this aspect because it becomes their responsibility. This is in direct contrast to the findings from the first part of the study and the literature. Many authors advise that individuals need to take responsibility for their financial decisions (Klapper et al 2013:3922; Surujal 2016:164; OECD 2016b:15), which can only be achieved with sound financial literacy skills. Any shortcomings in financial literacy cannot be corrected by only receiving professional financial advice (Lusardi & Mitchell 2014:37). This further confirms the relevance of Question 15.

Question 16 assessed whether the respondent agreed that a professional athlete needs to have the acumen (or skill) to evaluate an appropriate investment. All interviewees believed that the question was relevant or very relevant, except for Interviewee 4, who regarded the question as not relevant. Interviewee 4 felt that it is the responsibility of the financial advisor to make the most appropriate decisions on behalf of his or her client (in this case a professional athlete). Similar to Question 15 above, it is advised that a professional athlete should understand basic investment concepts and the benefits of a diversified investment portfolio, make investment decisions that are aligned with his or her risk tolerance and financial goals, periodically monitor the investments made, undertake research before making an investment, question investments that are too good to be true, and obtain guidance to make investment decisions if necessary (OECD 2016b:15). Recognising the need to seek guidance from a qualified financial advisor is only one of the required financial literacy skills when making investment decisions. Therefore Question 16 is also relevant for the purposes of this study.

Question 17 was an application question to assess basic mathematical skills. Half of the interviewees regarded the question as not relevant and none of the interviewees viewed it as very relevant. Interviewee 9 stated that the question was too technical and that very few professional athletes are financially or mathematically inclined and it is not necessary for them to have advanced knowledge in these areas. Interviewee 1 also stated that the question was not relevant because it was not a financially oriented question and more of a riddle.

This question has been excluded from the final proposed research instrument based on the strong views of half the interviewees who believed that the question was not relevant.

**Question 18** also linked with basic mathematical skills and assessed the individual's ability to interpret a probability or the likelihood of an event happening (in this case the chance of a sports injury occurring). All the respondents regarded the question as relevant or very relevant for professional athletes.

### **7.7. QUESTIONS RELATED TO CATEGORY III: FINANCIAL OBLIGATIONS (QUESTIONS 19–23)**

The next set of questions linked with the category 'financial obligations', which included the content areas of credit and banking as well as taxation.

Question 19 linked with credit and banking and assessed an individual's ability to identify a bank overdraft as a high-cost finance option. All interviewees felt that the question was 'relevant' or 'very relevant'. The question also links with the content areas of financial control and budgeting and the ability to recognise that one has to remain within a budget and avoid excessive spending.

Interviewee 2 warned: "Professional athletes' income often varies depending on performance bonuses and they often incur expenses in anticipation of their bonuses without realising the excessive cost of unsecured debt."

Question 20 also linked with credit and banking and related to the interest repayable on a bond. A significant majority of interviewees believed that the question was very relevant. Interviewees 2 and 4 explained that many professional athletes prioritise the purchase of a primary residence and some of them buy investment properties so an understanding of interest is paramount for them.

Interviewee 3 elaborated: "Young players often purchase very expensive properties and do not understand that they need to repay that bond for the

next 20 years. They are clearly taking unnecessary financial risk because they could get seriously injured at any time with little chance of earning the same salaries outside sport.”

Taxation was highlighted as an important content area of financial literacy in the first part of the study and therefore three questions regarding taxation were included in the proposed research instrument. Question 21 aimed to assess respondents’ knowledge about investments with tax incentives. All the interviewees regarded the question as ‘relevant’ or ‘very relevant’. Many interviewees regarded the question as pertinent because it combined the content areas of investments and taxation. A number of interviewees also highlighted the need for professional athletes to start investing from a young age and to make prudent investments without taking excessive financial risks.

Question 22 assessed a professional athlete’s ability to recognise when he or she needs to consult with a tax specialist. A large majority of the interviewees viewed the question as ‘very relevant’.

Interviewee 8 remarked: “There are specific tax regulations that apply to professional athletes and many of them have a range of investments so they need to have basic tax knowledge and know when to consult with a tax or accounting specialist.

Interviewee 2 advised: “Professional athletes need to be aware that the responsibility to be tax compliant remains with the individual and not with his or her advisor. This has been confirmed in many court cases and recently in high-profile cases featuring the Spanish tax authority and renowned soccer players.”

Question 23 referred to an upcoming change in the tax legislation in South Africa regarding the taxation of foreign income. All the interviewees believed that the question was ‘relevant’ or ‘very relevant’ especially since a large number of South African professional athletes will earn income from abroad at some stage in their

careers. Interviewees 2 and 7 also highlighted that tax planning and knowing one's tax obligations in advance are essential for sound financial planning to achieve one's financial goals.

#### **7.8. QUESTIONS RELATED TO CATEGORY IV: RISK MANAGEMENT (QUESTIONS 24–26)**

The questions in this section related risk management. They covered the following content areas: insurance, estate planning and avoiding unethical behaviour.

Question 24 linked with the content area of insurance and assessed the interviewees' ability to choose a suitably qualified and independent insurance broker. The majority of interviewees regarded the question as very relevant. A number of interviewees noted that professional athletes need to be attentive when selecting all advisors to guide their financial decisions and not just their brokers.

Interviewee 7 stated: "Not all brokers will have their client's (professional athlete) best interest at heart and careful discernment is required when selecting the most appropriate broker."

Question 25 related to estate planning. The vast majority of interviewees regarded the question as very relevant. Interviewees 1 and 9 explained that basic knowledge of estate planning and having a will is important for everyone because everyone dies at some point.

Interviewee 3 noted: "Many male professional athletes are the primary breadwinner, but probably only one in ten players will be concerned about their financial and estate planning. The majority of players just want to play sport and enjoy the good life and they wait too long before they start thinking about financial planning."

Question 26 addressed the importance for professional athletes to avoid unethical behaviour. All the interviewees considered the question to be relevant or very

relevant. A number of interviewees remarked that this is a relevant content area because unethical behaviour could be the end of professional athlete's career.

### **7.9. QUESTIONS RELATED TO CATEGORY V: PREPARING FOR A LIFE AFTER SPORT (QUESTIONS 27–28)**

The questions under this category related to the acumen required for professional athletes to plan towards a transitional career after being a professional athlete. The content areas are education and transitioning to another career.

Question 27 linked with the content area of transitioning to another career. The question aimed to assess whether professional athletes should consult with a career development planner or sports psychologist to identify a career option when their sporting careers end. All the respondents believed that the question was applicable and the majority of interviewees regarded the question as very relevant. Interviewees 7, 8 and 9 emphasised that it was important for professional athletes to gain an education and plan for another career after their sports career has ended because their careers can end prematurely due to injury or non-selection.

Interviewee 4 stated: "The biggest problem for professional athletes is that they are too focused on the present and fail to plan or prepare for a career and a life after sport."

Question 28 also related to the content area of transitioning to another career. The question focused on the importance for a professional athlete to do 'shadow work' in preparation for a career after sport. It was evident from the first part of the study that doing 'shadow work' could allow professional athletes to gain valuable insight into a possible transitional career and to attain some work experience while networking with professionals in a business sector that interests the athlete. All the interviewees regarded the question as relevant or very relevant. Interviewees 2 and 10 remarked that professional athletes have enough time to gain an education and to gain vocational skills while competing in professional sport.

Interviewee 10 remarked: “Planning for a life after sport has made me a more balanced individual and improved my performances on the sports field.”

#### **7.10. QUESTIONS RELATED TO CATEGORY VI: GAINING PROFESSIONAL ADVICE (QUESTION 29)**

This category related to gaining professional financially oriented advice from an appropriate network of advisors.

Question 29 aimed to assess a professional athlete’s approach to enlisting the help of qualified and skilled advisors to guide the athlete’s financial decisions. The vast majority of interviewees rated the question as very important. Interviewee 9 emphasised that professional athletes need to make sure that the advisors guiding their financial decisions are reputable and suitably qualified and that they are specialists in their field of expertise because too many professional athletes get financial advice from sports agents and others who are not specialists in a financial field.

Interviewee 2 stated: “For many areas of financial literacy, professional athletes only need basic financial literacy skills because it will take many years for them to gain expert knowledge. The key for them is to recognise that they need expert financial advice, have the ability to choose a reputable advisor and understand the advice they receive to make an informed and meticulous decision.”

This adds to the findings from the first part of the study, which highlighted the importance for professional athletes to enlist a network of financial advisors. It also links with the recommendations of the OECD (2016b:26) to select a reputable and trustworthy financial advisor, who comprehends one’s financial goals, financial needs and risk appetite, and who speaks in understandable language (Swart 2016:324)

## **7.11. SUMMARY**

This chapter satisfied the secondary objective through the development of a research instrument, to assess the financial literacy skills of professional athletes in pursuit of sustainable financial well-being. The research instrument may be used as it is, or may be adapted or extended for research beyond the limits of this study. DSR (discussed in 1.8.1 and 4.4) provided the overarching research design for this study. Developing this research instrument (artefact) required multiple research phases, namely a review of the current literature, semi-structured interviews to gain an understanding of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being (see 6.1 in the first part of this study), and structured interviews to develop the research instrument (reported on in preceding sections of this chapter). This chapter reported on the research findings, which were enumerated to assess the strength and weight of responses and to conclude that 28 of the 29 proposed questions were relevant for inclusion in a research instrument to assess the financial literacy skills of professional athletes. Relevant quotes from the interviewees were included to provide context to the research findings. While one of the proposed questions was not included in the final research instrument based on the interviewees' responses, the results of this chapter substantiate and strengthen the framework developed in the first part of this study. The framework and research instrument developed in this study could provide generic guidance on the financial literacy skills required by professional athletes to empower them to make more effective decisions in pursuit of sustainable financial well-being.

The next (final) chapter provides a number of conclusions based on the findings of this study and discusses some implications emanating from the study.

## **CHAPTER 8 – CONCLUSIONS, IMPLICATIONS AND OPPORTUNITIES FOR FUTURE RESEARCH**

### **8.1. INTRODUCTION**

The results of the empirical parts of the study were discussed in the preceding three chapters. The aim of this final chapter is to draw together all the threads of this multi-layered study in an attempt to make meaning of the findings and the study as a whole, hence this chapter summarises the essence and principles of this research study. Tracy (2010:848) points out that the final chapter is intended to interconnect the literature and the findings from the research study to show the contribution to the body of knowledge. This study used a chronological approach (Saunders et al 2015:635) whereby events were reported chronologically to culminate in the conclusion chapter so that the reader could follow how the research findings were produced. Tracy (2010:848) contends that a qualitative study of quality requires meaningful coherence. This is accomplished by achieving the research objectives, through the application of research methods that partner with a theory and by interconnecting the reviewed literature with the empirical findings (Tracy 2010:848). Saunders et al (2015:641) confirm that the final chapter has to focus on how the research objectives were achieved.

This chapter summarises how this meaningful coherence was achieved by illustrating that the objectives of the study highlighted in Chapter 1 were addressed. The chapter concludes with a discussion of the limitations, contributions and future research opportunities.

### **8.2. THE RESEARCH IN BRIEF**

Many individuals spend their working lives seeking to accrue financial resources to sustain them beyond normal retirement age. The challenge in professional sport is that the career of a professional athlete is often relatively short with a number of risks that could end it prematurely. In addition, there are various reasons why professional athletes find it challenging to transition to a vocational career after their sports

careers end. Consequently, it is important for professional athletes to attain a high level of financial literacy from a young age.

In the first chapter of this thesis the two research objectives that underpinned the study were stated. The primary objective of this study was to provide a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. Furthermore, the study aimed to achieve the following secondary objective: to provide the basis for a research instrument to assess the financial literacy of professional athletes.

DSR provided the overarching research design for this study because the study aimed to build two innovative artefacts in the form of a framework and a research instrument. ANT provided the theoretical lens for this study, and in particular for the selection of interviewees. The research methodology is briefly summarised in the section below.

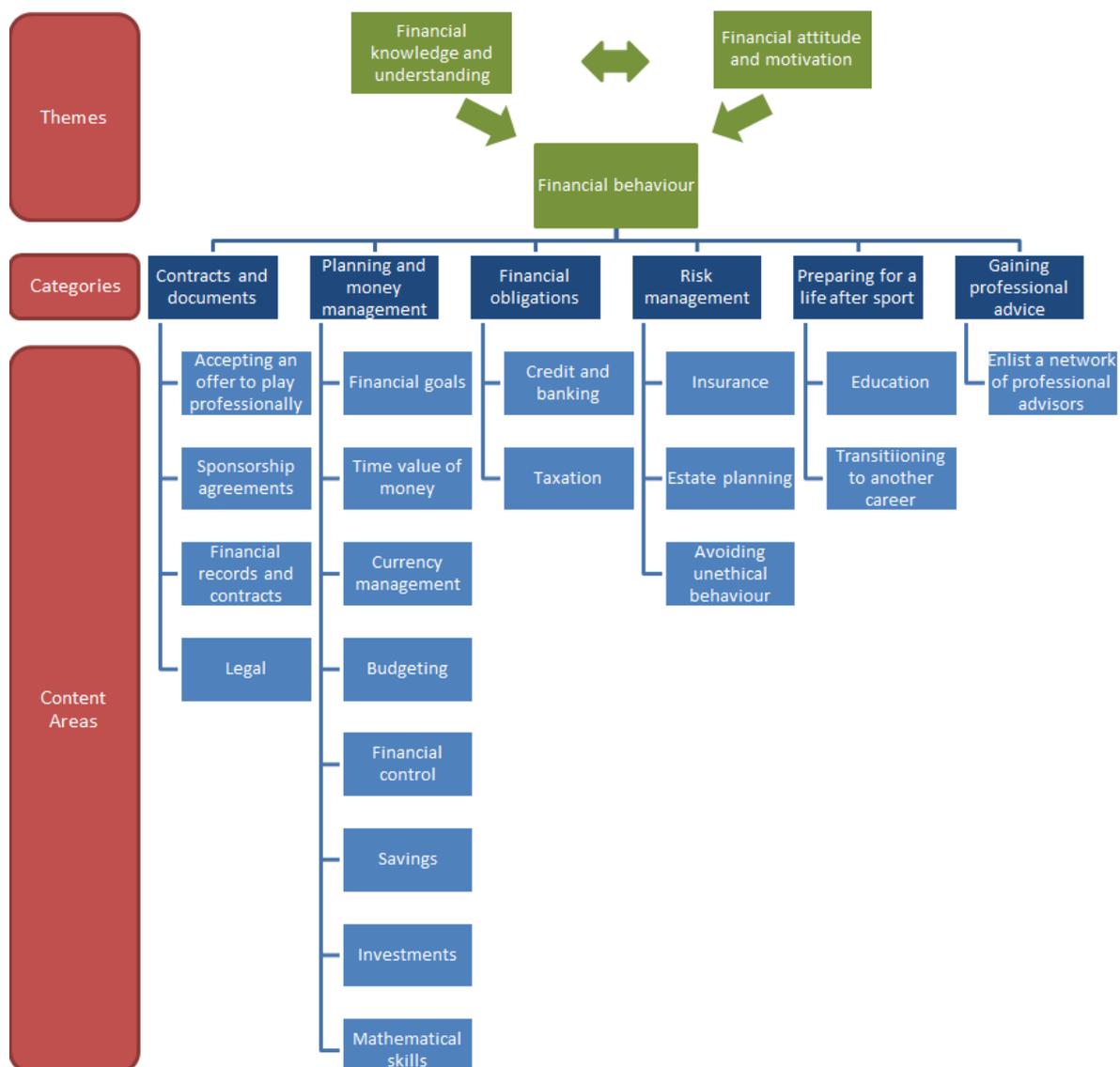
### **8.3. RESEARCH METHODOLOGY TO ACHIEVE THE PRIMARY OBJECTIVE**

The first part of this study was conducted to achieve the primary objective and to develop a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. This part of the study was an exploratory study with a qualitative approach because it was based on responses from interviews that were summarised and interpreted to develop a framework. Semi-structured interviews were conducted with 27 interviewees from four groups. With ANT to guide the research process, interviewees represented contributors or actors that could form a network around a professional athlete to influence his or her financial decisions (see Figure 4.4). This sample of interviewees was purposively selected because there was a clear in-depth motivation for selecting the sample (Saunders et al 2012:282).

The data analytics process recommended by Miles et al (2014:10) guided the analysis and repackaging of the narrative data to identify themes, categories and content areas included in the framework.

## 8.4. FACTUAL CONCLUSIONS FROM THE RESEARCH FINDINGS USED TO DEVELOP THE FRAMEWORK

When moving beyond the fieldwork, the next step in the research process as illustrated in the ‘magic circle’ (see Figure 1.4) was to describe the factual conclusions. These are the facts that emerged from the data (Trafford & Leshem 2008:140). The conclusions are accounted for in terms of the diagrammatic representation of the framework below.



**Figure 8.1. Diagrammatic representation of the framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being**

Source: Own observation

The themes, categories and content areas are summarised below. Aligned with the suggestions of Saldaña (2015:11), the responses from the interviewees were coded. These codes were refined and often relabelled during multiple stages of data analysis to identify 20 content areas. The content areas were subsequently clustered into six categories. The overarching themes were identified based on the literature and the results of the semi-structured interviews. Aligned with the recommendations of Burnard et al (2008:432), the findings were reported under each main theme with verbatim quotes used to substantiate and illuminate findings and by linking the themes to existing literature.

The themes for the framework were: (i) the financial knowledge content areas that could financially benefit professional athletes, combined with (ii) the financial attitudes and motivation required to enhance financial well-being that could promote (iii) sound financial behaviour in pursuit of sustainable financial well-being. These themes were informed by the literature and especially the assertions of Fernandes et al (2014:1862), OECD (2016b:7), Potrich et al (2016:368) and OECD (2017:16) as well as the findings from this research study. In addition, the following six categories were identified to categorise the content areas: contracts and documents, planning and money management, financial obligations, risk management, preparing for a life after sport, and professional advice.

Included under the category for contracts and documents were four content areas: accepting an offer (player's contract) to play sport professionally, sponsorship agreements, keeping financial records and contracts, and legal acumen. The first two of these provided very specific considerations for professional athletes, whereas the last two were somewhat aligned with a range of literary sources.

The second category referred to planning and money management and clustered together eight key content areas that incorporate financial literacy skills related to financial goals, time value of money, currency management, budgeting, financial control, savings, investment and mathematical skills. Although these content areas were fairly generic (Fernandes et al 2014:1876-1877; OECD 2016b:7; Louviere et al 2016:38; Potrich et al 2016:375; OECD 2017:20), the research findings showed that

many professional athletes lack financial literacy skills in a range of these content areas.

The third category clustered together financial literacy skills related to credit and banking as well as taxation. It was evident from the research findings that financial literacy skills in this category are fairly generic compared to what was found in the literature (Fernandes et al 2014:1876-1877; OECD 2016b:25; OECD 2017:20). However, a number of interviewees confirmed the statements of Matthee (2017:14) that professional athletes require unique taxation knowledge and skills because specific tax rules apply to them and they often earn income from multiple sources in multiple countries and currencies.

The fourth category of risk management clustered together financial literacy skills related to insurance, estate planning and acumen to avoid unethical behaviour. Recognising the need for and acquiring insurance is recognised in the literature (OECD 2016b:25; Louviere et al 2016:3) as an important financial literacy skill. Moreover, based on the interviews, it seems as if professional athletes may require unique insurance offerings such as injury and contract insurance. Basic estate planning skills are seldom listed in the literature as a required financial literacy skill for individuals but the majority of interviewees regarded such skills as important for professional athletes. The requirement to avoid unethical behaviour such as match fixing is rather specific for professional athletes, but nonetheless very relevant based on the research findings.

The fifth category related to the acumen required by professional athletes to plan towards a transitional career after being a professional athlete. These content areas are especially relevant to professional athletes because it was evident from the literature (Woods 2015:349; Küttel et al 2018:15) and the empirical findings that their careers often end in their late twenties or thirties and they then need to transition to another career, often outside of sport.

The final category related to gaining professional advice from an appropriate network of advisors. Professional athletes, perhaps more than many others, require guidance

from a range of advisors or experts to guide their financial decisions. The interviewees were unanimous in their views that professional athletes need to acquire professional financial advice. The interviewees also concurred with the literature that every effort should be made to seek reputable, qualified and suitable advisors to guide their financial decisions. Nonetheless, the majority of interviewees and many authors advised that individuals need to take responsibility for their financial decisions (Klapper et al 2013:3922; Surujlal 2016:164; OECD 2016b:15). This can only be achieved with sound financial literacy skills because any shortcomings in financial literacy cannot be corrected by only receiving professional financial advice (Lusardi & Mitchell 2014:37). The research findings also showed that some professional athletes may be perceived to be over-confident about their financial acumen.

These statements provided further justification for this research study and the development of a framework. It was also clear from the literature and the research findings that professional athletes' careers could end prematurely and unexpectedly through injury, non-selection or other external factors, which further confirmed the need for the framework.

The framework for the financial literacy skills required by professional athletes satisfied the primary objective of this study. This framework was developed from the initial conceptual framework (refer to Section 2.9), a further review of the literature to determine the relevance of financial literacy for professional athletes (in Chapter 3) and the research findings.

Sections 8.5 and 8.6 detail how the factual findings to achieve the secondary research objective were achieved.

## **8.5. RESEARCH METHODOLOGY TO ACHIEVE THE SECONDARY RESEARCH OBJECTIVE**

This part of the study focused on the achievement of the second research objective, which aimed to develop a research instrument (artefact) to assess the financial

literacy of professional athletes. A review of the literature on financial literacy assessment instruments along with the framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being, developed in the first part of the study, informed the design of a research instrument with a list of possible questions to assess professional athletes' financial literacy. Structured interviews with a sample of purposively selected interviewees (from the list of interviewees consulted in the first part of the study) were held to assess the relevance of each question. A qualitative and exploratory approach was deemed to be most suited for this purpose because qualitative research is ideal to gain participants' views and to understand how they interpret and make meaning of a topic (Saunders et al 2015:168). Since the second part of the study built on the first part of the study, it satisfied the definition of a sequential explorative study with qualitative research approaches subsidiary to an overarching DSR approach.

After taking the primacy of ethical considerations around research into consideration, another round of individual interviews, limited to a smaller purposive sample (selected from the sample used for the first part of the study) was used for the second part of the research. ANT provided the theoretical lens for the entire study and an effort was made to purposively select interviewees that could represent each of the actors (identified in Figure 4.4) within the network of professional advisors that a professional athlete could consult to gain guidance in pursuit of sustainable financial well-being.

The structured interview schedule included 29 questions with each of the 20 content areas from the framework developed in the first part of this study (see Tables 6.1–6.6) represented by at least one question. Each question required interviewees to assess the relevance of the question with three distinct descriptions, namely 'most relevant', 'relevant' and 'not relevant'. Taking direction from Sandelowski (2001:231), interviewees' responses were enumerated and counted, which enabled the researcher to draw conclusions about the relevance, importance and suitability of each question. Interviewees were also provided with the option to explain their evaluation.

## **8.6. FACTUAL CONCLUSIONS FROM THE RESEARCH FINDINGS USED TO DEVELOP A RESEARCH INSTRUMENT**

The framework developed in the first part of the study and discussed in 8.4 above substantively addressed the main content areas of financial literacy that are deemed most relevant to enable professional athletes to make sound financial decisions in pursuit of sustainable financial well-being. This framework was extended through the development (as per the DSR strategy) of a bespoke and verified artefact through face-to-face interviews to determine the relevance of 29 proposed questions included in the structured interview schedule. Whilst the questions in the questionnaire were verified as relevant by a sample of interviewees, the questions were not empirically validated.

Question 17 was the only one of the 29 questions included in the structured interview schedule (see Annexure F) that was deemed to be not relevant. This question related to mathematical skills and while it was seen as not relevant, another question on mathematical skills was regarded as relevant or very relevant by all the interviewees. Hence, the study proposes a research instrument consisting of 28 questions, which covers each of the 20 content areas of financial literacy from the framework developed in the first part of the study (see 6.1). The developed instrument may be used as is, or adapted or extended for research beyond the limits of this study itself.

## **8.7. CONCEPTUAL CONCLUSIONS FROM THE STUDY AS A WHOLE**

The next step in the research process was to provide conceptual conclusions. The formulation of conceptual conclusions requires the researcher to raise his or her level of thinking beyond the factual conclusions (Trafford & Leshem 2008:140). Conceptual conclusions aim to reinforce the theory that guided the research process, the research design, research methodology and how the study linked to the wider literature (Trafford & Leshem 2008:140).

### **8.7.1. Conceptual conclusions reinforce the choices that guided the research process**

The decision to use ANT to guide the research process was substantiated by the research findings which conclusively showed that professional athletes need to enlist the help of professional advisors (actors) to guide their financial decision-making. It was also evident from the literature and the research findings that the professional athlete remains responsible as the primary actor within the network for his or her own financial decisions irrespective of the contribution or guidance from the other actors in the network. Hence, there is a need for professional athletes to equip themselves with a range of financial literacy skills as included in the framework (see 6.1).

While broad frameworks and guidelines regarding financial literacy skills could be beneficial to everyone, professional athletes have unique careers and circumstances where they could earn a great deal of money for a few years at the beginning of their working lives before they are required to transition to another career. This means they require more specific financial literacy skills in a range of areas beyond the generic.

At the core of becoming a professional rugby or cricket player is the decision to sign a player's contract to represent a team and compete professionally. It was evident from the findings that the content area of accepting an offer to play sport professionally should be a significant area of consideration for many professional athletes with far-reaching implications for the rest of their sporting careers and beyond and that it includes an element of opportunity cost. Opportunity cost implies that there are scarce resources and the decision to pursue an activity (perceived to be the best option) instead of available alternatives means foregoing possible opportunities or benefits. The decision to become a professional athlete for a limited number of years could mean sacrificing the opportunity to be a successful student, or to gain experience in a sustainable vocational career that could last for an individual's entire working life. In addition, the decision to play for a certain team means foregoing the opportunity to play for another team, which could be more beneficial in the long term; hence this has to be a considered decision. This

highlights the importance for professional athletes to make considerate career choices and illustrates that the concept of opportunity cost proves to be relevant when professional athletes decide to accept an offer to play professionally for a certain team.

The second part of the study identified 28 relevant questions to assess the financial literacy skills of professional athletes. The 20 content areas identified in the first part of the study and included in the framework were represented by at least one of these 28 questions. This supports and substantiates the 20 content areas identified in the first part of the study.

The question that was regarded as very relevant by all the interviewees related to the content area of budgeting. While the structured interviews were not intended to measure the prevalence of the respective areas of financial literacy, the assessments agreed with the literature, which also distinguished budgeting from some of the other content areas as a fundamental financial literacy skill. The other content areas that appeared to be highly relevant for professional athletes were taxation and the need for professional athletes to enlist the help of suitable professional advisors.

### **8.7.2. Recommendations**

The study recommends a change in culture among professional athletes to be better informed about the financial literacy skills that they require and to work actively towards achieving their individual long-term financial goals. The study further recommends more initiatives from rugby and cricket franchises (employers) to improve their contracted players' financial literacy or to guide their financial planning or their career path towards a transitional career.

The study found that there were some initiatives from player unions and the employers (franchises) to improve certain aspects of players' financial literacy. This is promising because Danowski (2012:2) states that sports agents and financial advisors believe that bankruptcies among professional athletes are preventable if

athletes are educated about financial literacy and sound financial planning. However, based on the literature (Huston 2010:310) and the findings from the interviews, workshops to enhance the levels of financial literacy among professional athletes need to be tailored to the needs of the individuals. Many professional sports teams will include players from a range of age groups and backgrounds. These players will have different financial needs depending on their age, qualifications, financial goals, risk appetite, marital status, number of children and other factors. Any intervention to improve their financial literacy should ideally target a smaller group within the team, based on their life stage and financial planning needs.

Interventions or workshops to improve the financial literacy skills of professional athletes need to include the full spectrum of financial literacy skills summarised by the framework developed as a result of this study. It is further recommended that any interventions or workshops should include an assessment instrument to measure attendees' skills level as an outcome to encourage participants to be more attentive in the workshops and to improve their learning. Workshop facilitators are advised to present information to professional athletes in clear and understandable terms and to avoid complex financial terminology. Facilitators are also advised to use relevant practical examples to explain financial terminology and to guide professional athletes with their financial decisions. Workshops should teach professional athletes how to select suitably qualified advisors that could form a network of financial advisors around them to guide their financial decisions in pursuit of sustainable financial well-being. This network of advisors could include the following actors to support the professional athlete: a financial planner, a tax specialist or accountant, an independent broker, a sports agent, a legal expert, a sports psychologist, a career development consultant, player associations, software applications, and qualified training providers.

## **8.8. IMPLICATIONS FOR FUTURE RESEARCH AND THE LIMITATIONS OF THIS RESEARCH STUDY**

The framework developed during this study was specifically focused on providing key financial literacy skills required by professional rugby and cricket players and

complements other relevant universally recognised generic financial literacy frameworks such as the OECD's Core Competencies Framework on Financial Literacy for Adults (OECD 2016b). It is noteworthy that the research findings and literature indicated that financial decisions are influenced by wide-ranging psychological factors, preferences, attitudes, individual circumstances and external factors. Professional athletes at different stages in their careers, such as a young athlete starting out playing sport locally versus an established athlete towards the end of his or her career earning an income in various countries and currencies, may require varying levels of skills in different areas of financial literacy. Nonetheless, the framework produced by this research study provides a broad and valuable guideline for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. The artefact or research instrument developed in the second part of the study, which was developed as a result of the structured interviews, may be used as is, or adapted or extended for research beyond the limits of this study. The validation of the proposed research instrument also provides an opportunity for future research. The future application of the proposed (or a similar) research instrument in a quantitative study will also afford the opportunity to assess the suitability of the questions similar to the assessments done by De Clercq (2019:1) as well as Knoll and Houts (2012:381) on the appropriateness of the questions included in previous financial literacy surveys such as the OECD/INFE International Survey of Adult Financial Literacy Competencies (OECD 2016b:1).

This study focused on the financial literacy skills required of professional athletes (rugby and cricket players) in a team sport environment. The financial literacy skills required by professional athletes who compete in individual sports may be different. Morné du Plessis, the former Springbok rugby captain, observed that professional golf players are probably the only professional athletes who do not have to worry about transitioning to another career because they can keep their skills active for a lifetime (Van Reenen 2012:ix). A professional athlete who competes in an individual sport is also not employed and participates as an independent contractor, which distinguishes the way that they are taxed from that of professional athletes who compete in a team environment.

Only South Africans were interviewed, which increased contextual limitations. However, many interviewees had considerable international exposure in their field of expertise to reduce the limitation. Nonetheless, the opportunity exists to determine whether the research findings will be the same in another country or setting. ANT provided the theoretical lens for the study, and attempting to answer the research questions with another theoretical frame may render different results. The methodological choice to follow an exploratory qualitative approach offered rich and insightful findings, although it reduced the generalisability of the results.

There is an opportunity for future research to assess the level of skill (such as basic or expert) required by professional athletes for each of the identified content areas in the framework produced by this study.

## **8.9. CONTRIBUTION TO KNOWLEDGE**

Professional athletes are a unique group who earn a great deal of money for a short period of time before having to transition to another career. Nevertheless, limited research could be found to show the financial literacy skills required by professional athletes. Furthermore, limited research could be found on the assessment of professional athletes' financial literacy skills or acumen.

The achievement of the primary research objective and the development of a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being addressed a gap in the literature. This framework could be valuable to professional athletes to avoid financial distress after their careers as professional athletes are over. The study will also be of interest to sports governing bodies, the leadership of professional sports clubs/unions/franchises, players' associations, sports agents and other advisors who should act in the best interest of the players they represent. Financial advisors and financial service providers will also be interested in the study to better understand the financial literacy needs of professional athletes in order to provide the most relevant advice and services.

The realisation of the secondary research objective and the development of a research instrument (artefact) to assess the financial literacy skills of professional athletes addressed a further gap in the research in that it provided further guidance on some of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. This research instrument could be valuable to professional athletes, training providers, researchers and possibly financial advisors to better understand the financial literacy skills and financial needs of their clients (professional athletes).

The study showed another way in which ANT can be applied to formulate a framework and to develop a research instrument in the field of accounting sciences. Figure 5.4 illustrated how ANT contributed to the development of the overarching themes and ultimately the framework for the financial literacy skills required by professional athletes, which is illustrated in 6.1. The study also showed how DSR can be applied to develop an artefact or artefacts in the field of accounting sciences.

In conclusion: the multiple phases of this study have addressed the research objectives identified in Chapter 1. The study has also made a contribution to the understanding of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. This study was inspired by my love for sport and finances and I hope that it will contribute to improved levels of financial literacy among professional athletes and assist them in their pursuit of sustainable financial well-being.

## REFERENCES

10 Proteas stars hit the jackpot after IPL auction. 2018. *News24*, 29 January 2018 [online]. Available from: <https://www.sport24.co.za/Cricket/10-proteas-stars-hit-the-jackpot-after-ipl-auction-20180129> [Accessed 30 September 2018].

Adams, I, Carine, J & Emmerson, D. 2014. Doping in sport: Lance Armstrong, a case study. In: Palmer, C. ed. *The sports monograph: Critical perspectives on socio-cultural sport, coaching and physical education*. Preston: SSTO. 169–190.

Adams, WM, Casa, DJ & Drezner, JA. 2016. Sport safety policy changes: Saving lives and protecting athletes. *Journal of Athletic Training*, 51(4):358–360.

Agarwalla, SK, Barua, SK, Jacob, J & Varma, JR. 2015. Financial literacy among working young in urban India. *World Development*, 67:101–109.

Agas, K, Georgakarakou, C, Mylonakis, J & Panagiotis, A. 2012. Traveling abroad internal and external motives toward different sports fan types. *International Journal of Business and Management*, 7(3):111–126.

Agnew, JR, Bateman, H & Thorp, S. 2012. *Financial literacy and retirement planning in Australia*. UNSW Australian School of Business Research Paper No. 2012ACTL16. Available from: <http://dx.doi.org/10.2139/ssrn.2198641>.

Akers, M. 2015. A race to the bottom: International income tax regimes' impact on the movement of athletic talent. *University of Denver Sports and Entertainment Law Journal*, 17:11–62.

Alcouffe, S, Berland, N & Levant, Y. 2008. Actor-networks and the diffusion of management accounting innovations: A comparative study. *Management Accounting Research*, 19(1):1–17.

Ali, P, Anderson, ME, McRae, CH & Ramsay, I. 2014. The financial literacy of young Australians: An empirical study and implications for consumer protection and ASIC's National Financial Literacy Strategy. *Company and Securities Law Journal*, 32(5):334–352.

Allen, S & Truman, C. 2016. *Women in business: Perspectives on women entrepreneurs*. London: Routledge.

Allison, L. 2012. *Amateurism in sport: An analysis and defence*. London: Routledge.

Alshenqeeti, H. 2014. Interviewing as a data collection method: A critical review. *English Linguistics Research*, 3(1):39–45.

Angell, RJ, Gorton, M, Bottomley, P & White, J. 2016. Understanding fans' responses to the sponsor of a rival team. *European Sport Management Quarterly*, 16(2):190–213.

ANZ, see Australia and New Zealand Banking Group.

Appleby, AD. 2010. Levelling the playing field: A separate tax regime for international athletes. *Brooklyn Journal of International Law*, 36:605–646.

ASIC, see Australian Securities and Investment Commission.

Atkinson, A & Messy, F. 2012. *Measuring financial literacy: Results of the OECD/International Network on Financial Education (INFE) pilot study*. OECD Working Papers on Finance, Insurance and Private Pensions, No. 15. Paris: OECD Publishing.

Auger, RW, Blackhurst, AE & Wahl, KH, 2005. The development of elementary-aged children's career aspirations and expectations. *Professional School Counseling*, 322–329.

Austin, D, Gabbett, T & Jenkins, D. 2011. Repeated high-intensity exercise in professional rugby union. *Journal of Sports Sciences*, 29(10):1105–1112.

Australia and New Zealand Banking Group. 2011. *ANZ Survey of Adult Financial Literacy in Australia, December 2011* [online]. Available from: <http://www.financialliteracy.gov.au/media/465153/2011-adult-financial-literacy-full.pdf> [Accessed 24 October 2017].

Australia and New Zealand Banking Group. 2015. *ANZ Survey of Adult Financial Literacy in Australia, May 2015* [online]. Available from: <https://www.anz.com/resources/3/1/31cbc1fd-9491-4a22-91dc-4c803e4c34ab/adult-financial-literacy-survey-full-results.pdf> [Accessed 19 March 2018].

Australian Securities and Investment Commission. 2003. *Financial literacy in schools* [online]. Available from: <http://download.asic.gov.au/media/1924489/what-do-you-want-to-do-with-fin-lit-schools-dp.pdf> [Accessed 2 November 2017].

Australian Securities and Investment Commission. 2013. *Review of the National Financial Literacy Strategy: Background report 339* [online]. Available from: [http://www.financialliteracy.gov.au/media/424934/review\\_of\\_the\\_national\\_financial\\_literacy\\_strategy\\_background\\_report.pdf](http://www.financialliteracy.gov.au/media/424934/review_of_the_national_financial_literacy_strategy_background_report.pdf) [Accessed 2 November 2017].

Australian Securities and Investment Commission. 2017. *ASIC's money smart financial guidance you can trust* [online]. Available from: <https://www.moneysmart.gov.au/?referrer=understandingmoney.gov.au> [Accessed 17 November 2017].

Australian Securities and Investment Commission. 2018. *REP 481 Australian financial attitudes and behaviour tracker: Wave 6, key findings*. [online]. Available from: <https://asic.gov.au/regulatory-resources/find-a-document/reports/rep-481-australian-financial-attitudes-and-behaviour-tracker/> [Accessed 17 November 2017].

Badenhausen, K. 2013. *Phil Mickelson wins historic British Open and incurs 61% tax rate*, *Forbes*, 22 July 2013 [online]. Available from:

<https://www.forbes.com/sites/kurtbadenhausen/2013/07/22/phil-mickelson-wins-historic-british-open-and-incurs-61-tax-rate/#7fc15e903d42> [Accessed 9 December 2017].

Badenhausen, K. 2019. *The world's highest-paid athletes*, *Forbes*, 11 June 2019 [online]. Available from: <https://www.forbes.com/athletes/#6278625055ae> [Accessed 29 September 2019].

Barker, J & Slater, M. 2015. *It's not just cricket* [online]. Available from: <http://eprints.staffs.ac.uk/2214/1/Barker%20and%20Slater%202015%20Cricket%20Article.pdf> [Accessed 4 August 2017].

Bar-Or, Y. 2015. Empowering physicians with financial literacy. *The Journal of Medical Practise Management*, 31:46–49.

Barry, D. 2016. Measurement of young adults' attitudes towards money. In: Aperia, C, Wuttke, E, Breuer, K, Koh, NK, Davies, P, Greimel-Fuhrmann, B & Lopus, JS. eds. *International handbook of financial literacy*. Singapore: Springer. 449–464.

Barry, M, Skinner, J & Engelberg, T. 2016. *Research handbook of employment relations in sport*. Cheltenham: Edward Elgar.

Baskerville, R, Baiyere, A, Gregor, S, Hevner, A & Rossi, M. 2018. Design science research contributions: Finding a balance between artifact and theory. *Journal of the Association for Information Systems*, 19(5):358–376.

Bateman, A. 2016. *Cricket, literature and culture: Symbolising the nation, destabilising empire*. London: Routledge.

Bateman, H, Eckert, C, Geweke, J, Louviere, J, Thorp, S & Satchell, S. 2012. Financial competence and expectations formation: Evidence from Australia. *Economic Record*, 88(280):39–63.

Bazeley, P. 2013. *Qualitative data analysis: Practical strategies*. London: Sage.

BBC, see British Broadcasting Corporation.

Behrman, JR, Mitchell, OS, Soo, CK & Bravo, D. 2012. The effects of financial education and financial literacy: How financial literacy affects household wealth accumulation. *American Economic Review: Papers & Proceedings*, 102(3):300–304.

Bernheim, D. 1995. Do households appreciate their financial vulnerabilities? An analysis of actions, perceptions, and public policy. *Tax policy and economic growth*. Washington, DC: American Council for Capital Formation. 1–30.

BHP Billiton. 2017. *Sustainability Reporting Navigator 2017* [online]. Available from: <http://www.bhp.com/investor-centre/-/media/documents/investors/annual-reports/2017/bhpsustainabilityreportnavigator2017.pdf> [Accessed 20 September 2017].

Billingsley, R, Gitman, LJ & Joehnk, MD. 2016. *Personal financial planning*. Boston, MA: Cengage Learning.

Blaxter, L, Hughes, C & Tight, M. 1996. *How to research*. Buckingham: Open University Press.

Boddy, D, Dokko, J, Hershbein, B & Kearney, MS. 2015. *Ten economic facts about financial well-being in retirement*. Washington: Brookings Institution.

Boland Rugby request liquidation. 2007. *IOL*, 4 May 2007 [online]. Available from: <https://www.iol.co.za/news/south-africa/boland-rugby-requests-liquidation-351427> [Accessed 28 June 2019].

- Bouma, GD. 1993. *The research process*. Oxford: Oxford University Press.
- Boye, E, Skotland, T, Østerud, B & Nissen-Meyer, J. 2017. Doping and drug testing. *EMBO reports*, 18(3):351-354.
- British Broadcasting Corporation. 2016. *Rio Olympics 2016: Which Russian athletes have been cleared to compete?* [online]. Available from: <http://www.bbc.com/sport/olympics/36881326> [Accessed 4 August 2017].
- Brobeck, S. 1990. *US consumer knowledge: Results of a nationwide test*. Washington, DC: Consumer Federation of America.
- Brown, JC, Viljoen, W, Lambert, MI, Readhead, C, Fuller, C, Van Mechelen, W & Verhagen, E. 2015. The economic burden of time-loss injuries to youth players participating in week-long rugby union tournaments. *Journal of Science and Medicine in Sport*, 18(4):394–399.
- Bryman, A & Bell, E. 2015. *Business research methods*. Oxford: Oxford University Press.
- Buchanan, JM. 2017. Opportunity cost. In: Palgrave Macmillan. *The New Palgrave Dictionary of Economics*. London: Palgrave Macmillan. 1–5.
- Bucher-Koenen, T & Lusardi, A. 2011. Financial literacy and retirement planning in Germany. *Journal of Pension Economics and Finance*, 10:565–584.
- Bucher-Koenen, T, Lusardi, A, Alessie, R & Van Rooij, M. 2017. How financially literate are women? An overview and new insights. *Journal of Consumer Affairs*, 51(2):255–283.
- Bueger, C & Stockbruegger, J. 2017. Actor-network theory: Objects and actants, networks and narratives. In: McCarthy, DR. ed. *Technology and world politics: An introduction*. Abingdon: Routledge.

Bulls paid R1 million for schoolboy – report. 2019. *News24*, 22 April 2019 [online]. Available from: <https://www.sport24.co.za/Rugby/SuperRugby/bulls-paid-r1-million-for-schoolboy-report-20190422> [Accessed 22 April 2019].

Burnard, P, Gill, P, Stewart, K, Treasure, E & Chadwick, B. 2008. Analysing and presenting qualitative data. *British Dental Journal*, 204(8):429-432.

Butt, J & Molnar, G. 2009. Involuntary career termination in sport: A case study of the process of structurally induced failure. *Sport in Society*, 12(2):240–257.

Calcagno, R & Monticone, C. 2015. Financial literacy and the demand for financial advice. *Journal of Banking & Finance*, 50:363–380.

Callon, M. 1984. Some elements of a sociology of translation: Domestication of the scallops and the fishermen of St Brieuc Bay. *The Sociological Review*, 32(S1):196–233.

Callon, M. 1999. Actor-network theory: The market test. *The Sociological Review*, 47(S1):181–195.

Canter, A. 2019. *Using only two index cards, a top investor explains how you can build wealth* [online]. Available from: <https://www.businessinsider.co.za/andrew-canter-index-card-financial-planning-2019-8> [Accessed 15 August 2019].

Carlson, K, Kim, J, Lusardi, A & Camerer, CF. 2015. Bankruptcy rates among NFL players with short-lived income spikes. *American Economic Review*, 105(5):381–84.

Carpenter, K. 2012. Match-fixing: The biggest threat to sport in the 21st century? *International Sports Law Review*, 2:13–23.

Chung, Y & Park, Y. 2015. Do financial networks matter in retirement investment decisions? Evidence from Generation Yers. *Financial Services Review*, 24(1):77–99.

Clarke, J. 2002. A new kind of symmetry: Actor-network theories and the new literacy studies. *Studies in the Education of Adults*, 34(2):107-122.

Cloete, R. 2012. The taxation of image rights: A comparative analysis. *De Jure*, 45(3):556–567.

Cohen, N & Arieli, T. 2011. Field research in conflict environments: Methodological challenges and snowball sampling. *Journal of Peace Research*, 48(4):423–435.

Collins, JM & Olive, P. 2016. Financial coaching: Defining an emerging field. In: Xiao J. eds. *Handbook of consumer finance research*. Cham, Switzerland: Springer. 93–102.

Collis, J & Hussey, R. 2013. *Business research: A practical guide for undergraduate and postgraduate students*. London: Palgrave Macmillan.

Connor, J. 2013. If we know why athletes dope – why can't it be stopped? *Sport Health*, 31(2):18–23.

Connor, JM & Mazanov, J. 2010. The inevitability of scandal: Lessons for sponsors and administrators. *International Journal of Sports Marketing & Sponsorship*, 11(3):212–220.

Cook, B. 2016. *The illiterate executive: An executive's handbook for mastering financial acumen*. Canada: FriesenPress.

Cooper, DR & Schindler, PS. 2014. *Business research methods*. 12th ed. New York, NY: McGraw-Hill.

Cornelius, S. 2003. Sanctity of contract and players' restraints in South African sport. *Tydskrif vir die Suid-Afrikaanse Reg*, 2003(4):727–731.

Cosh, S, Crabb, S & Tully, PJ. 2015. A champion out of the pool? A discursive exploration of two Australian Olympic swimmers' transition from elite sport to retirement. *Psychology of Sport and Exercise*, 19:33–41.

Cosh, S & Tully, PJ. 2015. Stressors, coping, and support mechanisms for student athletes combining elite sport and tertiary education: Implications for practice. *The Sport Psychologist*, 29(2):120-133.

Cotterill, S. 2017. *Performance psychology: Theory and practice*. London: Taylor & Francis.

Creswell, JW. 2013. *Research design: Qualitative, quantitative, and mixed methods approaches*. London: Sage.

Creswell, JW & Poth, CN. 2017. *Qualitative inquiry and research design: Choosing among five approaches*. London: Sage.

Cricket Country. 2015. *16 cricketers who endured extreme financial woes and a terrible life as a result* [online]. Available from: [www.cricketcountry.com/criclife/16-cricketers-who-endured-extreme-financial-woes-and-a-terrible-life-as-a-result-505648](http://www.cricketcountry.com/criclife/16-cricketers-who-endured-extreme-financial-woes-and-a-terrible-life-as-a-result-505648) [Accessed 12 March 2018].

Cricket South Africa. 2016. *CSA bans four players under its anti-corruption code* [online]. Available from: <http://cricket.co.za/news/13805/CSA-bans-four-players-under-its-Anti-Corruption-Code> [Accessed 24 November 2017].

Croome, BJ, Oguttu, AW, Muller, E, Legwaila, T, Kolitz, M, Williams, RC & Louw, C. 2013. *Tax law: An introduction*. Cape Town: Juta.

Cross, M. 2016. *Epidemiology and risk factors for injury and illness in male professional rugby union*. PhD dissertation. University of Bath, Bath.

CSA, see Cricket South Africa.

Dane, FC. 1990. *Research methods*. Pacific Grove, CA: Brooks/Cole.

Danowski, C. 2012. *The importance of financial management for professional athletes and the prevention of bankruptcy*. Sport Management Undergraduate Paper 40. St. John Fisher College, Rochester, NY.

David, M & Sutton, CD. 2004. *Social research: The basics*. London: Sage.

Davis, D. 2013. Foreword. In: Croome, BJ. ed. *Tax law: An introduction*. Cape Town: Juta.

De Clercq, B. 2014. Analysing the predictors of financial vulnerability of the consumer market microstructure in South Africa. Thesis. University of South Africa. <http://hdl.handle.net/10500/13537>

De Clercq, B. 2019. A comparative analysis of the OECD/INFE financial knowledge assessment using the Rasch model. *Empirical Research in Vocational Education and Training*, 11(1):1–29.

De Clercq, B & Venter, JMP. 2009. Factors influencing a prospective chartered accountant's level of financial literacy: An exploratory study. *Meditari Accountancy Research*, 17(2):47–60.

De Lannoy, A, Graham, L, Patel, L, & Leibbrandt, M. 2018. What Drives Youth Unemployment and What Interventions Help? A Systematic Overview of the Evidence. High-level Overview Report. Cape Town: REDI 3X3.

De Vos, AS, Delpont, CSL, Fouche, CB & Strydom, H. 2011. *Research at grass roots: A primer for the social science and human professions*. Pretoria, South Africa: Van Schaik.

Deegan, C. 2013. *Financial accounting theory*. Australia: McGraw-Hill Education.

Deevy, M, Lucich, S & Beals, M. 2012. *Scams, schemes and swindles: A review of consumer financial fraud research*. Financial Fraud Research Center [online]. Available from: <http://longevity.stanford.edu/wp-content/uploads/2017/01/Scams-Schemes-Swindles-FINAL-On-Website.pdf> [Accessed 20 April 2017].

Delgadillo, LM. 2016. Financial counseling and financial health. In: Xiao, JJ. ed. *Handbook of consumer finance research*. Cham: Springer. 83–91.

Department of Sport and Recreation. 2012. *The White Paper on Sport and Recreation for the Republic of South Africa* [online] Available from: <http://www.srsa.gov.za/MediaLib/Home/DocumentLibrary/23%20WHITE%20PAPER%20FINAL%20August%202012.pdf> [Accessed 20 January 2018].

Dessauvage, JB. 2018. Playing the game: An exploration of the lived experience of Australian elite level athletes, with a focus on their mental health and wellbeing. PhD dissertation. Curtin University, Perth, Australia.

Dezuanni, M. 2015. The building blocks of digital media literacy: Socio-material participation and the production of media knowledge. *Journal of Curriculum Studies*, 47(3):416–439.

Dijkstra HP, van Dyk N & Schumacher YO. 2016. Can I tell you something? I'm doping... *British Journal of Sports Medicine*, 50:510–511.

Discovery. 2019. *Why do I need life insurance?* [online]. Available from: <https://www.discovery.co.za/life-insurance/> [Accessed 15 March 2019].

Disney, R & Gathergood, J. 2011. *Financial literacy and indebtedness: New evidence for UK consumers*. Nottingham: Centre for Finance, Credit and Macroeconomics, University of Nottingham.

Dowling, M, Edwards, J & Washington, M. 2014. Understanding the concept of professionalisation in sport management research. *Sport Management Review*, 17(4):520–529.

Dresch, A, Lacerda, DP & Antunes, JAV. 2015. Design science research. In: *Design science research*. Cham, Switzerland: Springer. 67–102.

Ellis, T. 2016. First team schoolboy rugby players' understanding of their future career trajectories. PhD dissertation. Stellenbosch University, Stellenbosch.

Engelberg, T, Moston, S & Skinner, J. 2015. The final frontier of anti-doping: A study of athletes who have committed doping violations. *Sport Management Review*, 18(2):268–279.

Eriksson, P & Kovalainen, A. 2015. *Qualitative methods in business research: A practical guide to social research*. London: Sage.

Fairley, S, Snyder, K, Kellett, P & Hill, B. 2013. When professional athletes change sports: Sport development, sanctity of contract, and restraint of trade in the NRL. *Sport Management Review*, 16(1):111–119.

Farinella, J, Bland, J & Franco, J. 2017. The impact of financial education on financial literacy and spending habits. *International Journal of Business, Accounting, & Finance*, 11(1):1–12.

Fatoki, O & Oni, O. 2014. Financial literacy studies in South Africa: Current literature and research opportunities. *Mediterranean Journal of Social Sciences*, 5(20):409-414.

Feilzer, YM. 2010. Doing mixed methods research pragmatically: Implications for the rediscovery of pragmatism as a research paradigm. *Journal of Mixed Methods Research*, 4(1):6–16.

Fernandes, D, Lynch, JG & Netemeyer, RG. 2014. Financial literacy, financial education and downstream financial behaviors. *Management Science*, 60(8):1861-1883.

Filbay, SR, Bishop, F, Peirce, N, Jones, ME & Arden, NK. 2017. Common attributes in retired professional cricketers that may enhance or hinder quality of life after retirement: A qualitative study. *BMJ Open*, 7(7):e016541.

Finke, MS, Howe, JS & Huston, SJ. 2015. Old age and the decline in financial literacy. Forthcoming in *Management Science*. [doi:10.2139/ssrn.1948627](https://doi.org/10.2139/ssrn.1948627).

Former Bulls employee could face criminal charges. 2019. *News24*, 29 April 2019 [online]. Available from: <https://www.sport24.co.za/Rugby/SuperRugby/former-bulls-employee-could-face-criminal-charges-20190429> [Accessed 10 July 2019].

Former Protea Gulam Bodi sentenced to 5 years imprisonment. 2019. *News24*, 18 October 2019 [online]. Available from: <https://www.sport24.co.za/Cricket/Proteas/former-protea-bodi-sentenced-to-5-years-imprisonment-20191018> [Accessed 22 October 2019].

Fornero, E & Monticone, C. 2011. Financial literacy and pension plan participation in Italy. *Journal of Pension Economics and Finance*, 10:547–564.

Forrest, D. 2013. Match fixing: An economics perspective. In: Haberfeld, MR & Sheehan. eds. *Match-fixing in international sports*. Cham, Switzerland: Springer. 177–197.

Fortunato, V & Marchant, D. 1999. Forced retirement from elite football in Australia. *Journal of Personal & Interpersonal Loss*, 4(3):269–280.

Foyle, A. 2015. *Winning the money game: Lessons learnt from the financial fouls of pro athletes*. New York, NY: HarperCollins.

Frith, D. 2011. *Silence of the heart: Cricket suicides*. Edinburgh: Mainstream Publishing.

Fuller, C & Drawer, S. 2004. The application of risk management in sport. *Sports Medicine*, 34:349–356.

Fuller, CW, Taylor, AE, Brooks, JH and Kemp, SP. 2013. Changes in the stature, body mass and age of English professional rugby players: A 10-year review. *Journal of Sports Sciences*, 31(7):795–802.

Furnham, A. 1984. Many sides of the coin: The psychology of money usage. *Personality and Individual Differences*, 5(5):501–509.

Gale, WG & Levine, R. 2011. *Financial literacy: What works? How could it be more effective?* Financial Security Project at Boston College Working Paper, FSP 2011-1.

Gallery, N, Newton, C & Palm, C. 2011. Framework for assessing financial literacy and superannuation investment choice decisions. *Australasian Accounting Business & Finance Journal*, 5(2):3–22

Geerts, GL. 2011. A design science research methodology and its application to accounting information systems research. *International Journal of Accounting Information Systems*, 12(2):142–151.

Gerrans, P & Hershey, DA. 2017. Financial adviser anxiety, financial literacy, and financial advice seeking. *Journal of Consumer Affairs*, 51(1):54–90.

Gill, P, Stewart, K, Treasure, E & Chadwick, B. 2008. Methods of data collection in qualitative research: Interviews and focus groups. *British Dental Journal*, 204(6):291–295.

Gleeson, S & Brady, E. 2017. When athletes share their battles with mental illness. *USA Today*, 30 August 2017 [online]. Available from: <https://www.usatoday.com/story/sports/2017/08/30/michael-phelps-brandon-marshall-mental-health-battles-royce-white-jerry-west/596857001/> [Accessed 10 February 2018].

Glidden, MD & Brown, TC. 2017. Separated by bars or dollar signs? A comparative examination of the financial literacy of those incarcerated and the general population. *American Journal of Criminal Justice*, 42(3):533–553.

Goldkuhl, G. 2012. Pragmatism vs interpretivism in qualitative information systems research. *European Journal of Information Systems*, 21(2):135–146.

Goldstein, W. 2009. *Playing for keeps: A history of early baseball*. New York: Cornell University Press.

Goodman, D. 2015. Planet rugby is on the rise. *Reuters*, 28 October 2015 [online]. Available from: <https://www.reuters.com/article/us-rugby-union-world-growth-insight/planet-rugby-is-on-the-rise-idUSKCN0SM1UN20151028> [Accessed 29 November 2017].

Gordon, S & Lavalley, D. 2012. Career transitions. In: Morris, T & Terry, P. eds. *The new sport and exercise psychology companion*. Morgantown, WV: Fitness Information Technology. 567–582.

Gornick, JC & Jäntti, M. 2014. *Income inequality: Economic disparities and the middle class in affluent countries*. Palo Alto, CA: Stanford University Press.

Gouttebauge, V, Hopley, P, Kerkhoffs, G, Verhagen, E, Viljoen, W, Wylleman, P & Lambert, M. 2018. A 12-month prospective cohort study of symptoms of common mental disorders among professional rugby players. *European Journal of Sport Science*, 18(7):1004–1012.

Gouws, DG & Shuttleworth, CC. 2009. Financial literacy: An interface between financial information and decision-makers in organisations. *Southern African Business Review*, 13(2):141–165.

Gravetter, FJ & Forzano, LB. 2009. *Research methods for the behavioural sciences*. 3rd ed. Belmont, CA: Wadsworth Cengage Learning.

Greenfield, S, Osborn, G & Rossouw, JP. 2016. Beyond Kolpak: European Union law's unforeseen contribution to the movement of African cricketers. *The International Journal of the History of Sport*, 33(15):1748–1766.

Gregory-Smith, I, Paton, D & Sacheti, A. 2019. The economics of cricket. In: Downward, P, Frick, B, Humphreys, BR, Pawlowski, T, Ruseki, JE & Soebbing, BP. eds. *The Sage handbook of sports economics*. London: Sage.

Grundlingh, SMM. 2015. After the triumph: An anthropological study into the lives of elite athletes after competitive sport. PhD dissertation. University of the Free State, Bloemfontein.

Gutter, MS, Garrison, S & Copur, Z. 2010. Social learning opportunities and the financial behaviors of college students. *Family and Consumer Sciences Research Journal*, 38(4):387–404.

Hagstrom, RG. 2013. *The Warren Buffett way*. Hoboken, NJ: Wiley.

Haigh, G. 2018. *The cricket war: The story of Kerry Packer's World Series Cricket*. London: Bloomsbury.

Happ, R, Förster, M, Rüspler, AK & Rothweiler, J. 2018. Young adults' knowledge and understanding of personal finance in Germany: Interviews with experts and test-takers. *Citizenship, Social and Economics Education*, 17(1), pp.3-19.

Harris, J. 2017. The reinvention of the British Lions: Amateurs, professionals and contested identities. *Sport in History*, 37(2):204–220.

Harvey, A. 2013. *Football: The first hundred years: The untold story*. London: Routledge.

Hastings, JS, Madrian, BC & Skimmyhorn, WL. 2013. Financial literacy, financial education, and economic outcomes. *Annual Review of Economics*, 5:347-373.

Hayhoe, CR, Leach, LJ, Allen, MW & Edwards, R. 2005. Credit cards held by college students. *Journal of Financial Counseling and Planning*, 16(1): 1–10.

Heenan, T & Dunstan, D. 2015. ‘Let them eat cake’: Bradman, the Board & the Packer Revolution. *Sport in Society*, 18(9):1132–1146.

Hevner, AR, March, ST, Park, J & Ram, S. 2004. Design science in information systems research. *MIS Quarterly*, 28(1):75–105.

Hilgert, MA, Hogarth, JM & Beverly, SG. 2003. Household financial management: The connection between knowledge and behavior. *Federal Reserve Bulletin*, 89:309-322.

Hindley, AT. 2012. Integrated reporting compliance with the Global Reporting Initiative framework: An analysis of the South African mining industry. MCom mini-dissertation. North-West University, Potchefstroom.

Hira, TK. 2012. Promoting sustainable financial behaviour: Implications for education and research. *International Journal of Consumer Studies*, 36(5):502–507.

Hodges, SL, Keyter, AK, Tarr, MD, Serra, P & Surujlal, J. 2014. Influence of commercialisation of university sport on sporting values: A case of the Varsity Rugby Cup. *African Journal for Physical Health Education, Recreation and Dance*, 20(S2):394–407.

Hofstee, E. 2006. *Constructing a good dissertation*. Johannesburg: EPE.

Holden, MT & Lynch, P. 2004. Choosing the appropriate methodology: Understanding research philosophy. *The Marketing Review*, 4(4):397–409.

Horner, M, Ternes, N & McLeod, C. 2016. Not going pro: On seeking lasting returns from college sports. *Journal of Amateur Sport*, 2(1):188–213.

HSBC. 2016. *The future of rugby: An HSBC report* [online]. Available from: [www.hsbc.com/-/.../the-future-of-rugby-an-hsbc-report.pdf](http://www.hsbc.com/-/.../the-future-of-rugby-an-hsbc-report.pdf) [Accessed 29 November 2017].

Hughes, L & Leavey, G. 2012. Setting the bar: Athletes and vulnerability to mental illness. *The British Journal of Psychiatry*, 200(2):95–96.

Hui, TSW, Nguyen, C, Palameta, B & Gyarmati, D. 2016. *The role of financial literacy in financial decisions and retirement preparedness among seniors and near-seniors*. Ottawa, Canada: Social Research and Demonstration Corporation.

Hull, MR. 2015. (De)constructing the American sport hero: A textual analysis of media representations of Vince Lombardi. PhD dissertation. Laurentian University of Sudbury, Canada.

Hung, AA, Parker, AM & Yoong, JK. 2009. Defining and measuring financial literacy. *Rand Labor and Population Working Paper Series*, WR-708:1–28.

Huston, SJ. 2010. Measuring financial literacy. *Journal of Consumer Affairs*, 44(2):296–316.

ICC, see International Cricket Council.

IEG, see Independent Evaluation Group.

Independent Evaluation Group. 2017. *Sponsorship spending forecast: Continued growth around the world* [online]. Available from: <http://www.sponsorship.com/IEGSR/2017/01/04/Sponsorship-Spending-Forecast--Continued-Growth-Ar.aspx> [Accessed 28 July 2017].

Institute of Directors South Africa. 2016. *King IV Report on Corporate Governance for South Africa 2016* [online]. Available from: [http://c.ymcdn.com/sites/www.iodsa.co.za/resource/resmgr/king\\_iv/King\\_IV\\_Report/IoDSA\\_King\\_IV\\_Report\\_-\\_WebVe.pdf](http://c.ymcdn.com/sites/www.iodsa.co.za/resource/resmgr/king_iv/King_IV_Report/IoDSA_King_IV_Report_-_WebVe.pdf) [Accessed 28 January 2018].

International Cricket Council. 2017. *International Cricket Council* [online]. Available from: <https://www.icc-cricket.com/about> [Accessed 31 July 2017].

International Cricket Council. 2018. *Corruption in cricket* [online]. Available from: <https://www.icc-cricket.com/about/integrity/anti-corruption/about-us> [Accessed 10 January 2018].

IODSA, see Institute of Directors South Africa.

Jalil, MM. 2013. Practical guidelines for conducting research: Summarising good research practice in line with the DCED standard [online]. Available from: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2591803](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2591803) [Accessed 4 November 2017].

Jappelli, T & Padula, M. 2015. Investment in financial literacy, social security, and portfolio choice. *Journal of Pension Economics & Finance*, 14(4):369–411.

Jensen, MC & Meckling, WH. 1976. Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4):305–360.

Joannidés, V & Berland, N. 2013. Constructing a research network: Accounting knowledge in production. *Accounting, Auditing & Accountability Journal*, 26(4):512–538.

Jordaan, J. 2015. *My prime time: Expert tips for enjoying life after 50*. Strand: Helderberg.

Jump\$tart. 2015. *National Standards in K-12 Personal Finance Education* [online]. Available from: [http://www.jumpstart.org/assets/files/2014\\_NationalStandardsBook-WEB.pdf](http://www.jumpstart.org/assets/files/2014_NationalStandardsBook-<u>WEB.pdf</u>) [Accessed 4 September 2017].

Justesen, L & Mouritsen, J. 2011. Effects of actor-network theory in accounting research. *Accounting, Auditing & Accountability Journal*, 24(2):161–193.

Kaiser, T & Menkhoff, L. 2017. Does financial education impact financial literacy and financial behavior, and if so, when? *The World Bank Economic Review*, 31(3):611–630.

Kelemen, ML & Rumens, N. 2008. *An introduction to critical management research*. London: Sage.

Kenny, B. 2015. Meeting the entrepreneurial learning needs of professional athletes in career transition. *International Journal of Entrepreneurial Behavior & Research*, 21(2):175–196.

Kilduff, M & Mehra, A. 1997. Postmodernism and organizational research. *Academy of Management Review*, 22(2):453–481.

Kim, JO & Mueller, CW. 1978. *Factor analysis: Statistical methods and practical issues*. Vol. 14. Newbury Park, CA: Sage.

Klapper, L, Lusardi, A & Panos, GA. 2013. Financial literacy and its consequences: Evidence from Russia during the financial crisis. *Journal of Banking & Finance*, 37(10):3904–3923.

Knights, S, Sherry, E & Ruddock-Hudson, M. 2016. Investigating elite end-of-athletic-career transition: A systematic review. *Journal of Applied Sport Psychology*, 28(3):291–308.

Knoll, MA & Houts, CR. 2012. The financial knowledge scale: An application of item response theory to the assessment of financial literacy. *Journal of Consumer Affairs*, 46(3):381-410.

Knott, B, Fyall, A & Jones, I. 2017. Sport mega-events and nation branding: Unique characteristics of the 2010 FIFA World Cup, South Africa. *International Journal of Contemporary Hospitality Management*, 29(3):900–923.

Kohe, GZ & Purdy, LG. 2016. In protection of whose “wellbeing?” Considerations of “clauses and a/effects” in athlete contracts. *Journal of Sport and Social Issues*, 40(3):218–236.

Koornhof, C. 2001. A systems approach to research inquiry in accounting: A research note. *South African Journal of Economic and Management Sciences*, 4(2):254–262.

Kotzé, P, Van der Merwe, A & Gerber, A. 2015. *Design science research as research approach in doctoral studies*. AMCIS 2015 Proceedings: Puerto Rico.

Kumar, R. 2011. *Research methodology: A step-by-step guide for beginners*. 3rd ed. London: Sage.

Küttel, A, Boyle, E, Christensen, MK & Schmid, J. 2018. A cross-national comparison of the transition out of elite sport of Swiss, Danish and Polish athletes. *Sport & exercise psychology review*, 14(1):2-22.

Lambie: I have to keep pinching myself to know it's real. 2019. *News24*, 21 January 2019 [online]. Available from: <https://www.sport24.co.za/Rugby/Springboks/lambie-i-have-to-keep-pinching-myself-to-know-its-real-20190121> [Accessed 24 January 2019].

Lanning, T. 2016. *Who pays Pollard's salary?* *News24*, 11 February 2016 [online]. Available from: <https://www.sport24.co.za/Columnists/TankLanning/who-pays-pollards-salary-20160211> [Accessed 16 January 2018].

Latour, B. 1987. *Science in action: How to follow scientists and engineers through society*. Cambridge, MA: Harvard University Press.

Latour, B. 1996. On actor-network theory: A few clarifications. *Soziale Welt*, 47(4):369–381.

Law, J. 2007. *Actor network theory and material semiotics, version of 25 April 2007* [online]. Available from: <http://www.heterogeneities.net/publications/Law2007ANTandMaterialSemiotics.pdf> [Accessed 26 September 2017].

Lewin, K. 1952. *Field theory in social science: Selected theoretical papers*. Cartwright, D. ed. London: Tavistock.

Lewis, C. 2017. SA Rugby must 'Boks' clever. *SA Rugby Magazine*, 26 September 2017 [online]. Available from: <http://www.sarugbymag.co.za/blog/details/sa-rugby-must-boks-clever> [Accessed 15 January 2018].

Li, Y, Gao, J, Enkavi, AZ, Zaval, L, Weber, EU & Johnson, EJ. 2015. Sound credit scores and financial decisions despite cognitive aging. *Proceedings of the National Academy of Sciences*, 112(1):65–69.

Lingard, B, Thompson, G & Sellar, S. eds. 2015. *National testing in schools: An Australian assessment*. London: Routledge.

Linnér, L, Stambulova, NB, Lindahl, K & Wylleman, P. 2019. Swedish university student-athletes' dual career scenarios and competences. *International Journal of Sport and Exercise Psychology*, 1–16.

López de Subijana, C, Barriopedro, M & Conde, E. 2015. Supporting dual career in Spain: Elite athletes' barriers to study. *Psychology of Sport and Exercise*, 21:57–64.

Lotysz, GJ & Short, SE. 2004. "What ever happened to ..." The effects of career termination from the National Football League. *Athletic Insight: The Online Journal of Sport Psychology*, 6(3):47–66.

Louviere, J, Bateman, H, Thorp, S & Eckert, C. 2016. *Developing new financial literacy measures to better link financial capability to outcomes* [online]. Available from: [http://47ctca2fz6ha46w1l826tujxm5k.wpengine.netdna-cdn.com/wp-content/uploads/sites/15/2016/07/Developing-new-financial-literacy-measures\\_Louviere-et-al\\_July-21-2016.pdf](http://47ctca2fz6ha46w1l826tujxm5k.wpengine.netdna-cdn.com/wp-content/uploads/sites/15/2016/07/Developing-new-financial-literacy-measures_Louviere-et-al_July-21-2016.pdf) [Accessed 28 April 2017].

Louw, AM, Carnelley, M, Schembri, C & Witcher, B. 2010. A critical evaluation of the interaction between sport and law in South Africa. PhD dissertation. Stellenbosch University, Stellenbosch.

Louw, J, Fouché, J & Oberholzer, M. 2013. Financial literacy needs of South African third-year university students. *The International Business & Economics Research Journal*, 12(4):439–450.

Lusardi, A & Mitchell, OS. 2007. Baby Boomer retirement security: The roles of planning, financial literacy, and housing wealth. *Journal of Monetary Economics*, 54(1):205–224.

Lusardi, A & Mitchell, OS. 2008. Planning and financial literacy: How do women fare? *American Economic Review*, 98(2):413–417.

Lusardi, A & Mitchell, OS. 2009. *How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness*. NBER Working Paper No. w15350.

Lusardi, A & Mitchell, OS. 2011. Financial literacy and retirement planning in the United States. *Journal of Pension Economics and Finance*, 10(4):509–525.

Lusardi, A & Mitchell, OS. 2014. The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 52(1):5–44.

Lusardi, A & Scheresberg, CDB. 2013. *Financial literacy and high-cost borrowing in the United States*. NBER Working Paper No. 18969. Cambridge, MA.

Lusardi, A & Tufano, P. 2009. *Debt literacy, financial experience and over indebtedness*. NBER Working Paper No. 14808. Cambridge, MA.

Lusardi, A & Tufano, P. 2015. Debt literacy, financial experiences, and over indebtedness. *Journal of Pension Economics & Finance*, 14(4):1–44

Lyall, J. 2019. Players are losing their jobs as the market implodes, *Rugby365*, 9 July 2019 [online]. Available from: <https://rugby365.com/countries/australia/players-losing-their-jobs-as-market-implodes> [Accessed 9 July 2019].

Lynn, C. 2016. *The implications of Brexit: Changes on the horizon for Kolpak?* Sports Shorts [online]. Available from: <https://www.sports.legal/2016/12/the-implications-of-brexit-changes-on-the-horizon-for-kolpak/> [Accessed 10 December 2017].

Malcolm, D, Sheard, K & White, A. 2000. The changing structure and culture of English rugby union football. *Culture, Sport Society*, 3(3):63–87.

Mandell, L. 2008. The financial literacy of young American adults. *The Jumpstart Coalition for Personal Financial Literacy*. Washington, US.

Mandle, WF. 1973. Games people played: Cricket and football in England and Victoria in the late nineteenth century. *Australian Historical Studies*, 15(60):511–535.

Manoharan, PK. 2010. *Research methodology*. New Delhi: APH.

Marcolin, S & Abraham, A. 2006. *Financial literacy research: Current literature and future opportunities* [online]. Available from:

<http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1233&context=commpapers&sei>

[Accessed 20 October 2017].

Maseko, J & Surujlal, J. 2011. Retirement planning among South African professional soccer players: A qualitative study of players' perceptions: job satisfaction in sport. *African Journal for Physical Health Education, Recreation and Dance*, 17(2):157–171.

Mason, DS & Slack, T. 2005. Agency theory and the study of sport organizations. *Sport in Society*, 8(1):48–64.

Matthee, E. 2017. South African rugby players: An international tax perspective. MCom dissertation. University of Pretoria, Pretoria.

Maxwell, JA. 2012. *Qualitative research design: An interactive approach*. Vol. 41. London: Sage.

Miles, MB, Huberman, AM & Saldaña, J. 2014. *Qualitative data analysis: A methods sourcebook*. London: Sage.

Miller, M, Reichelstein, J, Salas, C & Zia, B. 2014. *Can you help someone become financially capable? A meta-analysis of the literature*. World Bank Policy Research Working Paper No. 6745.

Miller, RL & Brewer, JD. eds. 2003. *The AZ of social research: a dictionary of key social science research concepts*. London: Sage.

Misra, A, Anderson, J & Saunders, J. 2013. Safeguarding sports integrity against crime and corruption: An Australian perspective. In: Habersfeld, MR & Sheehan. eds. *Match-fixing in international sports*. Cham, Switzerland: Springer. 135–155.

Mitchell, OS & Lusardi, A. 2015. Financial literacy and economic outcomes: Evidence and policy implications. *The journal of retirement*, 3(1), pp.107-114.

Modigliani, F & Brumberg, R. 1954. Utility analysis and the consumption function: An interpretation of cross-section data. In: Kurihara, KK. ed. *Post Keynesian economics*. New Brunswick: Rutgers University Press. 388–436.

Molenaar, D. 2010. *International artistes and sportsmen. Article 17 OECD Model. Problem of double taxation*. All Arts Tax Advisers [online]. Available from: <https://www.oecd.org/ctp/treaties/45784208.pdf> [Accessed 8 January 2018].

Monette, DR, Sullivan, TJ & DeJong, CR. 2011. *Applied social research: A tool for the human services*. Belmont, CA: Cengage Learning.

Morgan, DL. 2013. *Integrating qualitative and quantitative methods: A pragmatic approach*. London: Sage.

Morse, JM. 1994. Designing funded qualitative research. In: Denzin, NK & Lincoln, YS. eds. *Handbook of qualitative research*. Thousand Oaks, CA: Sage.

Mould, K. 2011. The suitability of the remedy of specific performance to breach of a “player’s contract” with specific reference to the Mapoe and Santos cases. *PER: Potchefstroomse Elektroniese Regsblad*, 14(1):189–214.

Mouton, J. 2011. *How to succeed in your master’s and doctoral studies: A South African guide and resource book*. Pretoria: Van Schaik.

Muir, K, Hamilton, M, Noone, JH, Marjolin, A, Salignac, F & Saunders, P. 2017. *Exploring financial wellbeing in the Australian context*. Report for Financial Literacy Australia. Centre for Social Impact & Social Policy Research Centre.. Sydney, Australia.

Muller, A. 2013. Suffering in silence: What makes depression so prevalent among cricketers? *New Statesman*, 4 August 2013 [online]. Available from: <http://www.newstatesman.com/sport/2013/08/suffering-silence-what-makes-depression-so-prevalent-among-cricketers> [Accessed 10 August 2017].

Myers, MD. 2013. *Qualitative research in business and management*. 2nd ed. London: Sage.

MyPlayers. 2019. Collective agreement 2019 [online]. Available from: <https://myplayers.co.za/industrial/> [Accessed 11 April 2019].

National Financial Educators Council. 2017. *Financial literacy quotes illuminating* [online]. Available from: <https://www.financialeducatorsCouncil.org/financial-literacy-quotes/> [Accessed 30 August 2017].

Neiman, M. 2007. Fair game: Ethical considerations in negotiation by sports agents. *Texas Review of Entertainment & Sports Law*, 9:123–140.

New Zealand Rugby Players Association. 2011. *Retired Player Survey* [online]. Available from: <http://media.nzherald.co.nz/webcontent/document/pdf/201345/NZRPARetiredPlayerSurvey.pdf> [Accessed 8 March 2018].

NFEC, see National Financial Educators Council.

Nonu's Super Rugby return may herald a new era. 2019. *News24*, 18 February 2019 [online]. Available from: <https://www.sport24.co.za/Rugby/SuperRugby/nonus-super-rugby-return-may-herald-new-era-20190218> [Accessed 18 February 2019].

North, J & Lavallee, D. 2004. An investigation of potential users of career transition services in the United Kingdom. *Psychology of Sport and Exercise*, 5(1):77–84.

NZRPA, see New Zealand Rugby Players Association.

O'Brien, D & Slack, T. 1999. Deinstitutionalising the amateur ethic: An empirical examination of change in a rugby union football club. *Sport Management Review*, 2(1):24–42.

O'Connell, B, Ciccotosto, S & De Lange, P. 2014. *Understanding the application of actor-network theory in the process of accounting change*. Critical Perspectives on Accounting Conference, Toronto, 7-9 July.

OECD, see Organisation for Economic Co-operation and Development.

O'Leary, L. 2012. Regulating the employment relationship in professional team sports. *Industrial Law Journal*, 41(2):184–217.

O'Leary, L. 2017. *Employment and labour relations law in the Premier League, NBA and International Rugby Union*. Cham, Switzerland: Springer.

Olen, H. 2012. *Pound foolish: Exposing the dark side of the personal finance industry*. New York, NY: Penguin Group

Omalu, BI, DeKosky, ST, Minster, RL, Kamboh, MI, Hamilton, RL & Wecht, CH. 2005. Chronic traumatic encephalopathy in a National Football League player. *Neurosurgery*, 57(1):128–134.

Organisation for Economic Co-operation and Development. 2013. *Financial literacy and inclusion: Results of OECD/INFE Survey across countries and by gender* [online]. Available from: [http://www.oecd.org/daf/fin/financial-education/TrustFund2013\\_OECD\\_INFE\\_Fin\\_Lit\\_and\\_Incl\\_SurveyResults\\_by\\_Country\\_andGender.pdf](http://www.oecd.org/daf/fin/financial-education/TrustFund2013_OECD_INFE_Fin_Lit_and_Incl_SurveyResults_by_Country_andGender.pdf) [Accessed 16 November 2016].

Organisation for Economic Co-operation and Development. 2014. *PISA 2012 results: Students and money (Volume VI)* [online]. Available from: <http://www.oecd.org/pisa/keyfindings/pisa-2012-results-volume-vi.htm> [Accessed 20 August 2017].

Organisation for Economic Co-operation and Development. 2015. *OECD/INFE toolkit for measuring financial literacy and financial inclusion* [online]. Available from [https://www.oecd.org/daf/fin/financial-education/2015\\_OECD\\_INFE\\_Toolkit\\_Measuring\\_Financial\\_Literacy.pdf](https://www.oecd.org/daf/fin/financial-education/2015_OECD_INFE_Toolkit_Measuring_Financial_Literacy.pdf) [Accessed 20 April 2017].

Organisation for Economic Co-operation and Development. 2016a. *G20/OECD INFE Core Competencies Framework on Financial Literacy for Adults* [online]. Available from: <https://www.oecd.org/finance/Core-Competencies-Framework-Adults.pdf> [Accessed 14 November 2018].

Organisation for Economic Co-operation and Development. 2016b. *OECD/INFE International Survey of Adult Financial Literacy Competencies* [online]. Available from: <http://www.oecd.org/daf/fin/financial-education/OECD-INFE-International-Survey-of-Adult-Financial-Literacy-Competencies.pdf> [Accessed 15 November 2016].

Organisation for Economic Co-operation and Development. 2017. *PISA 2015 results: Students' Financial Literacy, Volume IV* [online]. Available from: <http://www.oecd-ilibrary.org/docserver/download/9817031e.pdf?expires=1504075936&id=id&accname=quest&checksum=4466C456A169776E42F502FEF18E9245> [Accessed 30 August 2017].

Otieno, O & Misigah, G. 2014. Factors affecting investment amongst Kenyan footballers: A study of selected footballers in Kenya. *Economics World*, 2(6):369–377.

Overbye, M, Knudsen, ML & Pfister, G. 2013. To dope or not to dope: Elite athletes' perceptions of doping deterrents and incentives. *Performance Enhancement & Health*, 2(3):119–134.

Park, S, Lavalley, D & Tod, D. 2013. Athletes' career transition out of sport: A systematic review. *International Review of Sport and Exercise Psychology*, 6(1):22–53.

Patton, MQ. 2002. *Qualitative research and evaluation methods*. Thousand Oaks, CA: Sage.

Peach, ND & Yuan, H. 2017. Assessing the financial knowledge, behaviours, and attitudes of undergraduates. *E-Journal of Business Education & Scholarship of Teaching*, 11(2):27–38.

Peppers, K, Tuunanen, T, Gengler, CE, Rossi, M, Hui, W, Virtanen, V & Bragge, J. 2006. *The design science research process: A model for producing and presenting information systems research*. First International Conference on Design Science Research in Information Systems and Technology. Claremont, CA. 83–106.

Perera, H, Davis, J & Swartz, TB. 2016. Optimal lineups in Twenty20 cricket. *Journal of Statistical Computation and Simulation*, 86(14):2888–2900.

Pienaar, S & Koch, K. 2012. Antecedents influencing rugby migration in South Africa. *The International Business & Economics Research Journal*, 11(11):1233–1248.

Players Fund. 2018. *Rugby's caring hands* [online]. Available from: <https://www.playersfund.org.za/history/> [Accessed 23 January 2018].

Pollard: No salary for 6 months? 2016. *News24*, 22 February 2016 [online]. Available from: <https://www.sport24.co.za/Rugby/pollard-no-salary-for-six-months-20160222> [Accessed 16 January 2018].

Pollard returns, joins SA 'A' squad. 2017. *News24*, 13 June 2017 [online]. Available from: <https://www.sport24.co.za/Rugby/Springboks/pollard-returns-joins-sa-a-squad-20170613> [Accessed 16 January 2018].

Poon, M & Olen, H. 2015. Does literacy improve finance? *Public Understanding of Science*, 24(3):272–284.

Porter, D & Wagg, S. eds. 2013. *Amateurism in British sport: It matters not who won or lost?* London: Routledge.

Potrich, ACG, Vieira, KM & Mendes-Da-Silva, W. 2016. Development of a financial literacy model for university students. *Management Research Review*, 39(3):356–376.

Preston, MJ & Kloppers, H. 2016. Proposed changes to tax law in South Africa: Interest-free loans as a tool in estate planning. *International Journal of Economics and Finance Studies*, 8(2):237–254.

Purdon, E. 2018. Redefining retirement planning. *Journal of Financial Service Professionals*, 72(5):12–16.

PwC. 2015. *Millennials & financial literacy: The struggle with personal finance* [online]. Available from: <http://www.pwc.com/us/en/about-us/corporate-responsibility/assets/pwc-millennials-and-financial-literacy.pdf> [Accessed 7 September 2017].

Qureshi, H & Verma, A. 2013. It is just not cricket. In: Habersfeld, MR & Sheehan. eds. *Match-fixing in international sports*. Cham, Switzerland: Springer. 69–88.

Reed, M. 2005. Reflections on the 'realist turn' in organization and management studies. *Journal of Management Studies*, 42(8):1621–1644.

Remund, DL. 2010. Financial literacy explicated: The case for a clearer definition in an increasingly complex economy. *Journal of Consumer Affairs*, 44(2):276–295.

Republic of South Africa. 1962. Income Tax Act, No. 58 of 1962. In: *Professional tax handbook 2014/2015*. Vol. 1. Johannesburg: LexisNexis.

Republic of South Africa. 1997. *Basic Conditions of Employment Act, No. 75 of 1997* [online]. Available from:

<http://www.labour.gov.za/DOL/downloads/legislation/acts/basic-conditions-of-employment/Act%20-%20Basic%20Conditions%20of%20Employment.pdf>

[Accessed 10 January 2018].

Republic of South Africa. 2007. *The Higher Education Qualifications Framework. Higher Education Act, 1997 (Act No. 101 of 1997)*. Government Notice No. 30353 of 5 October 2007.

Retzmann, T & Seeber, G. 2016. Financial education in general education schools: A competence model. In: Aprea, C, Wuttke, E, Breuer, K, Koh, NK, Davies, P, Greimel-Fuhrmann, B & Lopus, JS. eds. *International handbook of financial literacy*. Singapore: Springer. 9–23.

Ribeiro, RB. 2016. The relationship between the behaviors of the top 50 most endorsed athletes in the world and the monetary value of their endorsement deals. Undergraduate Honors Theses. Paper 347. East Tennessee State University. <https://dc.etsu.edu/honors/347>

Ricci, L, Lanfranchi, JB, Lemetayer, F, Rotonda, C, Guillemin, F, Coste, J & Spitz, E. 2019. Qualitative methods used to generate questionnaire items: A systematic review. *Qualitative Health Research*, 29(1):149–156.

Richards, H. 2011. *A game for hooligans: The history of rugby union*. New York, NY: Random House.

Richards, K, Williams, JM, Smith, TE & Thyer, BA. 2015. Financial video games: A financial literacy tool for social workers. *International Journal of Social Work*, 2(1):22–35.

Riess, SA. 2012. *Sport in industrial America, 1850–1920*. Hoboken, NJ: Wiley.

Roberts, B, Struwig, J, Gordon, S, Viljoen, J & Wentzel, M. 2012. *Financial literacy in South Africa: Results of a baseline national survey*. Report prepared by the Human Sciences Research Council on behalf of the Financial Services Board. Pretoria: Financial Services Board.

Rodriguez, L & McDonald, B. 2013. After the whistle: Issues impacting on the health and wellbeing of Polynesian players off the field. *Asia-Pacific Journal of Health, Sport and Physical Education*, 4(3):201–215.

Rosner, SR & Shropshire, KL. eds. 2011. *The business of sports*. London: Jones & Bartlett.

Rowe, D. 1996. The global love-match: Sport and television. *Media, Culture & Society*, 18(4):565–582.

RSA, see Republic of South Africa.

Rudd, S, Hodge, J, Finley, R, Lewis, P & Wang, M. 2016. Should we ban boxing? *BMJ*, 352–389.

Rugby365. 2017. Book review: South African Rugby Annual 2017, *Rugby365*, 22 March 2017 [online]. Available from: <http://www.rugby365.com/countries/south-africa/78064-book-review-sa-rugby-annual-2017> [Accessed 4 December 2017].

Rugby School. 2018. *A history of rugby football* [online]. Available from: <https://www.rugbyschool.co.uk/about/history/a-history-of-rugby-football/> [Accessed 13 February 2018].

Ryan, G. ed. 2009. *The changing face of rugby: The union game and professionalism since 1995*. Cambridge Scholars Publishing.

SACA: Players' unions not consulted over CSA move to ditch franchise system. 2019. *EWN*, 9 April 2019 [online]. Available from: <https://ewn.co.za/2019/04/09/saca-players-unions-not-consulted-over-csa-move-to-ditch-franchise-system> [Accessed 10 July 2019].

SA cricketers set to star in English county cricket. 2017. *News24*, 10 April 2017 [online]. Available from: <https://www.sport24.co.za/Cricket/sa-cricketers-set-to-star-in-english-county-cricket-20170410> [Accessed 17 February 2018].

Saldaña, J. 2015. *The coding manual for qualitative researchers*. London: Sage.

Salkind, NJ. 2009. *Exploring research: Pearson new international edition*. Harlow: Pearson Higher Education.

Samkin, G, Pitu, E & Low, M. 2014. Identifying the financial literacy skills necessary to run a small New Zealand business. *E-Journal of Business Education and Scholarship of Teaching*, 8(1):44–66.

Sandelowski, M. 2001. Real qualitative researchers do not count: The use of numbers in qualitative research. *Research in Nursing & Health*, 24(3):230–240.

Sandelowski, M, Voils, CI & Knafl, G. 2009. On quantizing. *Journal of Mixed Methods Research*, 3(3):208–222.

Sandiford, KA. 1985. The professionalization of modern cricket. *The International Journal of the History of Sport*, 2(3):270–289.

Sanger, DL. 2016. What effect do athletic facilities have on recruitment of Division I athletes? MEd thesis. Bowling Green State University, Ohio, US [online]. Available from: [https://scholarworks.bgsu.edu/hmsls\\_mastersprojects/36](https://scholarworks.bgsu.edu/hmsls_mastersprojects/36) [Accessed 1 July 2019].

SARPA takes steps to see Border Rugby liquidated. 2018. *News24*, 29 March 2018 [online]. Available from: <https://www.sport24.co.za/Rugby/players-union-takes-steps-to-see-border-rugby-liquidated-20180329> [Accessed 10 July 2019].

SARS, see South African Revenue Service.

SA Rugby suffers net loss of R33 million. 2018. *News24*, 28 August 2018 [online]. Available from: <https://www.sport24.co.za/Rugby/Springboks/sa-rugby-suffers-net-loss-of-r62-million-20180828> [Accessed 10 July 2019].

SA Rugby to reduce professional player pool. 2018. *News24*, 6 August 2018 [online]. Available from: <https://www.sport24.co.za/Rugby/sa-rugby-to-reduce-professional-player-pool-20180806> [Accessed 15 March 2019].

Saunders, M, Lewis, P & Thornhill, A. 2012. *Research methods for business students*. 6th ed. London: Pearson Education.

Saunders, M, Lewis, P & Thornhill, A. 2015. *Research methods for business students*. 7th ed. London: Pearson Education.

Schaaf, P. 2004. *Sports, Inc: 100 years of sports business*. New York, NY: Prometheus Books.

Sekaran, U. 2003. *Research methods for business: A skill building approach*. West Sussex: Wiley.

Sekita, S. 2011. Financial literacy and retirement planning in Japan. *Journal of Pension Economics and Finance*, 10:637–656.

Sekulic, D, Bjelanovic, L, Pehar, M, Pelivan, K & Zenic, N. 2014. Substance use and misuse and potential doping behaviour in rugby union players. *Research in Sports Medicine*, 22(3):226–239.

Serido, J, Curran, MJ, Wilmarth, M, Ahn, SY, Shim, S & Ballard, J. 2015. The unique role of parents and romantic partners on college students' financial attitudes and behaviors. *Family Relations*, 64(5):696–710.

SFAA, see Sports Financial Advisors Association.

Shah, A, Sava-Shah, S, Wijeratne, C & Draper, B. 2016. Are elite cricketers more prone to suicide? A psychological autopsy study of test cricketer suicides. *Australasian Psychiatry*, 24(3):295–299.

Sharrock, R. 2011. *Business transactions law*. Cape Town: Juta.

Shockey, S.S. and Seiling, S.B., 2004. Moving Into Action: Application of the Transtheoretical Model of Behavior Change to Financial Education. *Journal of Financial Counseling and Planning*, 15(1), p.41–52.

Shropshire, KL, Davis, T & Duru, NJ. 2016. *The business of sports agents*. Philadelphia, PA: University of Pennsylvania Press.

Shuttleworth, CC. 2009. Towards a financial literacy model as a co-ordinating interface between financial information and decision makers. PhD dissertation. University of Pretoria, Pretoria, South Africa [online]. Available from: <http://www.repository.up.ac.za/handle/2263/28205> [Accessed 20 November 2016].

Siddiqui, J & Humphrey, C. 2016. The business of cricket and the shifting significance of accounting. *Accounting History*, 21(1):5–24.

Smith, DVL & Fletcher, JH. 2001. Inside information. *Making sense of marketing data*. Chichester: John Wiley and Sons.

Smith, E. 2008. *What sport tells us about life: Bradman's average, Zidane's kiss and other sporting lessons*. London: Penguin UK.

Sotiriadou, P & De Bosscher, V. 2013. *Managing high performance sport*. London: Routledge.

South African Revenue Service. 2016. *Draft guide on the taxation of professional sports clubs and players* [online]. Available from:

<http://www.sars.gov.za/AllDocs/LegalDoclib/Drafts/LAPD-LPrep-Draft-2016-43%20-%20Draft%20Guide%20on%20the%20Taxation%20of%20Professional%20Sports%20Clubs%20and%20Players.pdf> [Accessed 4 February 2018].

South African Revenue Service. 2017. *Non-residents* [online]. Available from:

<http://www.sars.gov.za/ClientSegments/Individuals/Tax-Stages/Tax-and-Non-Residents/Pages/default.aspx> [Accessed 5 January 2018].

Sports Financial Advisors Association. 2019. *Our mission and vision* [online].

Available from: <https://www.sportsfinancial.org/our-mission-vision/> [Accessed 8 September 2019]

Sports Insurance 4 U. 2018. *What is sports accident insurance?* [online]. Available

from: <https://www.sportsinsurance4u.com/sports-accident-insurance/> [Accessed 22 January 2018].

Stango, V & Zinman, J. 2014. Limited and varying consumer attention: Evidence from shocks to the salience of bank overdraft fees. *The Review of Financial Studies*, 27(4):990–1030.

Stiglingh, M, Koekemoer, AD, Van Zyl, L, Wilcocks, JS & De Swardt, RD. 2017.

*Silke: First touch to tax 2017*. Johannesburg: LexisNexis.

Stoddard, C, Urban, C & Schmeiser, M. 2017. Can targeted information affect academic performance and borrowing behavior for college students? Evidence from administrative data. *Economics of Education Review*, 56:95–109.

Strauss, AL. 1987. *Qualitative analysis for social scientists*. Cambridge: Cambridge University Press.

Stronach, M, Adair, D & Taylor, T. 2014. 'Game over': Indigenous Australian sportsmen and athletic retirement. *Australian Aboriginal Studies*, 2:40–59.

Struwig, J, Roberts, B & Gordon, S. 2013. *Financial literacy in South Africa 2013 report*. Report prepared by the Human Sciences Research Council for the Financial Services Board. Pretoria: Financial Services Board.

Surujlal, J. 2016. Influence of organizational support on retirement planning and financial management of professional soccer players. *Polish Journal of Management Studies*, 13(2):164–174.

Swart, N. 2016. *Personal financial management: The southern African guide to personal financial planning*. Cape Town: Juta.

Swartz, TB. 2016. Research directions in cricket. In: Albert, JH, Glickman, ME, Swartz, TB & Koning, RH. eds. *Handbook of statistical methods and analysis in sports*. Chapman & Hall/CRC Handbooks of Modern Statistical Methods: Boca Raton, FL.

Terre Blanche, M & Durrheim, K. 2002. *Research in practice: Applied methods for the social science*. Cape Town: UCT Press.

Terry, D. 2000. The seventeenth century game of cricket: A reconstruction of the game. *Sports Historian*, 20(1):33–43.

The Financial Literacy and Education Commission. 2006. *Taking ownership of the future: The National Strategy for Financial Literacy* [online]. Available from: <https://www.treasury.gov/about/organizational-structure/offices/Domestic-Finance/Documents/Strategyeng.pdf> [Accessed 4 September 2017].

The Financial Literacy and Education Commission. 2011. *Promoting financial success in the United States: National strategy for financial literacy* [online]. Available from: [https://www.treasury.gov/resource-center/financial-education/Documents/NationalStrategyBook\\_12310%20\(2\).pdf](https://www.treasury.gov/resource-center/financial-education/Documents/NationalStrategyBook_12310%20(2).pdf) [Accessed 1 September 2019].

Thuynsma, WF. 2012. Determining the individual attributes influencing professional male rugby athlete value in South Africa. PhD dissertation. University of Pretoria, Pretoria.

Tracy, SJ. 2010. Qualitative quality: Eight “big-tent” criteria for excellent qualitative research. *Qualitative Inquiry*, 16(10):837–851.

Trafford, V & Leshem, S. 2008. *Stepping stones to achieving your doctorate: By focusing on your viva from the start: Focusing on your viva from the start*. Berkshire, England: McGraw-Hill Education.

Trenberth, L & Hassan, D. eds. 2013. *Managing the business of sport: An introduction*. London: Routledge.

Tshube, T & Feltz, DL. 2015. The relationship between dual-career and post-sport career transition among elite athletes in South Africa, Botswana, Namibia and Zimbabwe. *Psychology of Sport and Exercise*, 21:109–114.

Van Campenhout, G. 2015. Revaluing the role of parents as financial socialization agents in youth financial literacy programs. *Journal of Consumer Affairs*, 49(1):186–222.

Van Heerden, K. 2018. *Waking from the dream*. Viking Publications.

Van Reenen, R. 2012. *From locker room to boardroom: Converting rugby talent into business success*. Cape Town: Zebra Press.

Van Rooij, M, Lusardi, A & Alessie, R. 2011. Financial literacy and stock market participation. *Journal of Financial Economics*, 101(2):449–472.

Venable, J, Pries-Heje, J & Baskerville, R. 2016. FEDS: A framework for evaluation in design science research. *European Journal of Information Systems*, 25(1):77–89.

Verhoef, G & Samkin, G. 2017. The accounting profession and education: The development of disengaged scholarly activity in accounting in South Africa. *Accounting, Auditing & Accountability Journal*, 30(6):1370–1398.

Vithal, R & Jansen, J. 2004. *Designing your first research proposal*. Cape Town: Juta.

Vitt, LA. 2004. Consumers financial decisions and the psychology of values. *Journal of Financial Service Professionals*, 58(6):68–78.

Vogt, WP. 2005. *Dictionary of Statistics and Methodology: A nontechnical guide for the social sciences*. London: Sage.

Wagg, S. 2017. Never the gentleman: Caste, class and the amateur myth in English first-class cricket, 1920s to the 1960s. *Sport in History*, 37(2):183–203.

Walters, G & Hamil, S. 2013. Corporate governance and the regulation of sport. In: Trenberth, L & Hassan, D. eds. *Managing the business of sport*. London: Routledge. 64–78.

Warmath, D & Zimmerman, D. 2019. Financial Literacy as More than Knowledge: The Development of a Formative Scale through the Lens of Bloom's Domains of Knowledge. *Journal of Consumer Affairs*, 53(4):1602-1629.

Westberg, K, Stavros, C, Smith, AC, Newton, J, Lindsay, S, Kelly, S, Beus, S & Adair, D. 2017. Exploring the wicked problem of athlete and consumer vulnerability in sport. *Journal of Social Marketing*, 7(1):94–112.

White's Japanese club in drugs scandal. 2019. *News24*, 8 July 2019 [online]. Available from: <https://www.sport24.co.za/Rugby/whites-japanese-club-in-drugs-scandal-20190708> [Accessed 8 July 2019].

Wiid, JA & Cant, MC. 2015. Sport fan motivation: Are you going to the game? *International Journal of Academic Research in Business and Social Sciences*, 5(1):383–398.

Williams, P. 2012. Any given Saturday: Competitive balance in elite English rugby union. *Managing Leisure*, 17(2/3):88–105.

Williamson, CM. 2017. Taxation of income on professional team athletes. Honors Program. Liberty University, Lynchburg, VA.

Woker, T. 2010. Why the need for consumer protection legislation? A look at some of the reasons behind the promulgation of the National Credit Act and the Consumer Protection Act. *Obiter*, 31(2):217–231.

Wong, GM, Zola, W & Deubert, C. 2010. Going pro in sports: Providing guidance to student-athletes in a complicated legal & regulatory environment. *Cardozo Arts & Entertainment Law Journal*, 28:553–607.

Woods, R. 2015. *Social issues in sport*. Champaign, IL: Human Kinetics.

Wolf, J, Mazanov, J & Connor, J. 2016. The Goldman Dilemma is dead: What elite athletes really think about doping, winning, and death. *International Journal of Sport Policy and Politics*, 1–15.

World Bank. 2014. *Global Financial Development Report 2014: Financial inclusion*. Washington, DC: The World Bank. doi:10.1596/978-0-8213-9985-9.

World Rugby. 2016. *World Rugby year in review 2016* [online]. Available from: <http://publications.worldrugby.org/yearinreview2016/en/2-1> [Accessed 15 July 2017].

WP rugby's money woes set to cripple the union. 2019. *News24*, 24 June 2019 [online]. Available from: <https://www.sport24.co.za/Rugby/wp-rugbys-money-woes-set-to-cripple-the-union-20190624> [Accessed 10 July 2019].

Wylleman, P & Reints, A. 2010. A lifespan perspective on the career of talented and elite athletes: Perspectives on high-intensity sports. *Scandinavian Journal of Medicine & Science in Sports*, 20(S2):88–94.

Xiao, JJ, Tang, C, Serido, J & Shim, S. 2011. Antecedents and consequences of risky credit behavior among college students: Application and extension of the theory of planned behavior. *Journal of Public Policy & Marketing*, 30(2):239–245.

Zikmund, WG, Babin, BJ, Carr, JC & Griffin, M. 2013. *Business research methods*. Belmont, CA: Cengage Learning.

## **LIST OF ANNEXURES**

### **A. ANNEXURE: INDIVIDUAL CONSENT TO TAKE PART IN THE INTERVIEW**

**Consent for participation in an academic research interview pertaining to the following study:**

**Working title: Towards a framework of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being**

Thank you for your willingness to participate in an academic research study conducted by Jaco Moolman, senior lecturer in the Department of Management Accounting at Unisa. This study is done to achieve the requirements of a Doctor of Philosophy in Accounting Sciences with specialisation in Management Accounting. Further output from the research could include published article(s) in accredited journal(s), conference papers and a book. Ethical clearance has been obtained from the College of Accounting Sciences (CAS) Research Ethics Committee (Ref #: 2018/CAS/SAS/0002) at Unisa, prior to commencement of this research.

The purpose of this study is to determine the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being. Furthermore, the study will attempt to find appropriate questions to include in a research instrument to assess the financial literacy of professional athletes.

The study will be relevant to many professional athletes who are exposed to unique careers where they earn large sums of money for a short period of time. Providing a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being could be valuable to a number of professional athletes to help them avoid financial distress after their careers as professional athletes are over. The study will also be of interest to sports governing bodies, the leadership of professional sport clubs, players' associations and agents. Financial advisors will also be interested in the study to better understand the needs and

current levels of financial literacy amongst professional athletes and to provide the most relevant advice and services.

The information from **individual** interviewees will at all times be treated as **confidential**. Your name will not be linked to **your individual contributions** to this study by allocating a respondent number to your responses.

Your participation in this study is very important and will be appreciated. Because of the non-sensitive and non-personal nature of the study, I do not foresee that you will suffer any harm from participating in this study, however, you may choose not to participate and you may also stop participating at any time without any adverse consequences. I kindly request you to please complete the consent form below before participating in the interview.

The interview should take approximately 45 minutes of your time and will be conducted as per our appointment at a time and place of your convenience.

Please keep in mind that you will not receive any financial compensation for participating in this study.

Should you require any further information or feedback from the research results, please do not hesitate to contact Jaco Moolman at:

E-mail: [moolmj@unisa.ac.za](mailto:moolmj@unisa.ac.za)

Thank you in advance for your kind cooperation and assistance with this research project.

Yours sincerely  
Jaco Moolman

LETTER OF CONSENT:

I understand that the information I provide will only be used for the purposes of this research project and that I will remain anonymous. I confirm having participated under informed consent.	Please tick	
	Yes	No
Consent: I give my permission for the use of information I provide to be used for research purposes (which will not in any way be to my disadvantage or detriment)	Yes	No
I confirm that I am aware that I may at any point during the interview cease to participate without being adversely affected.	Yes	No

Signed on ..... (date) at .....(location)

Signature: .....

## B. ANNEXURE: INTERVIEW SCHEDULE

### Basic demographic questions

- a) The interviewees for this study is made up from the following four groups of participants:
- i. Advisors to professional rugby and cricket players (i.e. sports agents, financial advisors and brokers, accountants and legal experts)
  - ii. Individuals involved in the management of sport franchises, individuals involved at players' associations and retired athletes.
  - iii. Academics with a background in finance and understanding of the unique financial challenges faced by professional rugby and cricket players.
  - iv. Current professional rugby and cricket players.

Could you please indicate in **what group** you are classified?

- b) How many years' **experience** do you have working in your field of expertise?
- c) Are you between the **age** of 18 and 65?

### **Financial knowledge questions**

1. In which areas do you think a professional athlete **should have financial knowledge**?
2. What **level of financial knowledge** is necessary for a professional athlete? Knowledge could be at a basic, competent or advanced level?
3. Is there a specific area where a professional athlete should have **more advanced knowledge, or will basic financial knowledge** (of the content areas mentioned before) be sufficient?
4. What are the factors with financial implications that players should consider **before accepting an offer** to play sports professionally locally or overseas?
5. From your experience or point of view, what do professional athletes do to **educate themselves to improve their financial knowledge and financial attitude** to make better financial decisions?

### **Financial decision questions**

6. Do professional athletes have the required knowledge of the content areas you mentioned above? Are professional athletes **well informed to make financial decisions**?
7. In the real world, who do you believe **guides or helps professional athletes** with their financial planning or to make financial decisions? In other words, who do professional athletes regard as trustworthy and knowledgeable informants to advise (guide or help) them with their financial decisions? (Adapted from Lusardi & Mitchell, 2014:37)?

8. Who **should a professional athlete consult to help** with their financial planning and the financials decisions they make? (Lusardi & Mitchell 2014:37, Adapted from Ali et al 2014:350). The list could include a wide range of knowledgeable people, experts or otherwise?
9. When professional athletes consult with experts, do the professional athletes understand the advice they are given by the experts and do they get the advice they are hoping to acquire?

### **Financial attitude questions**

10. A person with a positive financial attitude is described as somebody who sets long-term financial goals and saves to build up cash reserves. How would you describe most professional athletes' **financial attitude**?
11. What methods do professional athletes use to **control** their spending?
12. Do the majority of professional athletes think and plan towards their **transition to another career** after their careers as professional athletes end?

### **Financial behaviour (financial decisions) questions**

13. Who do you believe exercises control over a professional athlete's financial decisions? Who effectively makes the majority of many professional athletes' **financial decisions**?
14. How would you describe professional athletes' **financial behaviour**?
15. Do professional athletes use **high cost finance options** such as overdrafts, personal loans, loans from informal moneylenders? (Roberts et al 2012:132)

16. How good are professional athletes at **assessing risks** before making investment decisions? (Roberts et al 2012:154)
17. From your perspective, do the majority of professional athletes have **formal investments**? (Roberts et al 2012:142)
18. Do the majority of professional athletes have a range of **insurance** products?
19. Describe the **initiatives at sport clubs (unions), players' associations or governing bodies** that have been designed to influence professional athletes' financial knowledge, financial attitude, financial behaviour and financial planning?
20. Do you think professional athletes are **making adequate financial decisions** in pursuit of sustainable financial well-being? Why do you think some professional athletes might experience financial distress later in life?
21. Match fixing, doping and unethical behaviour could bring a premature end to a professional athlete's sport career and have a negative impact on their financial well-being. Do you think professional rugby and cricket players are well **informed of their Sports Governing Body's Code of Conduct** regarding match fixing, doping, general conduct and ethical behaviour? Do professional athletes competing in a team sport environment in South Africa understand the risks involved with match fixing, doping and unethical behaviour?

## **C. ANNEXURE: ORGANISATION PERMISSION LETTER**

### **PERMISSION LETTER**

**Request for permission to conduct research at <insert name of organisation or institution>**

**Working title: Towards a framework of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being**

<insert date>

Contact person: Jaco Moolman

Academic from the Unisa College of Academic Sciences (CAS) – Department Management Accounting

E-mail: moolmj@unisa.ac.za

Dear <insert contact person's title and name>,

I, Jaco Moolman, am doing research with Prof CC Shuttleworth, a member of the CAS Deanery towards a Phd in Accounting Sciences at the University of South Africa. We have funding from the Unisa Academic Qualification Improvement Programme (AQIP) to complete this study. We are inviting you to participate in a study entitled: Towards a framework of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being.

The primary objective of this study is to provide a framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being.

A representative from your company has been selected because he or she could be regarded as an actor in the network of influencers around a professional athlete with the ability to affect the professional athlete's financial decision-making.

The study will entail the completion of semi-structured in-depth interviews. Ethical considerations such as the participants' right to anonymity, confidentiality, privacy or non-participation, informed consent and protection from discomfort harm and victimisation, among others, will be adhered to during the data collection process.

Yours sincerely

Jaco Moolman

Senior Lecturer: Unisa – Department of Management Accounting (within CAS)

## D. ANNEXURE: COLLEGE OF ACCOUNTING SCIENCES ETHICAL CLEARANCE



### UNISA COLLEGE OF ACCOUNTING SCIENCES ETHICS REVIEW COMMITTEE

Date 2019-02-14

Dear J Moolman,

**Decision: Ethics Approval from  
2019-02-14 to 2022-02-03**

Original and additional ERC  
References: 2018\_CAS\_013 ;  
2018\_CAS\_023  
Additional ERC reference :  
2019\_CAS\_006  
Name: J Moolman  
Student/ Staff #: 62156519#

**Researcher:** J Moolman  
moolmj@unisa.ac.za

#### **Working title of research:**

**Towards a framework of the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being**

**Qualification:** Postgraduate student research - PhD Accounting Sciences

Thank you for the application for research ethics clearance by the Unisa College of Accounting Sciences Research Ethics Review Committee for the **questionnaire** relating to the above mentioned research. Ethics approval is granted for the period indicated above.

*The application was reviewed by the College of Accounting Sciences Research Ethics Review Committee on **13 February 2019** in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment, and approved.*

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the College of Accounting Sciences Research Ethics Review Committee.



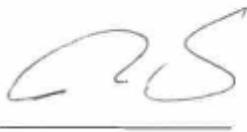
University of South Africa  
Pretor Street, Muckleneuk Ridge, City of Tshwane  
PO Box 392 UNISA 0003 South Africa  
Telephone: +27 12 429 3111 Facsimile: +27 12 429 4150  
www.unisa.ac.za

3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data require additional ethics clearance.
7. No field work activities may continue after the expiry date of this certificate.

*Note:*

*The reference number of this certificate should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

Yours sincerely,



Prof L J Erasmus  
Chair of CAS RERC  
E-mail: [erasmlj1@unisa.ac.za](mailto:erasmlj1@unisa.ac.za)  
Tel: 012 429 8844



Prof L Ntsalaze  
Acting Executive Dean CAS

## E. ANNEXURE: UNISA RPSC ETHICAL CLEARANCE



### RESEARCH PERMISSION SUB-COMMITTEE (RPSC) OF THE SENATE RESEARCH, INNOVATION, POSTGRADUATE DEGREES AND COMMERCIALISATION COMMITTEE (SRIPCC)

27 July 2018

Decision: Research Permission  
Approval from 27 July 2018 until 26  
July 2019.

Ref #: 2018\_RPSC\_030\_RS  
Mr. Jaco Moolman  
Student #: N/A  
Staff #: 90176863

**Principal Investigator:**

Mr. Jaco Moolman  
Department of Management Accounting  
School of Accounting Sciences  
College of Accounting Sciences  
Unisa  
[moolmi@unisa.ac.za](mailto:moolmi@unisa.ac.za), 012 429 2194/ 084 714 1216

Supervisor: Prof Bienkie Shuttleworth, 012 429-4763

**Towards a framework of the financial literacy skills required by professional athletes in  
pursuit of sustainable financial well-being**

Your application regarding permission to conduct research involving UNISA employees, students and data in respect of the above study has been received and was considered by the Research Permission Subcommittee (RPSC) of the UNISA Senate, Research, Innovation, Postgraduate Degrees and Commercialisation Committee (SRIPCC) on 16 July 2018.

It is my pleasure to inform you that permission for the study has been granted. You may:

1. Pilot your instrument amongst two Accounting lecturers who have teaching experience of at least two years.
2. Further conduct interviews with four (4) Accounting lecturers who have teaching experience of at least two years.



University of South Africa  
Pretter Street, Muckleneuk Ridge, City of Tshwane  
PO Box 392 UNISA 0003 South Africa  
Telephone: +27 12 429 3111 Facsimile: +27 12 429 4150  
[www.unisa.ac.za](http://www.unisa.ac.za)

You are requested to submit a report of the study to the Research Permission Subcommittee (RPSC@unisa.ac.za) within 3 months of completion of the study.

The personal information made available to the researcher(s)/gatekeeper(s) will only be used for the advancement of this research project as indicated and for the purpose as described in this permission letter. The researcher(s)/gatekeeper(s) must take all appropriate precautionary measures to protect the personal information given to him/her/them in good faith and it must not be passed on to third parties. The dissemination of research instruments through the use of electronic mail should strictly be through blind copying, so as to protect the participants' right of privacy. The researcher hereby indemnifies UNISA from any claim or action arising from or due to the researcher's breach of his/her information protection obligations.

*Note:*

*The reference number 2018\_RPSC\_030\_RS should be clearly indicated on all forms of communication with the intended research participants and the Research Permission Subcommittee.*

We would like to wish you well in your research undertaking.

Kind regards,



pp. Dr Retha Visagie – Acting Chairperson: RPSC

Email: visagrg@unisa.ac.za, Tel: (012) 429-2478

---

Prof Lessing Labuschagne – Executive Director: Research

Email: llabus@unisa.ac.za, Tel: (012) 429-6368



University of South Africa  
Pretter Street, Muckleneuk Ridge, City of Tshwane  
PO Box 392, UNISA 0003 South Africa  
Telephone: +27 12 429 3111 Facsimile: +27 12 429 4150  
[www.unisa.ac.za](http://www.unisa.ac.za)

## F. STRUCTURED INTERVIEW SCHEDULE TO DEVELOP A RESEARCH INSTRUMENT WITH WHICH TO ASSESS THE FINANCIAL LITERACY SKILLS OF PROFESSIONAL ATHLETES

This research instrument consisted of two sections. Section 1 will be used for the purpose of this research study and is included below. Section 2 will be used to possibly produce a peer-reviewed research journal article in the future and is not included or reported in this study.

### SECTION 1

This section consists of twenty nine (29) possible questions that require your assessment. You are only required to rate the **relevance** of each question to assess the financial literacy skills of professional athletes in pursuit of sustainable financial well-being. Each question must be considered independently. In addition, each question concludes with an open ended item to allow you (the respondent) to motivate or elaborate on your assessment of the question. There is also an open ended question at the end of the interview schedule for further comment.

The following rating scale applies to evaluate the relevance of each question and you can indicate your assessment by way of an **'X'** in the **table** that has been provided above each question:

	Not relevant
	Relevant
	Very relevant

## CONTRACTS AND DOCUMENTS (QUESTIONS 1-5)

### Question 1

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question: Which of the following is the most important consideration when accepting your first player contract to become a professional athlete?**

<b>A</b>	The basic salary I will earn.
<b>B</b>	The match fees and bonuses.
<b>C</b>	The status or size of the franchise or union that wants to contract me.
<b>D</b>	The opportunities I will get to develop as a player, showcase my talents and the quality of the coaches that could bring long-term success and wealth.

### Open ended question:

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

## **Question 2**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Assume you have reached the pinnacle of your sport and you have played one (1) test match for South Africa. Which of the following is the best course of action with regards to accepting an offer to play overseas?

<b>A</b>	I will trust my sport agent to make the right choice. He is an expert and he gets commission on my earnings so he will have my best interests at heart.
<b>B</b>	A professional athlete can only compete for a few years so I will sign the first overseas contract I get offered. Your net earnings overseas are always more and the living cost is very similar in Rand terms.
<b>C</b>	I will try to play in South Africa and overseas in the South African 'off-season'. This will allow me to earn as much income as possible in the short term and fortunately medical insurance and insurance against injuries is always included in player contracts.
<b>D</b>	I am going to try and play more matches for South Africa and when I am approaching the end of my career as an international player I will attempt to be contracted as a marquee player by an overseas club or franchise to earn a large salary.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 3**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which of the following would you consider to be **most relevant** before signing a sponsorship agreement/contract?

<b>A</b>	I know that sponsorship agreements may prevent me from getting other sponsors so I will make sure that I clearly understand the limitations imposed by the contract.
<b>B</b>	I will make sure that I understand my rights and responsibilities in terms of the sponsorship agreement including any performance requirements.
<b>C</b>	I will consider getting advice from a legal expert to clearly understand the legal terminology and to make sure that the sponsorship agreement will not infringe on my player contract.
<b>D</b>	All of the above.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

#### **Question 4**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which of the following **best** describes your behaviour regarding financial records and contracts?

<b>A</b>	I safeguard all important documents including: a recent balance sheet, a recent income statement, identity documents for all members of the household, insurance policy documentation, bank statements, contracts and other relevant documents.
<b>B</b>	I don't think it is necessary to safeguard documents because it is easy to get a copy if necessary.
<b>C</b>	I don't reconcile my payslip to analyse or understand the deductions because my payslip doesn't change much from one month to the next.
<b>D</b>	I don't check my receipts when I buy goods or check my bank statements, because there is little chance of errors.

#### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from OECD (2016b:11).

### **Question 5**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** With which of the following statements best describes you when it comes to signing contracts?

<b>A</b>	I don't need to read or understand my player contract (contract of employment) because my sport agent understands the contract.
<b>B</b>	Most player contracts (or contracts of employment) are standard so there is no need to read or understand the contract.
<b>C</b>	I usually just sign a contract (whether that is a player contract or contract to purchase an asset) and ask for a copy to read later. That way the other party knows that I am well informed.
<b>D</b>	There may be times when it is best to consult with a qualified legal advisor before signing a contract.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

## PLANNING AND MONEY MANAGEMENT (QUESTIONS 6-18)

### Question 6

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question: Which of the following is most important when setting financial goals?**

<b>A</b>	Allow a Certified Financial Planner to set your medium and long-term financial goals.
<b>B</b>	Financial goals should be set with only a long-term view because financial security is the primary contributor to a person's well-being.
<b>C</b>	Financial goals should be set to ensure financial sustainability beyond a person's normal working age and all short, medium and long-term financial goals should be realistically achievable.
<b>D</b>	It is best to set financial goals at a later stage in life when you are seriously thinking about getting married and having children.

### Open ended question:

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 7**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Assume you have R1000,000 cash in the bank. If you earn interest at 3.5% per year and the current inflation rate stays the same, how much will your money be worth in 10 years?

<b>A</b>	More than today.
<b>B</b>	Less than today.
<b>C</b>	Exactly the same.
<b>D</b>	I don't know.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

- (1) Source: Adapted from Lusardi and Mitchell (2011:511), Agnew et al (2012:6) as well as Louviere et al (2016:17).

### **Question 8**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Assume the current exchange rate is as follows:

Buy rate: US\$1 = R13,50

Sell rate US\$1 = R13,00

Assume you earned US\$100,000 after tax overseas and you want to convert that into South African Rand to bank the money in your South African bank account. How much money will you bank?

<b>A</b>	R1,350,000
<b>B</b>	R1,300,000
<b>C</b>	R13,000,000
<b>D</b>	I don't know

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 9**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Do you have a monthly budget and regularly compare your monthly income and expenditure against the budgeted values?

<b>A</b>	Yes.
<b>B</b>	No.
<b>C</b>	I don't know.
<b>D</b>	I don't think a budget is that important as long as you have money in the bank.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from OECD (2016a:12) and Swart (2016:40).

### **Question 10**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which of the following **best** describes your financial behaviour?

<b>A</b>	I often spend my expected bonuses before I receive the money in my bank account.
<b>B</b>	I don't compare prices of similar goods because I am willing to pay more for a specific brand that I believe offers better quality.
<b>C</b>	I consider the opportunity cost of a purchase and know that money spent on one item cannot be spent on another.
<b>D</b>	I sometimes make impulsive buying decisions, but I think it is worth it because it is important to stand out in a crowd and I am earning enough money.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from OECD (2016a:11).

**Question 11**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which of the following **best** describes your view about saving?

<b>A</b>	I think saving is more important for people who are married with children.
<b>B</b>	I am <b>not</b> concerned about building up emergency funds for unexpected costs because I earn enough money.
<b>C</b>	It is more satisfying for me to spend money than to save it for the long-term.
<b>D</b>	I think professional athletes need to save a significant portion of their income from a young age.

**Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 12**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Assume you have R100,000 in the bank. This money earns interest at 10% per year and the interest is reinvested. If you ignore any tax implications, how much money will you have in 2 years?

<b>A</b>	R20,000
<b>B</b>	R100,000
<b>C</b>	R120,000
<b>D</b>	R121,000

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from Lusardi and Mitchell (2011:511), Atkinson and Messy (2012:17), Agnew et al (2012:6), Bateman et al (2012:61) as well as Louviere et al (2016:14).

### **Question 13**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following investment options usually provides the highest rate of return in the long term (i.e. longer than 20 years)?

<b>A</b>	A savings account with a fixed interest rate.
<b>B</b>	A savings account with a flexible interest rate.
<b>C</b>	A well-managed diversified share portfolio.
<b>D</b>	A low risk unit trust.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 14**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Do you think that a proposed investment with a high return is likely to also be a high risk investment?

<b>A</b>	Yes.
<b>B</b>	No.
<b>C</b>	It depends.
<b>D</b>	I don't know.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from OECD (2016b:31) and Louviere et al (2016:14).

### **Question 15**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** If you invest R100,000 in a unit trust that only invests in off-shore shares, is there any chance that your investment will be worth less than R100,000 one year later?

<b>A</b>	Yes.
<b>B</b>	No.
<b>C</b>	It will depend on whether the money is invested in a tax haven.
<b>D</b>	I don't know.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from OECD (2016a:16).

### **Question 16**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following statements do you think is the **best** advice for a young professional athlete?

<b>A</b>	Buy as many investment properties as possible from a very young age so that you can earn a rental income.
<b>B</b>	Professional athletes need to have the acumen (or skill) to evaluate an appropriate investment so that they can manage a diversified investment portfolio with the assistance of a Certified Financial Planner (CFP®).
<b>C</b>	You can make high risk investments when you are young. Taking a chance on a 'start up' business venture is a great idea because I could also provide another career when your sporting career ends.
<b>D</b>	If you contribute to a pension fund there is no real need to have additional investments.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 17**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Assume a new sport field is laid out. On day one a patch of grass is planted in the middle of the sport field. If the patch of grass doubles in size every day, it will take 24 days for the entire field to be covered in grass. How long will it take for half of the sport field to be covered in grass?

<b>A</b>	12 days
<b>B</b>	16 days
<b>C</b>	23 days
<b>D</b>	24 days

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from Louviere et al (2016:14).

### **Question 18**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following represents the biggest risk of getting injured?

<b>A</b>	1 in 10 chance
<b>B</b>	1 in 100 chance
<b>C</b>	1 in 500 chance
<b>D</b>	1 in 1,000 chance

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from Louviere et al (2016:14).

## FINANCIAL OBLIGATIONS (QUESTIONS 19 – 23)

### Question 19

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which of the following do you think is most likely to be a ‘high cost’ finance option?

<b>A</b>	An interest free loan from a family member or a friend.
<b>B</b>	A bank overdraft.
<b>C</b>	A credit card which is settled at the end of every month.
<b>D</b>	A bond to buy a property.

### Open ended question:

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 20**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** When you buy a property with a ten year bond, the monthly instalments will be more than if you get a twenty year bond, but the total interest repaid over the term of the loan will be less in the case of the ten year bond. Do you think the following statement is **correct**?

<b>A</b>	Yes.
<b>B</b>	No.
<b>C</b>	It depends.
<b>D</b>	I don't know.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from Louviere et al (2016:16).

### **Question 21**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following investment options **does not** provide for a tax incentive?

<b>A</b>	Investments in shares.
<b>B</b>	Pension fund.
<b>C</b>	Retirement Annuities.
<b>D</b>	Tax free savings account.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

## **Question 22**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which **one** of the following statements is the **most** correct one?

<b>A</b>	Professional athletes don't need any tax knowledge as long as they consult with a tax or accounting expert to assist with their tax affairs.
<b>B</b>	Professional athletes need to have basic tax knowledge so that they can recognise when they need to consult with a qualified tax or accounting expert especially when they are earning income abroad.
<b>C</b>	If you buy your primary residence in a trust there is no capital gains tax payable if you sell the property for a profit later in life.
<b>D</b>	There is no income tax payable on rental income received from an investment property.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 23**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** The way South Africans are taxed on income earned outside South Africa will change from 1 March 2020 due to the South Africa's Taxation Laws Amendment Act, No. 17 of 2017. Which of the following **best describes** how the Act will be applied in the future?

<b>A</b>	South Africans that have already paid tax in another country on their private-sector foreign employment income earned in that country, cannot be taxed on the same income again in South Africa because there are double tax treaties.
<b>B</b>	No portion of income earned in tax havens outside South Africa can ever be taxed in South Africa.
<b>C</b>	The first R1 million of an individual's private-sector foreign employment income is not subject to income tax in South Africa as long as the individual spent more than 183 full days outside South Africa in the preceding 12-month period (of which at least 60 days were for a continuous period).
<b>D</b>	The rule that an individual had to have spent more than 183 days outside of South Africa in the preceding 12 months will no longer apply. South African tax residents will be taxed on all their worldwide income through the residence-based system.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

## RISK MANAGEMENT (QUESTION 24 – 26)

### Question 24

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following statements is **most** correct?

<b>A</b>	Medical aid and gap cover is always included in the player contract (contract of employment).
<b>B</b>	Injury insurance (or income protection cover) is always included in the player contract (contract of employment).
<b>C</b>	Short term insurance is always included when a company supplies you with a sponsored car.
<b>D</b>	Professional athletes need to have the skill or ability to select a reputable independent broker to assist with their insurance needs (if necessary).

### Open ended question:

**Please expand on the reason for your assessment of the question?**

Source: Adapted from OECD (2016a:25).

### **Question 25**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Do you have a will and do you have enough capital assets or reserves to pay off your outstanding debt and cover your dependents' living expenses when you pass away?

<b>A</b>	Yes.
<b>B</b>	No.
<b>C</b>	I don't know.
<b>D</b>	Only people that are married need to have a will.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Adapted from Preston and Kloppers (2016:238).

### **Question 26**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following statements **do you agree with the most?**

<b>A</b>	I will only consider match fixing late in my sporting career.
<b>B</b>	I will never get involved in match fixing, but I don't think it is necessary to report someone who approaches you to take part in match fixing.
<b>C</b>	I trust the representative from the company that supplies my supplements and nutritional products and if I am banned for doping I will simply sue (or litigate) that company.
<b>D</b>	People with a high level of financial literacy and sound financial planning are more likely to avoid unethical behaviour (match fixing, doping, social drugs, etc.)

**Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

## PREPARING FOR A LIFE AFTER SPORT (QUESTIONS 27 – 28)

### Question 27

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following statements **best** describes your view about gaining a qualification?

<b>A</b>	Studying or gaining a scarce skill is not for me.
<b>B</b>	I don't have time to study towards a tertiary qualification or to gain an artisan skill.
<b>C</b>	I have consulted with a career development planner or sport psychologist to identify a career option when my sporting career ends and I am currently studying towards (or have completed) a tertiary qualification or artisan skill to develop a scarce skill.
<b>D</b>	I am registered to study, but my only focus is on performing well on the sport field. I just want to 'keep my eye on the ball' for now.

### Open ended question:

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### **Question 28**

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following statements **best** describes you?

<b>A</b>	I think it is acceptable if you plan for a career after sport in your late twenties or early thirties.
<b>B</b>	I am sure I will have a recognisable name when my sporting career ends, which will provide me with many career or business opportunities when my sporting career ends.
<b>C</b>	I intend to invest in someone else's business when my sport career ends and I will then start to learn about business and being an entrepreneur.
<b>D</b>	I have been doing 'shadow work' from a young age and I am progressing well to gain a qualification for a future career path when my sporting career ends.

### **Open ended question:**

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

## GAINING PROFESSIONAL ADVICE (QUESTION 29)

### Question 29

How relevant is the following question to assess the financial literacy skills of a professional athlete:

	Not relevant
	Relevant
	Very relevant

**Question:** Which one of the following statements **best** describes you when it comes to consulting with expert advisors?

<b>A</b>	My sport agent is the only expert advisor that I consult for advice on my player contract or finances.
<b>B</b>	I mostly consult with my family and friends for financial advice, because I trust them and they understand my situation.
<b>C</b>	I consult with a range of qualified advisors (such as a financial planner or tax specialist when necessary) for financial advice and I always check their credentials and gain some background information on them before I consult with them.
<b>D</b>	I don't trust any of the information that offers financial advice on the internet.

### Open ended question:

**Please expand on the reason for your assessment of the question?**

Source: Own from the research findings.

### Open ended question:

**Could you please advise if there is another type of question(s) that you think could be relevant or very relevant to assess the financial literacy skills of professional athletes?**

## G. LANGUAGE CERTIFICATE

Ella Belcher  
Language Editor and Translator  
611 Northside  
Somerset Oaks  
4 Gordon Road  
Somerset West 7130

Member of the Professional Editors' Guild  
☎ +27+21-8550673    📠 083 294 8393  
Postal address: P.O. Box 12570 Die Boord 7613 South Africa

---

### DECLARATION

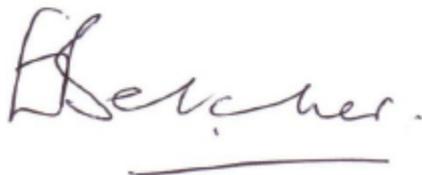
I hereby certify that the doctoral thesis mentioned below has been properly language edited. The references have been checked and the list presented according to the prescribed style.

#### Title of dissertation

'A framework for the financial literacy skills required by professional athletes in pursuit of sustainable financial well-being'

#### Candidate

Jaco Moolman

A handwritten signature in dark ink that reads "Ella Belcher." The signature is written in a cursive style and is underlined with a single horizontal line.

ELLA BELCHER  
Somerset West  
31 October 2019