

## **ASSESSMENT OF FINANCIAL MANAGEMENT PRACTICES AND SKILLS OF STUDENTS**

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### **Abstract**

*The purpose of this paper is to evaluate the financial management practices and skills among male and female students registered in management sciences and others disciplines by employed Analyses of Variances (ANOVA), mean score and t-test. Three hundred and twenty questionnaires were distributed among students and took 20 to 40 minutes to complete. Three hundred questionnaires were returned by the respondents which shows 84 percent response rate. The study found that male students enrolled in management sciences in public sector have larger aptitude to manage daily expenses, credit usage, future needs, work on stress, saving, decision-making, career planning and problem solving than male students enrolled in others fields in public sector. Furthermore, the study shows that manage daily expenses, credit/debt, time mgt, saving, use of study loan, interaction skills, decision-making and problem solving were strong in female students enrolled in management sciences in public sectors. The study concluded that both male and female enrolled in management sciences at various universities and colleges have greater financial managing skills than students registered in others disciplines.*

**Key Words: Financial Management, Manage Financial Resources, Financial Management Practices and Financial Management Practices Skills.**

### **Introduction**

The quality to manage resources is an imperative behavior of students in everyday life. Well-trained and educated students can take better decisions. The focal point of financial management is acquisition, financing and resources supervision. Finance is an important reason in the preference of whether to continue education or to work and earn money. Students usually start their education without having any dread of their own finances (Cunningham, 2001 and Nellic, 2002). The students must have to oversee their own finances and expenses, if not they will faces financial problems. According to Goldsmith

and Goldsmith, 2006; Kidwell and Turrisi, 2004; Masud et al. , 2004; Norvilitis et al. , 2006 students have easily access to educational credit and loans however, they lack of financial management skills and knowledge to handle money, hence they faces financial problems in students life. Financial management practices and skills (FMPS) have mandatory impact on the future life. According to Holub, 2002; Nellie, 2002; Norvilitis et al., 2006; Norvilitis et al., 2003; that those individual who have less FMPS have high stress and low satisfaction. Young people may be badly prepared to manage the basic requirement costs, which lead to high level of stress and a reduced amount of wellbeing. (Norvilitis and Santa, 2002; Roberts and Jones, 2001.) Financial management education is the core source to reduce financial problem. In the words of Brennan and Ritters (2004) financial education can financially empower the individuals. According to Chiang (2007) financial problems are the key cause for discontinuing education in the U.S. Chen and Volpe (1998) found that those individual who have more FMSK (financial management skills and knowledge) can take accurate decisions associated with investing, savings, and borrowing and most of the students have lack of FMS.

## **Literature Review**

In the words of Masud, 2004; and Sabri, 2008 found that university level students have not have of FMS and they faced pecuniary troubles. Two decades before troubles associated with FSK (financial skills and knowledge) were discusses between family members and economists (Braunstein and Weleh, 2002). Most of the current research studies concentrated on the planning related to finance and found that many of the them have lack of FMKS and failed to manage their expenses. Due to lack of FMSK students in the academia have little financial pleasure, enormous debt, elevated tension and somber credit card usage (Holub, 2002; Nellie, 2002; Norvilitis et al, 2006; Norvilitis et al, 2003). In the words of Norvilitis and Santa, 2002; Roberts and Jones, 2001 teenager students untrained to resourcefully plan their expenses related to psychological needs and they have far above the ground level of anxiety and near to the ground level of welfare. According to Ritters 2004 the role of FME (financial management educations) were

incredibly imperative as FME empower the consumers in decision making related to money-making, shelter and physical condition. Chiang 2001 found that one of the severe reasons of leaving education in US was financial pressure. Chen and Volpe (1998) found that those students who have high level of FMSK they made correct decisions about savings, investing and borrowing and those who have low level of FMSK they made wrong decision about savings, investing and borrowing. Most of the researchers found that students facing financial problems due to lack of FMSK (Norvilities 2006). Seaward and Kemp 2000; Warwick and Mansfield, 2000 found students who were badly involved in debt might not know the insinuation of their financial activities. Norvilities et al, 2006; and Hilgert and Hogart 2003 found that FMSK is powerful predictor of FB (financial behavior). Perry and Morris 2005 concluded similar results. FK have strongest effect on the FB of the students and financial resources of the students come from parents, credit cards, part time job and loans, (Leskinen and Raijas 2006). FMSK are required to match students needs with their financial resources and FMSK includes know financial activities and use of financial activities. According to Kempson financial ability skills as the know-how and knowledge that permits public to get the skills and pact with financial matters related to everyday life and finely make the right decisions. Most of the researchers agreed that FMK as a fundamental element of financial plans and decision making. Providing information as knowledge and the ability to implement information as knowledge into action are different. FK means financial literacy concerning financial information while financial skills means the ability to implement such knowledge into action and make financial planning and decisions. Financial skills include both expected and erratic situations on financial contexts (Kempson et al 2006). In the words of Leskinen and Raijas 2006 financial skills are the foundation of financial knows how. Hira, 1997; Joo and Grable, 2004; Porter and Garman. 1993; Leskinen and Raijus, 2006 found that education, age, socialization, family, attitude, society, culture and economic are positively associated with FSK.

## **Methodology**

Methodology section in this paper includes data collection method, sample size, measurement and statistical tools. Primary data were collected via SAQ (self administrated questionnaire) in the start of 2012. In this study the SAQ includes questions like manage daily expenses, credit, future needs, time mgt, stress mgt, saving, use of study loan, interaction skills, decision making, problem solving, and career planning. In this study the sample contained both male and female students of mgt sciences and others sciences (like physical sciences, natural sciences, social sciences) of private and public sector universities and colleges in KPK. Three hundred and twenty questionnaires were distributed among students and took 20 to 40 minutes to complete. Three hundred SAQ were returned by the respondents which shows 84 percent response rate. Eleven items level on a five point Likart type scale range from no skills at all to very skilful. Analyses of variances (ANOVA) and t-test were used to conclude the differences in FMK among mgt sciences students and others sciences students in private and public sector universities and colleges.

## **Results**

Table 1 presents total mean score of male and female students enrolled in public sector universities and colleges. Male students in management sciences in public sector have larger aptitude to manage daily expenses, credit usage, future needs, work on stress, saving, decision-making, career planning and problem solving than male students enrolled in others fields in public sector. Although time mgt, use of loan, interaction skills were better in others sciences students in public sector. Moreover, the analysis presented in table 1 shows that manage daily expenses, credit/debt, time mgt, saving, use of study loan, interaction skills, decision making and problem solving were strong in female students enrolled in management sciences in public sectors. Same level of stress management skills and managing future needs were found among female students enrolled in management sciences and others disciplines. Table 2 depicts total mean score of male and female students enrolled in private sector universities and colleges. The data

in table 2 shows that credit/debt, time mgt, stress mgt, saving, use of study loan, interaction skills, decision making, problem solving and career planning were more strong in male students enrolled in management sciences in various private universities and colleges as compare to the students enrolled in others disciplines. All of the eleven skilled used in the study were strong in female students enrolled in management sciences in private sector colleges and universities. Moreover, both male and female students enrolled in management sciences in public sector have greater management skills and practices as compare to the students registered in others disciplines.

### **Conclusions**

It is concluded from this study that equally male and female in management sciences at different universities and colleges in public as well as in private sector in Khyber Pakhtunkhwa have greater FMS than students registered in others disciplines. Male students in management sciences in public sector have larger aptitude to manage daily expenses, credit usage, future needs, work on stress, saving, decision-making, career planning and problem solving than male students enrolled in others fields in public sector. Manage daily expenses, credit/debt, time mgt, saving, use of study loan, interaction skills, decision making and problem solving were strong in female students enrolled in management sciences in public sectors. Same level of stress management skills and managing future needs were found among female students enrolled in management sciences and others disciplines. It is recommended that policy makers should provide financial management education as it is the core source to reduce financial problem.

**Table 1: Male and Female Students Enrolled in Public Sector Universities and Colleges**

Components	Male St. Enrolled in Mgt Sciences	Male St. Enrolled in others Fields	t-value	Sig.	Female St. Enrolled in Mgt Sciences	Female St. Enrolled in others Fields	t-value	Sig.
Manage Daily Expenses	6.48	6.000	03.291	0.000	4.910	4.001	06.976	0.000
Credit/Debt	6.90	6.02	02.029	0.001	4.820	4.720	02.935	0.010
Future Needs	6.82	6.70	05.816	0.000	4.001	4.001	12.821	0.000
Time Mgt	6.13	6.18	02.210	0.001	4.720	4.520	23.179	0.000
Stress Mgt	6.72	6.11	07.917	0.000	4.821	4.821	02.019	0.001
Saving	6.82	6.77	09.701	0.000	4.521	4.401	11.291	0.000
Use of Study Loan	6.02	6.18	02.426	0.002	4.770	4.720	12.891	0.000
Interaction Skills	6.52	6.70	02.910	0.000	4.889	4.719	07.987	0.000
Decision Making	6.88	6.46	11.643	0.000	4.559	4.410	10.090	0.000
Problem Solving	6.72	6.66	22.964	0.000	4.662	4.581	13.921	0.000
Career Planning	6.44	6.30	02.435	0.001	4.331	4.331	18.689	0.000
<b>Total</b>	<b>72.45</b>	<b>70.08</b>	<b>73.342</b>	<b>0.005</b>	<b>51.000</b>	<b>49.225</b>	<b>122.799</b>	<b>0.011</b>

**Table 2: Male and Female Students Enrolled in Private Sector Universities and Colleges**

Components	Male St. Enrolled in Mgt Sciences	Male St. Enrolled in others Fields	t-value	Sig.	Female St. Enrolled in Mgt Sciences	Female St. Enrolled in others Fields	t-value	Sig.
Manage Daily Expenses	5.36	5.29	02.121	0.001	4.610	4.410	2.910	0.000
Credit/Debt	5.91	5.82	02.610	0.001	4.510	4.480	6.129	0.000
Future Needs	5.99	5.99	05.910	0.000	4.920	4.900	3.064	0.000
Time Mgt	5.76	5.55	04.760	0.000	4.881	4.710	2.296	0.001
Stress Mgt	5.78	5.71	07.860	0.000	4.771	4.710	2.201	0.001
Saving	5.66	5.51	02.920	0.001	4.551	4.450	3.910	0.000
Use of Study Loan	5.36	5.17	03.628	0.000	4.918	4.810	4.339	0.000
Interaction Skills	5.78	5.62	02.910	0.001	4.876	4.516	6.269	0.000
Decision Making	5.82	5.80	08.926	0.000	4.331	4.301	3.069	0.000
Problem Solving	5.76	5.70	11.091	0.000	4.229	4.109	4.562	0.000
Career Planning	5.92	5.80	17.029	0.000	4.216	4.209	2.916	0.000
<b>Total</b>	<b>63.10</b>	<b>61.96</b>	<b>69.765</b>	<b>0.003</b>	<b>50.913</b>	<b>49.605</b>	<b>41.665</b>	<b>0.002</b>

**Table 3: Summary of Mean Comparison of Financial Skills.**

<b>Items</b>	<b>Means Score</b>	<b>t</b>	<b>Sig.</b>
1)Public Colleges or Universities:			
A) Male Students Enrolled in Mgt Sciences	<b>72.450</b>	<b>3.091</b>	<b>0.000</b>
B) Male Students in Enrolled Others Fields	<b>70.080</b>		
2) Public Colleges or Universities:			
A) Female Students Enrolled in Mgt Sciences	<b>51.000</b>	<b>2.981</b>	<b>0.000</b>
B) Female Students in Enrolled Others Fields	<b>49.225</b>		
3)Private Colleges or Universities:			
A) Male Students Enrolled in Mgt Sciences	<b>63.100</b>	<b>5.921</b>	<b>0.000</b>
B) Male Students Enrolled in Others Fields	<b>61.960</b>		
4) Private Colleges or Universities:			
A) Female Students Enrolled in Mgt Sciences	<b>50.813</b>	<b>12.621</b>	<b>0.000</b>
B) Female Students Enrolled in Others Fields	<b>49.605</b>		

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