



Financial Skill Level Of Business Education Students In Tertiary Institutions In Anambra State

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ABSTRACT

This study was focused on determining the financial skill level of business education students in tertiary institutions in Anambra State. The study was a descriptive survey. One research question was answered and two null hypotheses were tested at 0.05 level of significance. A population of 163 business education students in public tertiary institutions in Anambra State participated in the study. The instrument for data collection was a structured questionnaire adapted from the Bureau of Consumer Financial Protection Financial Skill Scale (2018). The reliability of the instrument was established using the Cronbach alpha (α) reliability test which yielded a reliability coefficient of 0.78. Data was collected through physical administration and the use of Google forms. Data collected were analyzed using mean and standard deviation while the hypotheses were tested at 0.05 level of significance using independent samples t-test and Kruskal-Wallis test. Findings from the study revealed that business education students possess many financial skills. The study also found that female business education students possess a statistically higher level of financial skill than their male counterparts.

Keywords: financial literacy, financial skills, business education students

INTRODUCTION

Financial literacy has been acknowledged to directly implicate the manner individuals from all spheres of society earn, manage and spend their financial resources. Dewi *et al.* (2020) asserted that financial literacy not only affects how an individual manages money and copes with financial problems, but it also has implications for the individual's ability to make personal financial decisions related to investments, financial risk tolerance, saving, borrowing, and lifestyle choices. Hodson and Dwyer (2014) asserted that due to the harsh economic conditions of recent years, individuals now encounter a complex economic climates resulting in economic challenges. These challenges revolve around debt, high levels of credit access, slower income growth, and high economic disparities. Financial literacy has therefore been recognized as a key skill for individuals who are embedded in an increasingly complex financial scenario. Organization for Economic Co-operation and Development [OECD, 2013] defined 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. According to OECD (2014), financial literacy will be increasingly considered an essential life skill in the future.

Financial skill which is an action component of financial literacy reflects an individual's ability to find, process, and act on financial information (Bureau of Consumer Financial Protection, 2018). In other words, it is the ability to put financial knowledge to use. Priyadharshini (2017) stated that financial skills relate to the individual's ability, when making financial decisions, to minimize the possibility of getting caught up in financial problems. According to the Bureau of Consumer Financial Protection (2018), financial skills measure three critical components:

1. Knowing when and how to find reliable information to make financial decisions- This is crucial when individuals are purchasing financial products that are not familiar or making long-term financial decision. Owing to numerous competing information sources available, consumers need to be able to find accurate and reliable information to aid them in their decision-making processes.
2. Knowing how to process financial information to make financial decisions- This aspect is about individuals' ability to filter relevant information and know what information is most pertinent to them considering their specific situation.
3. Knowing how to execute financial decisions and adapt as necessary to stay on track. Once consumers have found and processed information, they need to be able to figure out how and what steps to take to act on it. Their financial goals may be long-term, and they need not only to have the skill to stick with the original plan but also to adapt it as necessary to any challenges or opportunities along the way (Bureau of Consumer Financial Protection, 2018).

The Department of Education, Lifelong Learning and Skills (2007) opined that lack of financial skills leads to low confidence; making people in that category to be more likely to fall victim to fraud, not receive benefits they are entitled to, or find it more challenging to keep track of day-to-day finances. Moreover, personal financial problems can be caused by lack of basic financial skills in preparing budgets, and the inability to understand credit and investment instruments or other financial products. Financial skills, therefore, constitute a set of knowledge and skills necessary for the financial self-provision of people and active involvement in the market of financial products and services (Skagerlund, Lind, Strömbäck, Tinghög and Västfjäll, 2018). Financial skills can be improved by various approaches including education, training, and consultation. Improving financial skills can also be done by improving basic financial skills such as preparing a budget and gathering financial information (Elbogen, Tiegren, Vaughan and Bradford, 2011). Thus, it is advisable to educate young people as early as possible to better aid them in their decision-making.

Education anywhere and everywhere promises among other things, enhanced life skills, attitudinal change in behaviour, as well as improved general well-being of learners. These expectations which transcend tertiary institution students' academic life and include other aspects such as financial well-being are also expected to extend to business education students. Business education is a dynamic field of study (with various options such as accounting, office technology and management, commerce and cooperative) geared towards preparing youths and adults for and about business (Igboke, 2000). It prepares students for career in business by designing instructions that prepare them for actual practice in the world of business. On the other hand, it prepares youths and adults for intelligent and effective consumption of economic goods and services offered to society in a free enterprise economy. Business education students in universities and colleges of education are therefore expected to be exposed to the economic system of the country and be equipped with lifelong skills that would improve their financial well-being.

Statement of the Problem

The capacity to understand and manage personal finances is an important life skill. Furthermore, the ability to effectively manage personal finances is imperative for students, as they find themselves in a unique era of economic and financial reforms that affect their educational experiences at every turn. Moreover, it has been observed that many students, at one time or the other, have fallen victim to fraudsters' get-rich-quick schemes that promised them high returns on investments within a very short period.

The rapid rate of technological advancement and the emergence of financial technologies has brought about new and complex financial services that have changed the way payments are made and the way investment decisions are taken. Nowadays, the choice of financial products and services facing the younger generation is more challenging than those faced by previous generations. Consequently, students now have access to many new and more complex financial products including easy access to loans, credits, and financial instruments. As it stands now, the financial literacy skill level of the student population in Nigeria, especially business education students who are being prepared for business and to become intelligent and effective consumers of economic goods and services, is not known. Meanwhile,

financial skill is sacrosanct for business education students as it would help them make wise financial decisions that will benefit their economic welfare while concurrently providing correct and positive stimuli to the aggregate economy. Moreover, as these students are also prospective business teachers, it is pertinent that they are financially literate in order to guide others in future.

There seems to be a dearth of detailed empirical evidence on the financial skill level of Nigerian business education students. Meanwhile, before any educational interventions can be designed, a thorough understanding of the needs of students is important. Thus, there is a need to understand the financial skill level of business education students to enable stakeholders in business education take necessary steps that would help students improve their financial skills, which would enable them to fully understand, recognize and adequately address financial risks.

It is in light of this glaring gap that this study hopes to contribute to the development of financial literacy in Nigeria by presenting empirical evidence that could highlight potential research areas and policy issues. This study, therefore, seeks to ascertain the financial skill level of business education students in tertiary institutions in Anambra State relating to their gender and areas of specialization.

Research Question

The following research question guided the study:

1. What level of financial skills do business education students in tertiary institutions in Anambra State possess?

Null Hypotheses

The following null hypotheses were tested at 0.05 level of significance:

1. There is no significant difference in the mean ratings of male and female business education students in tertiary institutions in Anambra State on the level of financial skills they possess.
2. There is no significant difference in the mean ratings of business education students across different areas of specialization in tertiary institutions in Anambra State on the level of financial skills they possess.

METHODS

A descriptive survey research design was used for the study. The population of the study consisted of all final-year regular business education students in public tertiary institutions in Anambra State. According to information gathered from the departmental offices in the various institutions, the total population of final-year business education students in public tertiary institutions in Anambra State was 163 as at 2020/2021 academic session. There was no sampling for the study since the population was manageable. A questionnaire adapted from the Bureau of Consumer Financial Protection Financial Skill Scale (2018) was used for data collection. The response option was a five-point Likert scale of 5-Very high level, 4-High level, 3- Moderate level, 2- Low level and 1- Very low level. Cronbach Alpha was used to determine the internal consistency of the items. The reliability coefficient obtained for the test was 0.78, hence it was considered reliable. Copies of the questionnaire were physically administered to the University students by the researcher for completion after their examinations and collected on the spot. Google forms were used to collect data from the students in colleges of education with the help of their course representatives who were the research assistants. This ensured a high response rate of 84.7% (138 responses) which was used for data analysis. Data collected in the study were analyzed using descriptive statistics (mean and standard deviation) to answer the research question. The decision was based on the real limit of numbers as shown below:

Response Options	Rating	Real Limits of Numbers
Very high level (VHL)	5	4.50 – 5.00
High level (HL)	4	3.50 – 4.49
Moderate level (ML)	3	2.50 – 3.49
Low level (LL)	2	1.50 – 2.49
Very low level (VLL)	1	1.00– 1.49

The hypotheses were tested at 0.05 level of significance using independent samples t-test and Kruskal-Wallis test. The researcher rejected the null hypothesis where the p-value is less than or equal to the alpha level of 0.05 ($P \leq 0.05$) and did not reject the hypothesis where the p-value is greater than the alpha level of 0.05 ($P > 0.05$).

RESULTS

What level of financial skills do business education students in tertiary institutions in Anambra State possess?

Table 1. Mean Ratings of Business Education Students in Tertiary Institutions in Anambra State on the Level of Financial Skills they possess

N= 138				
S/N	Financial Skills	Mean	SD	Decision
1	Making complex financial decisions	3.70	0.77	High Level
2	Making good financial decisions that are new to you	3.55	0.81	High Level
3	Recognizing a good financial investment	3.80	0.76	High Level
4	Ability to get yourself to follow through on your financial intentions	3.72	0.87	High Level
5	Ability to keep yourself from spending too much	3.90	1.15	High Level
6	Ability to save	4.06	0.95	High Level
7	Ability to find the advice you need to make decisions involving money	3.86	0.86	High Level
8	Ability to know when you do not have enough information to make a good decision involving money	3.84	0.79	High Level
9	Ability to know when advice is needed about money	3.96	0.79	High Level
10	Ability to understand financial information	4.07	0.77	High Level
	Grand Mean	3.84	0.52	High Level

The results of the analysis presented in Table 1 show that business education students in tertiary institutions in Anambra State possess all of the mentioned financial skills at a high level. This is evident in the mean ratings of the respondents which ranged from 3.55 to 4.07 with a grand mean of 3.84. They could understand financial information ($M=4.07$, $SD=0.77$), save ($M= 4.06$, $SD=0.95$), and know when advice is needed about money ($M=3.96$, $SD=0.79$). They also have the ability to keep themselves from spending too much ($M=3.90$, $SD=1.15$) even though their responses were highly spread evident in the high standard deviation. However, the overall low standard deviation of 0.52 shows that the respondents' responses were generally homogenous.

The above results show that business education students in tertiary institutions in Anambra State could, to a high level, understand financial information, save, know when advice is needed about money, find the advice needed to make decisions involving money, know when they do not have enough information to make a good money decision, keep themselves from spending too much, among others. This result does not agree with the findings of a study conducted by Dewi, *et al.* (2020) whose result showed that millennial in advanced and emerging economies are lacking basic financial skills.

Hypothesis 1: There is no significant difference in the mean ratings of male and female business education students in tertiary institutions in Anambra State on the financial skills they possess.

Table 2

Summary of t-test Analysis on the Mean Rating of Male and Female Business Education Students on the Level of Financial Skills they possess

				df	t	P-value	Decision
Gender	N	Mean	SD				
Male	32	3.6875	.52655	136	-1.982	.050	Significant
Female	106	3.8925	.50854				

Data in Table 2 show that there is a significant effect for gender, $t(136) = -1.982, p = 0.05$, with female business education students rating higher in financial skills than their male counterparts. In other words, the p -value of 0.05 equates to the alpha level, hence the null hypothesis is rejected. This is in contrast with Falahati, *et al* (2011) study which found no significant difference in financial skills between male and female students

To evaluate the differences in financial skills across areas of specialization, the Kruskal-Wallis Test was conducted at a 0.05 level of significance. Kruskal-Wallis test was used because available data could not meet some of the assumptions of ANOVA (homogeneity and normality assumptions) as evidenced by Levene’s test of homogeneity of variance and Kolmogorov Smirnov test of normality.

Hypothesis 2: There is no significant difference in the mean ratings of business education students across different areas of specialization in tertiary institutions in Anambra State on the financial skills they possess.

Table 3. Summary of the Kruskal-Wallis Test on the Mean Ratings of Business Education Students across Different Areas of Specialization in Tertiary Institutions in Anambra State on the Level of Financial Skills they possess.

Areas of Specialization	N	Mean Rank	df	Chi-Square	p-value	Decision
Accounting	76	67.58	2	2.16	.339	Not significant
Commerce and Cooperative	44	67.55				
Office Technology and Management	18	82.39				
Total	13					
	8					

The results of the Kruskal-Wallis Test of significance in Table 3 show that there was no statistically significant difference between the level of financial skills of participants and their areas of specialization. Since the p -value is greater than the stipulated 0.05 significance level, the null hypothesis was not rejected.

DISCUSSION OF FINDINGS

The results of the analysis presented in Table 1 showed that business education students in tertiary institutions in Anambra State could, to a high level, understand financial information, save, know when advice is needed about money, find the advice needed to make decisions involving money, know when they do not have enough information to make good money decisions, keep themselves from spending too much, among others. This finding did not corroborate Dewi, *et al.* (2020) assertions that millennial in advanced and emerging economies are lacking basic financial skills.

Results also showed that there was a significant difference in the mean ratings of male and female business education students in tertiary institutions on the financial skills they possess. Surprisingly, female students had a higher overall mean financial skill rating (3.89) compared to male students (3.69). This finding indicates that female students may be better at understanding financial information, finding financial advice when they do not have enough information, saving, budgeting, and managing their finances than their male counterparts. This is in line with Kassman, Heuberger and Hammond (2018) assertion that evidence finds girls are more aware of what financial information they do not know and may be particularly receptive to financial education. It is not fully understood why females, despite higher labour force participation rates of their male counterparts, exhibit a higher level of financial skills. It is probably because of differences in the manner friends, family and teachers discuss financial issues with both genders, their socio-economic backgrounds, and other demographic considerations. This finding is contrary to the general belief that females display a low level of financial skill compared to males (Agarwalla, Barua, Jacob & Varma, 2015). This finding is also in contrast with Falahati, *et al* (2011) study which found no significant difference in financial skills between male and female students. The results of the Kruskal-Wallis test of significance in Table 3 however revealed that there is no statistically significant difference between the financial skills of participants and their areas of specialization. This implies that despite the difference in the courses taken by the students in various options in the business education programme, the difference in their financial skills level remains insignificant. However, it can be argued that the insignificant difference was due to the fact that the students took the same courses at the foundational stage (first year) before specializing in either accounting education, office technology and management, or commerce and cooperative options.

CONCLUSION

The foregoing discussion and data analysis provide a sufficient basis to conclude that business education students possess many financial skills at a high level. It is also concluded that female business education students possess a statistically higher level of financial skill than their male counterparts.

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