

ISSN: 2635-3504 (Print)

2635-3512 (Online)

**MEASURING ECONOMICS LITERACY AND FINANCIAL COMPREHENSION
LEVEL OF UNDERGRADUATES: PROSPECTS FOR SUSTAINABLE
DEVELOPMENT**

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Abstract

The study measured Economics Literacy (EL) and Financial Comprehension (FC) Level of Economics and Economics Education undergraduates in the University of Nigeria, Nsukka using third and final year students. Lack of EL and FC is detrimental to Sustainable Development (SD) and can lead to so many economic problems that may affect the undergraduate in the labour market after school. Hence, determining the student's EL and FC level helped the researchers to recommend strategies that may help boost EL and FC level among undergraduates for the purpose of achieving SD. The study adopted a descriptive survey design and the population consists of 386 students. Simple random sampling was used to sample 150 Economics students. The instrument for data collection was "Economic Literacy and Financial Comprehension Test" (ELFCT) adapted by the researchers from the Council for Economic Education and National Financial Education Council respectively. The instrument was subjected to both validation and reliability tests and was found suitable for the study. Percentages, mean and standard deviation were used to analyze the two research questions that

guided the study while t-test statistic was used to test the hypothesis at 0.05% level of significance. Graphs and tables were used to present some of the results. The findings revealed that Economics undergraduate are highly economic literate but their financial comprehension level is low. Male Economics undergraduate scored higher in both EL and FL literacy levels than their female counterparts although the difference was not significant. The researchers recommended among other things that, attention should be paid by lecturers to financial contents of the Economics undergraduate curriculum and care should be taken to teach both economic and financial contents with innovative techniques that will enhance student's comprehension.

Keywords: Economic literacy, Financial comprehension, Sustainable Development

Introduction

The relevance of the knowledge about the functioning of the economy among the populace cannot be overemphasized. The understanding of the functioning of the market in an economy will enable the citizens evaluate political decisions and their consequences in a more critical manner (Koshal, Gupta, Goyal & Chouldy, 2008). They further stressed that in continuation stated that the knowledge or understanding of the working of the economy by citizens will also enable an individual make better decisions that will maximize his/her wellbeing. In consonance with the above, assertion, Remund (2010) opined that the knowledge of the economy will help the citizens to understand and reconcile the decisions they are confronted with in their daily lives. In the globalized world, international market and global competition, it is pertinent for students to be well informed about the fundamental economics concept (Lietz & Kotte, 2000). The need for knowledge of Economics or what can be termed economic literacy is as important as the importance of reading writing and arithmetic especially in the context of the present economic and financial situation in Nigeria. Hence, it is pertinent to investigate the undergraduate's Economics literacy level and their financial comprehension to find out whether they may be fit for life after school. However, the economic situation in Nigeria which is characterized by increasing inflation, high unemployment and poverty rate, necessitates that the citizens be acquainted with the knowledge of economics and finance, (World Bank, 2017).

Economics literacy is defined as the competence in identifying and evaluating economic concepts as it relates to personal finance, the economy, and political systems, (Johnson, 2018). In the same vein, Celeste (2014) posited that, economics literacy consists of the set of knowledge and competencies that permit the improvement of personal and social decisions about various economic problems encountered in daily life, whether as consumers, vendors, producers, investors, workers or voters. Economics literacy is a set of skills, knowledge acquired by individuals that enable

them make informed economic decision in their personal life and in the working of the economy. (Unal, Düger, Yavuz & Söylemez,2015). Hence, Economics literacy does not end at acquiring skills alone but entails the ability to applying economics principle in making rational economic decisions.

Economics literacy plays a significant role in the lives of students, given the time we are in. Gary in Johnson (2013) stated that economics literacy was crucial because it is a measure of whether people understand the forces that significantly affect the quality of their lives. Economics literacy raises the awareness of students on how Economics play a role in people's jobs, community and even in households. It is of great importance that everyone including student are economically literate. Economics literacy is important to undergraduates because the study of Economics provide valuable knowledge for making decision in every life. This knowledge of Economics and Finance are also vital to be acquired among undergraduates. This is because, it is expected that after school, their contributions to the society will help improve the economy. These contributions will be meaningful if well applied. Also, the economy where these contributions are to be made, need to be understood. Understanding the economy require Economics literacy. In as much as Economics literacy is important it is also relevant to be financial literate.

Financial literacy referred to as the ability to make informed judgments and to take effective decisions regarding the use and management of money (Noctor in Michaela ,2015). A financially literate undergraduate is conversant with the issues of money and how to manage his/her personal finances. Economic decisions are made in relation to the adequate utilization of funds available which require that undergraduates should be financial literate to be able to weather the storm of financial crises. Hence, these two concepts of Economics and financial literacy cannot be separated. Economics literacy cannot help in all situations hence, the need for financial literacy.

Suffice to say that an importance aspect of Economics literacy involves knowledge of finance. People are able to make financial decisions when they attain certain level of economic comprehension or what can also be called financial literacy. Annamaria (2019) posited that an essential indicator of people's ability to make financial decisions depend on their level of financial literacy. Pang (2010) explains financial literacy as the comprehension of a set of Economics concepts that can be used to evaluate financial situations and make good financial decisions. In other words, it is the ability to transfer the knowledge of Economics in dealing with financial problems. This implies that financial literacy is the understanding of how to manage funds. According to the Organisation for Economic Co-operation and Development (OECD, 2014), financial literacy is both the knowledge and understanding of financial concepts and risks, skills, motivation, and confidence to apply such knowledge and

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understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life. Hence, financial comprehension refers to the knowledge and behavior of people in making financial decisions. Financial comprehension will enable students to make informed and independent financial decision that will help undergraduates manage their finances.

The level of people's Economics and financial literacy is reflected in the development of the society. Therefore, the need to arm undergraduates with tools to navigate through life has become a necessity. Because, through Economics and financial literacy, the students will be able to navigate through the economic challenges faced in the society to ensure the financial health and sustainability of themselves, society and the national. Dodaro (2011) confirms that economic changes in recent years have highlighted the need to empower consumers to make informed financial decisions and to benefit from a better understanding of financial matters.

Literatures indicated different opinions on economic and financial literacy. Varum, Santos and Afreixo (2014) found that adults performed better in economic literacy than in financial knowledge. While Ramavhea, Fouché, and van der Walt (2017) in their study on the level of financial literacy among university students found that they are low level of financial literacy. According to them, low financial literacy levels of students are receiving worldwide attention due to the impact it has on financial decision-making in their future participation in the economy. Also, Financial literacy according to Oppong-Boakye and Kansanba (2013) is highest among accounting students followed by banking and finance, marketing, and human resource management students. Some studies explore the effect of gender on economic literacy. A significant part of this literature indicates that, on average, males have consistently higher levels of economic knowledge than females (Tabesh & Schultz, 2007, Monticone, 2010; Millea & Thomas, in Varum, Santos & Afreixo, 2014). Nonetheless, a few have concluded that gender does not influence economic and financial literacy/comprehension levels (Mandell & Klein, 2007; Koshal, Gupta, Goyal & Choudhary, 2008).

From the ongoing, some of the studies above show that students are more economic literate than financial. Others studies found out that the students are more financial literate. Also, the studies show that gender difference exists in economic literacy but the difference in not significant. The contradictions in the findings of researchers in economic, financial literacy and gender as a moderating variable necessitated the present study to measure the level of economic literacy and financial comprehension among students in Nigerian university which to the knowledge of the researchers no such work has been done in University of Nigeria Nsukka using Economics and Economics Education students. Hence, economic literacy and financial comprehension are indispensable for sustainable development especially in Nigeria where the citizens are battling hash economic problems.

Different scholars have defined sustainable development from different perspectives. Sustainable development is seen as development that meets the needs of the present without compromising the ability of future generation to meet their own needs (Emas, 2015). In other words, it is making life better for the present generation without mortgaging the chances of survival of the future generation. Sustainable national development takes into consideration all aspect of human life in the process that is political, social, cultural, religious, moral, economic life. Similarly, all sectors of national economy (primary sector, secondary sector, and tertiary sector) are of prior important in the process of ensuring sustainable national development. Sustainable national development can also be view as a development that is geared towards avoiding depreciation or depiction in national values, resources, needs (Akarowhe, 2018). Indicators use to measure sustainable national development according to Akarowhe include; standard of living of individuals, cost of level, level of infrastructural facilities, level of income, level of literacy, level of self-reliance, political stability. All these indicators are better comprehended through economic and financial literacy. Hence, the need for economic literacy and financial comprehension becomes pertinent. Undergraduate is a degree or an academic step, completed at a university or other higher education institution (Higginbatton, 2019). An undergraduate is the description given to a student who is undertaking a degree level academic course at a college or university.

Inadequate economic literacy and financial understanding has a lot of implications to undergraduates and the economy at the long run. Undergraduate students are being trained in Economics to become self reliant, acquire managerial skills, marketable, improve standard of living and welfare, financially comfortable, become able to maximally utilize limited resources and take rational decisions in their daily endeavours. All these are the ingredients for sustainable development. Lack of these skills is detrimental to sustainable development and can lead to unemployment, high dependency rate, increase in social vices, poverty, financial crisis and so on. This situation will definitely put the next generation in more economic problems which will mar the goal of sustainable development. However, the overall goal of sustainable development is the long-term stability of the economy and environment; this is only achievable through the integration and acknowledgement of economic, environmental, and social concerns throughout the decision-making process (Emas, 2015). The importance of economic literacy and financial comprehension in achieving sustainable development prompted the researcher to investigate the level of economics literacy and financial comprehension of undergraduate students. These undergraduate students are the future hope of generations to come but the situation in the country today is

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characterized by high graduate turn-out, high level of unemployment, high dependency rate, insufficient entrepreneurs and creative graduates, financial challenges and so on. One would wonder what these graduates learn in school that make them unable to fit into the societal challenges. The researchers believe that economic and financial comprehension if well acquired will help promote sustainable development. More so, studies outside the study area on the level of economic and financial comprehension exist but their findings are different. It is against these backdrops that the researchers sought to measure the Economics literacy and financial comprehension among Economics undergraduates in a Nigerian university. This study will help to bring to light the reason for the economic and financial challenges faced by graduates in Nigeria which hinder sustainable development and proffer possible solutions to them. Specifically, the study sought to find out the;

1. Economics literacy level of undergraduate.
2. financial comprehension level of undergraduate.

Hypotheses

Two null hypotheses were formulated and were tested at 0.05 level of significant.

1. There is no significant difference in the mean score of male and female undergraduate in Economics literacy test.
2. There is no significant difference in the mean score of male and female undergraduate in financial comprehension test.

Methodology

The researcher adopted a descriptive survey. The study was conducted in University of Nigeria Nsukka, Enugu State. The population of the study comprises of 44 undergraduate students in education Economics, and 386 undergraduate students in Economics major. The sample size used was 130 students. The researchers sampled all the 44 Economics education from third and final year students. Simple random sampling was used to sample 106 third and final year students in Economics major (2018/2019 academic session). Out of the 106 that were sampled 20 students were not on ground as at the time of administration of the test and so 86 Economics major students were used for the study making a total of 130 students. The instrument for data collection is Economics Literacy and Financial Comprehension Test (ELFCT) adapted by the researcher from the Council for Economics Education and National Financial Education Council. The instrument was divided into two sections: Section A and Section B. Section A deals with the attribute of the respondents while section B is divided into two: economics literacy and financial comprehension test. Both tests have response options from A – D. Both tests were scored and 1 mark was allocated to any correct answer. The instrument was validated by three experts in Economics Education and Economics major. The researcher used percentages, mean and standard deviation to

answer the research questions and t-test to test the hypotheses at 0.05% level of significance

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Result

Level of Economics literacy and Financial comprehension

The level of Economics literacy and Financial comprehension are evaluated according to the percentages of correct responses

Table 1. Overall percentage of correct responses on economic literacy and financial comprehension test %

	N	Percent	MEAN	S.D.	MIN	MAX
Overall	130	60.42%	16.83	5.316	3	24

Figure 1 below shows the percentage of correct responses on both economic literacy and financial comprehension. A total of 28 questions that evaluate Economics literacy and financial comprehension were analyzed, the average number of correct responses was 71.5% and 32.7% for ELT and FCT respectively. This result demonstrates that the respondents had a good understanding of Economics literacy than financial comprehension. It should be noted that despite the overall average being 60.24% which is above 50%, this average was accounted for more by the level of Economics literacy than financial comprehension as can be seen below.

Research question 1: What is the Economics literacy level of undergraduate?

Table 2: Percentage of correct responses on economic literacy test %

	N	Percent	MEAN	S.D.	MIN	MAX
ELT	130	71.5	14.30	4.440	3	20

ELT=Economics Literacy Test

From table 2 above, the percentage of correct responses on Economics literacy was 71.5%, which is approximately 14 correct answers out of 20. This shows that on the average, the students had a good understanding of economics.

Research question 2: What is the financial comprehension level of undergraduate?

Table 3: Percentage of correct responses on financial comprehension test %

	N	Percent	MEAN	S.D.	MIN	MAX
FLT	130	32.74	2.53	1.610	0	7

From table 3 above, the percentage of correct responses on financial comprehension was 32.74%, which is approximately 3 correct answers out of 8. This shows that the student had a poor comprehension on financial related concepts.

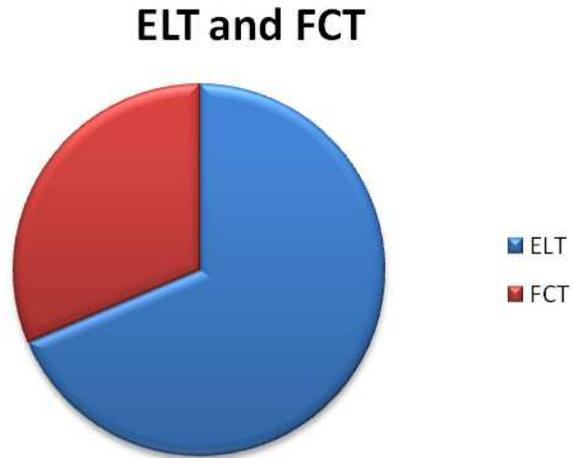


Figure 1

For more clarity, figure 1 on the graphical presentation of student performance on ELT and FCT show the difference in performance in both literacy tests.

Ho₁: There is no significant difference in the mean score of male and female undergraduate in economic literacy test.

Ho₂: There is no significant difference in the mean score of male and female undergraduate in financial comprehension test.

Table 4: Mean score on economic literacy and financial comprehension test of male and female undergraduates

	GENDER	N	Mean	Std. Deviation	Std. Error Mean	Sig.
Total ELT	MALE	51	14.57	4.319	.605	.375
	FEMALE	79	14.13	4.536	.510	
Total FCT	MALE	51	2.71	1.628	.228	.863
	FEMALE	79	2.42	1.598	.180	

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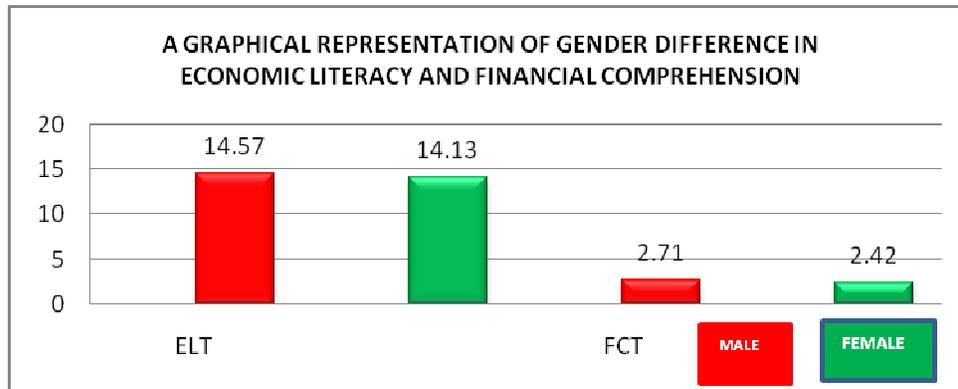


Figure 2

From table 4 on H_{01} above, the mean score of male and female in economic literacy test are 14.57 and 14.13 respectively. The mean score of male is higher than that of the female. The significance of 0.37 obtained is greater than 0.05 level of significance. Therefore, the null hypothesis is accepted that there is no significant difference in the mean score of male and female undergraduate students in Economics literacy test.

Also, from table 4 on H_{02} above, the mean score of male and female in financial comprehension test are 2.71 and 2.42 respectively. The mean score of male is higher than that of the female. The significance of 0.86 obtained is greater than 0.05 level of significance. Therefore, the null hypothesis was accepted that there is no significant difference in the mean score of male and female undergraduate students in financial comprehension test. This result is clearly represented in figure 1 above showing the male and female mean scores in both the Economics literacy and financial comprehension. The significance with respect to gender was clearly represented.

Discussion

Findings from research question one on the economics literacy level of economics undergraduate revealed that the students are economic literate with a high percentage of correct responses to the economics literacy test they attended to. This finding is in conformity with the findings of Varum et al (2014) who found out that the students possess economic literacy. This implies that having a training in economics is a necessary tool for acquiring economic literacy (Varum, et al, 2014). The students who were investigated were Economics students who are receiving training in Economics and Financial contents. Hence, their performance in economics literacy test is in line with Varum et al assertion.

The finding from research question two revealed that the economics undergraduate students perform poorly in financial comprehension test with high level of incorrect

responses. This finding is in line with the findings of (Oppong-Boakye &Kansanba, 2013) who found out that financial literacy is highest among accounting students followed by banking and finance, marketing, and human resource management students but not Economics. Varum, et al (2014) also indicated in their study that students are for economic literate than financial which is in line with the finding of the present study. The findings from research question one and two imply that it is a truism that students are economic literate but without financial knowledge, the issue of sustainable development will still be a mirage. This is because economic knowledge compliments financial knowledge for an effective contribution of graduates to the sustainable of the economy for development.

Findings from research questions three revealed that male students perform better in both economic and financial comprehension than their female counterparts, although the difference in performance was not significant. This finding is in consonance with the findings of Tabesh and Schultz (2007); Millea and Thomas, in Varum et al, (2014) and Monticone, (2010) that male students perform better in both economic and financial literacy test. The difference in the test is not significant which implies that gender does not influence literacy levels (Mandell & Klein, 2007; Koshal, Gupta, Goyal & Choudhary, 2008). It is based on these findings that the researchers made the following recommendations.

Recommendations

1. The importance of economic literacy and financial comprehension for sustainable development demands that educators in this discipline should be committed and competent enough to address issues relating to the two content areas. In other to be committed and competent, more training and re-orientation through conferences and seminar should be organized by school administration through government interventions to conscientize educators on the need for this literacy among students and its relevance for sustainable development in Nigeria considering the economic downturn challenging the country.
2. Economics with harbors financial contents should be taught in a manner that will appease the students' interest and motivate them to learn more despite challenges associated with learning. This can be done with the use of innovative method and techniques of instruction that ensures students participation during instruction. This will help boost their literacy level.
3. Most importantly, financial literacy contents in Economics discipline should not be sidelined but given importance by the Economics educator due to its importance in sustainable development.

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Conclusion

It is evident that students are more economic literate than financial but literatures explained that both content areas are necessary if not indispensable for achievement of sustainable development in Nigerian economy. Nigerian economy is characterized with economic and financial crises which is affecting all sectors of the economy and negate sustainable development. It is important that these issues are addressed when the future generations are yet in school so that their life after school will be a reflection of expectations. This will enable them contribute meaningfully to their lives and their society at large and thus facilitate sustainable development.

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