ASSESSMENT OF FINANCIAL LITERACY IN WOLKITE UNIVERSITY BUSINESS AND ECONOMICS STAFF

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Abstract

The general objective of this study was to assess the financial literacy in wolkite university business and economics staff. To achieve the desired objective, the researcher used descriptive type of research design because this type of research is commonly conducted to detail description to the phenomena and the researcher used Primary sources of data. The primary data were collected through questionnaires distributed to employees by used random sampling technique because it gives fair and provide equal chance for each and every employee selected as a sample. The collected data was analyzed by used descriptive analysis method such as tables and percentages. The findings suggested that remedial measures need to be taken to enhance the financial literacy of employees. Financial and training programs need to be facilitated in various ways.

Acronym

FPSB- Financial planning standard board

GFLEC- Global financial literacy excellence center

INFE- International Network on financial education

OECD- Organization for Economic cooperation an

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Financial literacy is the ability to understand finance and it is a combination of awareness, knowledge, skill, attitude and behaviors of individuals necessary to make financial decisions. financial literacy is a basic tool for development with issues of identifying with budgeting, investment, saving, and administration of risks which are significant for individual's, households and businesses in development procedure and it is more than a measure of knowledge and reflects competency in actively managing one's own money from the point of accumulation to the point of consumption (Remund, 2010). This indicate how much important it is making the people (who are the ultimate consumers of the fast paced, highly digitalized and globalized financial system) financially literate. Today's financial market and system requires adequate level of financial literacy; that is being familiar with basic personal finance concepts, maintaining financially savvy behavior and positive attitude towards money and future plan. OECD‟s Secretary General said "financial literacy is a foundation stone for well-being, for entrepreneurship, for social mobility, for inclusive growth" (OECD, 2017).

The term financial literacy has been defined by different scholars differently. While making substantive review of literatures, the definition given by OECD is getting popularity as it is being applied in most current literatures and it embodies wider dimensions. This study adopts the definition of OECD that financial literacy is the "combination of knowledge, behavior, and attitude necessary to make sound financial decisions and ultimately achieve individual financial wellbeing" (OECD, 2011).Moreover, lack of financial literacy is a barrier more than just for financial inclusion. Not only it makes individuals to be financially excluded but also it can have negative impact on financial wellbeing of individual consumers, financial system and the economy (Lusardi& Mitchell, 2014). So, financial literacy is a set of skills and knowledge that allows an individual to make informed and effective decision through their understanding of finance. Financial literacy is essential for business, the economy, the country and in this age of globalization (Lusardi, 2013). Financial competence has become more essential as financial markets offer more complex choices and as the responsibility for saving and investing for the future (retirement) hasshifted from government and employers onto individuals. As the credit crises of the recent past show, borrowing decisions are also critical (Lusardi and Tufano, 2009). Experts also generally agree that financial knowledge appears to be directly correlated with self-beneficial financial behavior (Hilgert, Hogarth, and Beverly, 2003).

1.2 Statement of the Problem

In this recent time, the financial system is getting fast paced; digitalized, globalized and creating complexity among its ultimate consumers i.e. the people in making finance related decisions (Lusardi& Mitchell, 2014). The financial products and services are plenty and changing through time. The consumers face challenges in choosing the products and services suitable and worthwhile to them unless they accumulate adequate level of financial knowledge and capability (Cunliffe, 2017). As the people are financially illiterate, they become unable to make the right choice and use of the variety of services and products offered by the financial system**.** Financial illiteracy can cause lack of/poor retirement plan, poor decision making and poor financial wellbeing (Lusardi& Mitchell, 2011, 2014). As per Lusardi& Mitchell, (2011) retirement planning is strongly correlated with level of financial literacy among consumers. Financially illiterate people are less likely to plan for their retirement and poor position themselves during retirement. And the problem will be even worse as people are having longer life spans now than before Lusardi, (2017a & 2017b) unless they are financially literate enough to accumulate adequate resources during their working ages.

In addition, consumers face confusion while making decisions and can make wrong choices unless they are aware of basic finance concepts critical for decision making. If consumers lack knowledge of interest rate and interest compounding, exchange rate, risk and return and risk diversification, it is difficult to make key finance related decisions such as saving, borrowing, investing and lending. Financially illiterate consumers are high likely to be financially excluded as they are not aware of which, when and how to use of the various financial products and services. In addition, though consumers having access to various financial products and services, they are usually disadvantaged from poor decisions they can make like high debt loads, inadequate insurance, lack of investment diversification, insufficient use of tax favored investments, inadequate of emergency funds, lack of clearly defined personal and financial goals (Abel, 2015).

The previous researchers shows that greater number of the financial consumers are financially illiterate (Robson, 2012), (Kempson, Perotti, & Scott, 2013), (Bajo, &sandri 2015), the consumers lack basic financial concepts such as financial knowledge, financial behavior and attitude, (Lusardi, 2016) and (Atkinson & Messy, 2012). This study fills the gap by assessing the level of financial literacy in wolkite university business and economics staff.

1.3 Objective of the study

1.3.1 General objective

The general objective of the study was assessments of the financial literacy in wolkite university business and economics staff.

1.3.2 Specific objective

1. To examine the understanding of money management in this staff.
2. To assess the level of financial behavior of the employees.
3. To examine the status of financial literacy in personal issues.

1.4 Research question

1. How the understanding of money management affects personal life in this staff?

2. How to assess the level of financial behavior of the employees?

3. How does the status of financial literacy in personal issues?

1.5 Significance of the study

the significance of this research is to enhance the financial literacy in the business community and help to know the financial strength and weakness of the businesses measuring the current level of financial literacy and identifying financial literacy gaps and needs in wolkite university business and economics staff ; this study will be an input to design appropriate strategies, financial literacy education and training programs so as to enhance financial literacy in workite university business and economics staff. Financial literacy is very important to the growth and development of every nation. The importance of personal finance decisions cannot be overemphasized because they have a direct impact on people's quality of life.

1.6 Scope of the Study

This study targets on measuring the financial literacy in wolkite university business and economics staff. Even though financial literacy survey/study shall better embody the whole population .In addition, this study focuses on measuring the wolkite university business and economics staff. There can hardly be a better time to make the case for economic and financial literacy considering the various economic and financial developments like: economic recovery programmer and structural adjustment programmer; the proliferation of financial institution and complex financial products of finance aspect rather than accounting/reporting aspect.

1.7 Limitation of the Study

The financial literacy level of persons in an area of residence or engagement can be better measured by making comparing across peoples in the other area. So far there is no standard financial literacy measures customized to Ethiopian context to capture specific cases that appear in Ethiopia.

1.8 Organization of the Study

This research is organizing in to five chapters. The first chapter deals with the study's introduction part which constitutes background of the study, the problem statement, objectives of the study, significance of the study, scope and limitation of the study. The reviewed literature; empirical and summary of the literature reviewed is presenting in the second chapter. In the third chapter the research approach, methods, data collection and analysis techniques. The fourth chapter is data presentation, analysis and interpretation and the five are conclusion and recommendation.

CHAPTER TWO

REVIEWOF LITERATURES

2.1Theoretical literature

The concept of personal financial literacy is rapidly being recognized and emerged as a key priority for many countries around the world, as countries ascertain its importance in modern times with the increasingly complex financial landscape (Atkinson & Messy, 2012, Lusardi, 2015, 2017a, 2017b). Countries mostly the developed ones like USA, Canada, UK,Australia, Germany etc. have been establishing national financial literacy agencies with the mission of enhancing the financial literacy level of their people. In addition, international organizations like OECD, GFLEC, and World Bank, have also put their attention for financial literacy and doing a lot to enhance the financial literacy level among the society of their member and non-member countries.

Even though financial literacy is relatively new concept, it has been researched by different scholars and many international and national surveys have been made around the world. But the definition and proxies used across different financial literacy studies and surveys is not consistent. However, regardless of these inconsistencies, most of the studies revealed that the financial literacy level of the consumers is low.

2.2 Defining Financial Literacy

A range of definitions exists that differ mainly in scope, ranging from broad concepts to specific skill sets. Financial literacy is obviously a composite and has sometimes been regarded as synonymous with numeracy or mathematical ability.

For some, financial literacy is seen as comprising numeracy and literacy but more than the sum of these. Lusardi and Mitchell (2008) note the ability to make sound financial decisions – i.e. to apply literacy and numeracy in a financial context. Others find numeracy to be an important component of financial literacy (Coben, Dawes, & Lee, 2005) while Bateman et al. (2011) concludes that numeracy is a separate domain. The basis of the content of financial literacy is finance and economics applied to life needs, and an essential component of the definition seems to be the application of the understanding of finance and economics for one's welfare. Most definitions have similar components. They refer to the importance of having skill sets and knowledge needed to make informed decisions in a changing economic environment. Some definitions of financial literacy provided by different scholars include: Personal financial literacy is the ability to read, analyze, manage and communicate about the personal financial conditions that affect material wellbeing. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future and respond competently to life events that affect every day financial decisions, including events in the general economy' (Vitt et al., 2000);'Financial literacy is a basic knowledge that people need in order to survive in a modern society' (Kim, 2001);'Financial knowledge is defined as understanding of key financial terms and concepts needed to function daily in the society' (Bowen, 2003).Thus, financial literacy is a combination of awareness, knowledge, skill, attitude and behavior necessary to make sound financial decision. OECD (2005) reports that financial literacy is the combination of consumers‟/investors‟ understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being. Financial literacy has been described as the ability to make use of financial education (Wiener et al., 2005). Also the center for financial inclusion defines financial literacy as "the ability to understand how to use financial products and services and how to manage personal, household, or microenterprise finances over time. The definition of Financial Literacy used by the New America foundation and cited by Vitt et al. (2000) is "the ability to read, analyses, manage and write about the personal financial conditions that affect material well-being. It includes the ability to discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect every day's financial decisions, including events in the general economy" (Parrish and Servon, 2006).

As observed by Hogarth (2002) there is a consistent theme running through most definitions of financial literacy including: Being knowledgeable educated and informed on the issues of money and assets, banking, investments, credit, insurance and taxes Understanding the basic concepts underlying the management of money and assets (e.g. the time value of money in investments and the pooling of risks in insurance); Using that knowledge and understanding to plan and implement financial decisions. Critically looking at the various definition of financial literacy given above, it is evident that financial literacy is related to the following terms: Personal Finance; Financial Education; and Financial Capability. These are core issues various authors talk about when they try to explain financial literacy.

2.2.1 Personal Finance

Personal Finance involves all financial decisions and activities of an individual, including budgeting, insurance, savings, investing, debt servicing, mortgages and more. Personal financial decisions may involve paying for education, financing durable goods such as real estate and cars, buying insurance, e.g. health and property insurance, investing and saving for retirement (Lusardi and Mitchell, 2011).

2.2.2 Financial Position

It is concerned with understanding the personal resources available by examining net worth and household cash flow. Net worth is a person's balance sheet, calculated by adding up all assets under that person's control, minus all liabilities of the household, at one point in time. Household cash flow totals up all the expected sources of income within a year, minus all expected expenses within the same year. From this analysis, the financial planner can determine to what degree and in what time the personal goals can be accomplished (FPSB, 2011; Worthington, 2006).

2.3 Importance of Financial Literacy

Financial literacy is an important requirement for functioning effectively in modern society with status in retirement income policies, work patterns and demography suggesting its importance can only increase in the years ahead. With respect to financial literacy the Australian Securities and Investments Commission (ASIC) note that “knowing how to make sound money decisions is a core skill in today’s world, regardless financial literacy is an important requirement for functioning effectively in modern of age. It affects quality of life, opportunities we can pursue, our sense of security and the overall economic health of our society”. Similarly, at its 2010 Toronto Summit, the G20 emphasized the important role of financial literacy and financial capability in supporting financial inclusion, thereby enhancing community wellbeing.

Financial literacy is broadly defined as the ability to make informed judgments and to take effective decisions regarding the use and management of money; this was largely evaluated through an assessment of people's financial knowledge and numeracy. The concept of financial literacy has evolved somewhat so that it takes more account of people's financial attitudes, behavior and experiences as well as their financial knowledge and numeracy.

Financial literacy is considered to be important because it helps people make choices, protects them from unexpected events, fraud and scams, and enables to consumers and citizens. At an aggregate level, personal financial wellbeing contributes to the efficiency and prosperity of the national economy. However, at the risk of laboring, financial literacy is not enough on its own. Financially educated consumers are an important first line of defense in well-functioning markets. At the same time, it is important to recognize that financial education is not a panacea, and that there remains a need for effective regulation that is responsive to market evolutions to ensure that consumers are protected against abusive and fraudulent practices by unscrupulous players (Braunstein, 2008).

Educational content falls into several categories. For our purposes, the most important category concerns topics related to the level of saving. Specific subjects include retirement income sources and needs (including 'retirement gap' calculations), the establishment of goals, the importance of pension plan participation, the impact of preretirement withdrawals on retirement income, the advantages of early and regular saving (including the benefits of compounding), budgeting, and debt reduction. While emphasis varies, sizable majorities cover retirement income and general retirement strategies (Employee Benefit Research Institute, 1995). Topics related to asset allocation, including the concepts of risk, risk tolerance, diversification, and the characteristics of various assets, comprise a second category. Virtually all employer based financial education programs include some coverage of these subjects (Employee Benefit Research Institute, 1995). Other common topics include basic investment terminology, the effects of inflation, the benefits of dollar cost averaging, and the role of the investor's time horizon, tax issues, and details of the employer's pension plan.

Practitioners also typically recommend that employers tailor the content, media, and frequency of financial education programs to the characteristics and needs of their employees. Employers are advised to select educational messages that pertain to employees' concerns, to pitch these messages at an understandable level, and to select media that are most conducive to presentations that effectively attract and maintain attention. Whether employers actually follow this advice is an open question. In practice, relatively little is known about the manner13in which educational programs vary with employee characteristics. Bayer et al. (1996) find that, controlling for other factors, the use of seminars, summary plan descriptions, newsletters, and periodicals among plan sponsors is not significantly related to whether the plan covers union employees. Since unionized and non-unionized workers differ with respect to a variety of factors (including average income and education), this finding suggests that the features of educational programs may vary relatively little with employee characteristics.

The potential effects of financial education are interesting and important from a policy perspective. There is a widespread perception that the rates of national and personal saving are too low, and the efficacy of Individual Retirement Accounts (IRAs) and other tax policies is controversial. Moreover, some observers speculate that the post-War increase in saving by Japanese households may have been at least partially attributable to an extensive educational and promotional campaign. The growth of employer-based financial education has therefore attracted attention within policy circles.

There is widespread concern that despite its importance, financial literacy is at very low levels in many countries and particularly among certain sections of the population, e.g. women (Hung, Yoong, & Brown, 2012; Noone, Stephens, &Alpass, 2010) and financial literacy levels differ along a range of other demographics, including age, income, education, and employment.

2.4 Effect of financial literacy on financial decisions and opinions

Those who study financial literacy generally agree that many, if not most, consumers lack the financial literacy necessary to make important financial decisions in their own best interests (Perry 2008; Braunstein and Welch 2002). Several studies show that financial literacy is positively related to self-beneficial financial behavior.

Hilgert, Hogarth, and Beverly (2003) added financial behavior and financial literacy questions to the nationwide Survey of Consumer Finances. They form a Financial Practices Index based upon behavior in four variables: cash-flow management, credit management, savings, and investment practices. Comparing the results of this index with scores on the financial literacy quiz, they find that those who are more financially literate had higher Financial Practices Index scores, indicating that financial knowledge is related to financial behavior. In a study of Dutch adults, Van Rooij, Lusardi, and Alessie (2007) find that those with low financial literacy are more likely than others to base their behavior on financial advice from friends and are less likely to invest in stocks. Mandell (2006) finds that high school seniors with higher financial literacy scores are less likely than others to bounce a cheque and more likely to balance their cheque books.

While financial behavior seems to be positively affected by financial literacy, the effects of various forms of financial education on financial behavior are less certain. Research on the impact of retirement seminars has shown mixed results. Bayer, Bernheim, and Scholz (1996) find that employer retirement seminars increased the participation in and contributions to voluntary savings plans. Duflo and Saez (2003) report that retirement seminars have positive effect on participation in retirement plans. Lusardi and Mitchell (2007) find retirement seminars to have a positive wealth effect; however, this effect is found mainly for those with less wealth or education. Lusardi and Mitchell (2007) have clearly established that there is a very high relationship between financial literacy and economic outcomes.

2.5 Empirical literature review

According to Fatoki, (2014), assessed financial literacy level of the owners of new micro-enterprises in South Africa using descriptive method of data analysis. The study found micro-enterprise owners" level of financial literacy is low in areas such as, financial planning, analysis and control, bookkeeping, understanding of funding sources, business terminology, finance and information skills, use of technology and risk-management to measure the financial literacy of entrepreneurs.

In additions, a study in the Republic of Srpska by Plakalović, (2015), indicated that though SMEs owners are expected to be financially literate to properly manage their financial matters, their level of financial literacy is very low. Particularly the study found out that the SMEs owners are not aware of the intangible values of their companies, not aware of financial analysis, and manage their liquidity spontaneously which will lead to illiquidity.

Sucuahi, (2013), measured the financial literacy of entrepreneurs in Davo city, Philippines and determined the factors that affect their financial literacy level. They measured financial literacy in terms of record keeping, budgeting, personal finance and savings. The result showed the financial literacy level of selected individuals is moderate. Educational attainment significantly affects financial literacy level of micro-entrepreneurs significantly but gender is not a significant factor. Micro-entrepreneurs with higher level of education have relatively higher financial literacy level.

Small and Medium Enterprise owners with higher business experience/years in operation and higher level of education are characterized by having relatively higher financial literacy level. In addition, financial training program can affect level of financial literacy positively i.e. those who took financial literacy program (Siekei, Wagoki, & Kalio, 2013) and (Bayrakdaroğlua & Şan, 2014).

Bernheim (1998) was one of the first researchers to emphasize that most individuals lack basic financial knowledge and numeracy. Several surveys covering the U.S. population or specific subgroups have consistently documented very low levels of economic and financial literacy. A lack of financial education may cause workers to start saving too late in life to realize their stated retirement goals. As a result, they are unlikely to achieve an optimal balance between current consumption while working and future consumption in retirement.

In addition, a lack of information concerning the risk-return distribution of various investments might lead them to misallocate their retirement portfolios. Bernheim (1998) presents evidence that questions whether the typical household has enough financial literacy to make appropriate savings decisions in their employer-provided pension plans. Because it allows researchers to evaluate levels of financial knowledge but also and, most importantly, because it makes it possible to link financial literacy to a very rich set of information about household savings behavior.

CHAPTERTHREE

RESEARCH METHODOLOGY

3.1Research Design

In this study the researcher used descriptive research design because this type of research was commonly conducted detail descriptions of the phenomena with conclusions from the fact and used both qualitative (express by words or express the quality of the employee or institutions) and quantitative approach (quantitative research approach express numerically and use different static data's) through questionnaire in order to undertake the study in pre-determine time period.

3.2. Data type and source of data

This research used primary data to achieve the expectation of this paper. Primary source of data was collect from employees of wolkite university business and economics staff and the data have collect through questionnaires which use the first-hand information require to analyze the issue.

3.3Population sample size and sampling technique

The population of this particular study comprises all employees in Wolkite university business and economics staff. The total employees in these staff are 61 among from this the researcher selects 38 employees. To select the employees the researcher used probability sampling method. Under this method the researcher use random sampling techniques because this techniques would be fair and provide equal chance for each and every employee to be selected as a sample. Therefore it needs sampling techniques which is the true representative of the population.

Sample size would be determined as:

n=N/1+N*(e) 2 where, n=sample size

N= total population

e= non-confidence level (persuasion)

The study would be used confidence level of 90% and 10% persuasion level. Then the sample size of this study was

n=61/1+61(0.1)2=61/1.61=37.8 ~38

3.4 Method of data collection

The primary data were collected from employees in wolkite university business and economics staff by using closed and open ended questionnaires.

3.5Method of data presentation and analysis

In this study data collected would be analyzed by using descriptive methods of data analysis. This method was selected, because it enables to present questioner form of data in manageable form by used table and percentage. Once necessary analysis accomplished the presentation of the data, finding, conclusion and recommendation have made on the data gather through questionnaire (both open ended and close ended questions) from the respondent.

CHAPTER FOUR

4.1 Data analysis, interpretation and presentation

This chapter deals with data analysis, presentation and presentation on the base of data gathered through questionnaire. In order to acquire data for the study 38 questionnaires were distributed to employees fromwolkite university business and economics staff. Descriptive analysis was used to interpret the data gathered through questionnaire. The first part asks about respondents characteristics the second part contains questions about related the assessment of financial literacy. In this particular chapter the data was analyzed and interpreted depending on their respective information.

4.2 General information of respondents

The first part of the questionnaire was designed to gather information about respondent characteristic. It has general information about the respondent's characteristics like gender, age educational level.

Table 4.1 Descriptive analysis of sex and age of respondents

No	Description	No of respondents	percentage
1	Sex		
	Male	32	84.2%
	Female	6	15.8%
	Total	38	100%
2	Age	No of respondents	percentage
	20-25	4	10.5%
	25-30	17	44.7%
	30-35	12	31.6%
	35-40	5	13.2%
	Total	38	100%

Source: questionnaires (2019)

As shown in the above table4.1 out of the total respondents 85% are male and the reaming 15% are female. This may shows the most of respondents are male and females are very low. Accordingly, the table above table 4.1 shows that 10% of employers are between age 20-25 and 47.5% are between age 25-30 and 30% of employees are between age 30-35 and above 35 years are 12.5% .as the result the majority of employees are the age of 25-30 years.

Table 4.2The educational level of the respondents

Educational level	No of respondents	Percentage
Degree	7	18.4%
Master	30	79%
PH.D	1	2.6%
Above	0	0
Total	38	100%

Source: questionnaires (2019)

The table 4.2 Shows that 18.4% of the respondents have degree, 79% of them master and the remaining 2.6% of them have PHD.as the result the majority of employees have a masters.

4.3 Money management affects personal life

4.3.1 Budgeting

Budgeting is the most important way of managing expenses and achieving the desired goals efficiently.

Table 4.3 Descriptive analysis of budgeting

Question	Answer	No of respondents	percentage
Do you have a budget for what you earn and you spend?	yes	28	73.7%
	No	10	26.3%
	Total	38	100%

Source: questionnaires (2019)

From the above Table 4.2 shows that 28 respondents' reperstinting 73.7% have a budget to what you earn and you spending independently and intended to capture carefully their expenditure. On the other hand the 26.3% of the respondents is no budget to what to earn and you spending independently and intended to capture carefully their expenditure separately. From this the researchers conclude that budget is one way of managing money about what to earn and spend. . The result showed the financial literacy level of selected individuals is moderate. Budgeting significantly affects financial literacy level of employees.

4.3.2Saving and Investment

Saving and investing are important financial activities for every individual's financial wellbeing. The saving and investing behaviors of respondents is captured using three questions.

Table 4.4 descriptive analysis of saving and investing

Item	No of respondents and percentage		
	Yes	No	Total
Do you saving money for the future and for the time of emergency?	32 (82.4%)	6(15.8%)	38(100%)
Do you have knowledge about the interest of saving?	36 (94.7%)	2(5.3%)	38(100%)
Do you invest your money in business activities?	21(55.3%)	17(44.7%)	38(100)

Source: Questionnaire (2019)

From the above table 4.4 item one (1) 32 respondent representing 84.2% of the respondents is responded saving money for the future and for the time of emergency. This indicates that how well the respondents are aware of the effect of emergency and take care of it while putting in to their money in saving. While the remaining 6 respondent representing 16.8% are responded is not saving money for the future and for the time of emergency. As the result this indicates that the majority of respondents are saving money for the future and for the time of emergency. So the respondents have good habit of saving money for the future and the time of emergency.

As the above table item two (2) 36 respondents representing 94.7% are responded that have knowledge about the interest rate of saving. This implies that almost all respondents are know the interest rate of saving. While the remaining 2 respondents representing 5.3% are responded there is no knowledge about the interest rate of saving .as the result almost all respondents have knowledge about the interest rate of saving.

As the above table item three (3) 21respondents representing 55.3% of the respondents are to invest your money in business activities. This indicates that most of respondents to invest your money in the business activities. While the remaining 17 respondents representing 44.7% are not invest your money in business activities. As the result most of the respondents to invest your money in business activities. This indicates that most of the respondent has enough financial literacy to make appropriate savings money for the future and the time of emergencyand knowledgeable about the interest rate of saving this affects positively in financial literacy butinvesting level of the respondents are poor this affects negatively the level of financial literacy.

4.3.3 Credit

Credit is an important element in the financial context of individual's and organization's life. Particularly to start fora businesses, credit is a means of acquiring funds and can make them better profitable if taken properly. On the other hand, improper credit purchase and borrowing too much will result in highly indebtedness and insolvency.

Table 4.5 Descriptive analysis of credit

Question	Answer	No of respondents	percentage
Do you have credit facilities when you start a social life?	Yes	14	36.8%
	No	24	63.2%
	Total	38	100%

Source: Questionnaire (2019)

From the above table 4.5 shows that 24 respondents representing of 63.2% said No this indicates the majority of respondents not to get credit facilities to start a social life or to start a business and the respondents do not have access making a credit purchase. That means there is low credit facilities. While the remaining 14 respondents representing 26.8% get a credit facilities when to start a social life or to start a business and the respondents have access to making a purchase. As the result the majority of respondents are not get credit facilities when to start a social life. This affects negatively the financial literacy level of employees because there is no access to credit facilities when to face shortage money to start a business.

4.4Financial Behavior

Financial behavior, is the most essential element of financial literacy (Atkinson & Messi, 2012). It ultimately shapes people's financial wellbeing, hence it is essential to assess financial behavior in a survey of financial literacy (OECD, 2017). This dimension of financial literacy is used to capture to what extent can make financial decisions wisely. It is used to measure how well their financial actions, decisions and behaviors. Financial behavior of the respondents are measured five questions.

Table 4.6descriptive analysis of financial behavior

Item	No of respondents and percentage		
	Yes	No	Total
1. Do you compare price when making a Purchase?	33 (86.8%)	5 (13.2%)	38 (100%)
2. Do you able to adequate financial plan?	27 (71.1%)	11 (28.9%)	38 (100%)
3.Do you able to identify the cost of you pay and Benefits you get to buy a product?	30 (78.9%)	8 (21.1%)	38 (100%)
4. Doyou set long term financial goals and to have Commitment it?	33 (60.5%)	15 (39.5%)	38 (100%)
5. Do you know to avoid financial risks?	31 (81.6%)	7 (18.4%)	38 (100%)

Source: Questionnaire (2019)

From the above table 4.6 item (1) 33 the respondents representing 86.8% responded that you compare price when making a purchase .this implies that the respondents to buy items by taking their capacity into consideration. During the shopping how well they look the price differences around and try to make use of it.While the remaining 5 respondents representing 13.2% answered not compare price when making a purchase. As the result majority of respondents have good to compare price when making purchase. This implies that the respondents have good financial behavior.

Item (2) 27 respondent representing 71.1% responded that you able to maintain adequate financial plan this indicates that the majority of respondents are maintain financial plan and this helps to a good financial wellbeing during their life and retirement. While the remaining 11 respondents representing 28.9% are responded that not able to maintain adequate plan.as the result the majorities of respondents to maintain adequate plan and have better financial behavior.

Item number (3) 30respondent representing 78.9% responded that you able to identify the cost of you pay and benefit you get to buy product. This indicates that the majority of respondents distinguish the costs you pay and you get buy a products or services. While the remaining 8 respondent representing 21.1% answered not that you able to identify the cost of you pay and benefit s you get to buy product.as result this shows that the majority of respondents able to identify the cost of you pay and benefits you get to buy product. So the respondents have good financial behavior.

Item No (4)23 respondents representing 60.5% responded that set long term financial goals and to have commitment it. This indicates that the most of respondents they set long term planning and financial goals and putting efforts towards achieve them. However the remaining is 15representing 39.5% are not set long term financial goals and to have commitment it. As result the most of the respondents they set long term financial goals and to have commitment it and to success their financial wellbeing and to have good financial behavior.

Item No (5) the shows 31 respondent representing 81.6% responded that you know how to avoid financial risks .this implies that the majority of respondents know how to minimize or eliminate financial risks. However the remaining 7 respondent representing 18.4% are not you know how to avoid financial risks. This indicates the majority ofthe respondents have good financial behavior and have knowledge how to avoid financial risks.in general financial behavior has effects on the financial literacy respondents.

4.5 The status of financial literacy in personal issues

Table 4.7descriptive analysis the status of financial literacy

Item	No of respondents and percentage		
	Yes	No	Total
1.Do you earn income from more than one Source?	17 (44.7%)	21 (55.3%)	38 (100%)
2. Do you lead your finance secure by forming Healthy spending habit?	32 (84.2%)	6 (15.8%)	38 (100%)
3. Do you have ability to make decision to face Financial crisis or risks?	30 (78.9%)	8 (21.1%)	38 (100%)
4. Do you taken financial related training to Improve your habit?	16 (42.1%)	22 (57.9%)	38 (100%)
5.Do you financial plan which is written or Recorded?	11 (28.9%)	27 (71.1%)	38 (100%)

Source: Questionnaire (2019)

From the above table 4.7 item (1) 17 of respondents representing 44.7% are responses that of they earn income from more than one source of income and 21 respondents represents 55.3% are earns only from one source of income. That means most of the respondents 21(55.3%) are earns income from only one source of income.

Item (2) 32 respondents, representing 84.2% are lead their financial secure their by forming healthy spending habit and only 6 respondents, representing 15.8% are not secure their finance by forming healthy spending habit. So, most of the respondents 84.2% are secured their finance by forming healthy spending habit. As the result this implies that the majority of respondents have good status of financial literacy.

Item (3) 30 respondents, represents 78.9% have the ability to make decisions to face financial crisis or risks and 8respondents, represents 21.1%haven't make their financial decisions to overcome the financial crisis. As the result the majority of respondents to know how to make decisions to face financial crisis or risks. This indicates that the respondents have good status of financial literacy. Item (4) 16 respondents, representing 42.1% are take financial related training to improve their financial habit and 22 respondents, representing 57.9% are doesn't take financial related training to improve their financial habit. This shows that most of the respondents 57.5% are not take appropriate training to improve their financial habit. Item(5) 11respondents, representing 28.9%have financial plan in written form and 27 respondents, representing 71.1%have not financial plan in written or recorded form. This shows that the majority of the respondents have not financial plan which is written or recorded.as the result indicates that financial training program, record keeping, and income level affects negatively about the level of financial literacy.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1Conclusion

The finding of this study was assessment of financial literacy in wolkite university business and economics staff. Financial literacy measured through three dimensions such as money management, financial behavior, and the status of financial literacy on personal finance. The first dimension of financial literacy, money management the respondents have better money management habit in terms of budgeting, saving and interest rate however in terms of credit and investing the majority of respondents have lower score. This indicates that there is low level of credit facilities and investing activities. The second financial literacy dimension was financial behavior. Financial behavior is the actions and decisions they make which ultimately shapes their financial wellbeing. Individuals should make use of their finance knowledge in their day to day and long term financial decisions so as to achieve satisfactory financial position. Higher share of the respondents have financially savvy behavior on issue such as making considered purchase, comparing prices before making purchase, saving for future need and planning ahead.as the result the majority of respondents have better financial behavior.

The other dimension was the status of financial literacy measures the status or attitude towards short term and long term financial life and make decisions. The respondents have good status of financial literacy on making decisions and better spending habit. However the majority of respondents does not have taken financial trainings and does not have written or recorded financial plan.

5.2Recommendation

Financial literacy nowadays is becoming a fundamental life skill for any individual. In order to cope up with the very dynamic, financial land scape, every individual need to be financially literate enough. Particularly, the employees need to have the required level of financial literacy, to achieve the desired objective and stimulate growth of their business in addition to their personal life. Depending on the findings reached, forwarded as follows are the suggestions that can help enhance the financial literacy. To enhance the level of financial literacy put efforts in designing financial education strategies, to give periodically trainings and education programs. This helps to grow equipped with the required financial skills, behaviors and attitudes. It enables them make wise and responsible financial decisions and achieve better financial wellbeing in their latter ages being engaged in any socio-economic activity including running their own business. In addition use of social Medias and internet in promoting financial educations, advices are good ways to improve the financial literacy.to improve financial literacy should be share experience about whom one that are financially literate and should be reading finance related literatures. Generally governments created awareness to the society by giving education.

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APENDEX

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

RESEARCH QUESTIONS

Dear respondents

The aim of this questionnaire is to collect information for research to be conducted on the assessment of financial literacy in wolkite university business and economics staff. The information that you offer me with this questionnaire would be used as a primary data in the research which I am conducting as partial requirement for BA degree in accounting and finance. Your response to the following questions is highly important for the success of this study. It is only for academic purposes and your response will be kept confidentially.

Thank you for your cooperation in advance

Instruction

l. Do not write your name.

II. Please tick (√) in the appropriate box.

Part1; Respondents Demographic Characteristics

1. Sex: 1. Male ☐ 2. Female ☐

2. Age (in years) 1. 20-25 ☐ 2. 25-30 ☐ .

3. 30-35 4. 35-40

3. Educational Background

1. Degree 2. Master 3. PHD

4 .above

Part2; please indicate your response by ticking (√) in the box.

	Money management	Yes	No
1	Do you have a budget for what you earn and you spend?		
2	Do you saving money for the future and for the time of emergency?		
3	Do you have knowledge about the interest of saving?		
4	Do you invest your money in business activities?		
5	Do you have credit facilities when you start a social life?		
	Financial behavior		
6	Do you compare price when making a Purchase?		
7	Do you able to adequate financial plan?		
8	Do you able to identify the cost of you pay and Benefits you get to buy a product		

9	Do you set long term financial goals and to have Commitment it?		
10	Do you know to avoid financial risks?		
	The status of financial literacy in personal issues		
11	Do you earn income from more than one source?		
12	Do you lead your finance secure by forming healthy spending habit?		
13	Do you have ability to make decision to face financial crisis or risks?		
14	Do you taken financial related training to improve your habit?		
15	Do you financial plan which is written or Recorded?		

16. What should be done to improve the status of financial literacy?

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17. What are the major factors associated with financial literacy problem?

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