

Financial Literacy of Secondary School Students in the Zlín Region

Veronika Halašková

Tomas Bata University in Zlín, nám. T. G. Masaryka 5555, 760 01 Zlín, Czech Republic,
v_halaskova@utb.cz

Marie Paseková

Tomas Bata University in Zlín, nám. T. G. Masaryka 5555, 760 01 Zlín, Czech Republic,
pasekova@utb.cz

Jana Helová

Tomas Bata University in Zlín, nám. T. G. Masaryka 5555, 760 01 Zlín, Czech Republic,
jana.krovinova@seznam.cz

Abstract

The article analyses the level of financial literacy of secondary school pupils in the Zlín Region with a focus on multi-year grammar schools. Research is done through a questionnaire survey.

Keywords: financial literacy, secondary school, students, Zlin region

1. Introduction

Financial literacy is often discussed in today's society, not only in the Czech Republic but also all around the world. Satisfying life needs and avoiding any financial problems is the main goal of almost all families. In many cases, however, the ability of good financial management is lacking. Many families have financial problems, they are running tight budgets and increasing incidence is becoming more common. Today's pressure on modern life style results in still growing number of executions and renowned personal bankruptcies. Czech households are increasingly indebted year after year, and the balance between revenue and spending is, in the long run, a bigger problem for most families. (Kiyosaki & Lechter 2005). Training in financial literacy should be a top priority for society as a whole. Parents should lead their children to financial responsibility from a very early age and develop their financial literacy. A pattern of parental behaviour and their behaviour related to maintaining a balanced budget in the family greatly affect the future life of the child. Applying financial literacy is an integral part of everyday life where focusing on banking products and services, setting up family or personal budgets and uncovering disadvantageous or expensive contracts is an important part of life for many of us. The most endangered group is young population, low-income and low-educated families, last but not least seniors, who often succumb to the pressure of not only domestic vendors of dubious services but also offer to banks and non-bank institutions.

2. Literature review

Financial literacy has become a major global problem today. Increasing knowledge in financial literacy has become the goal of educational programs around the world.

At present, almost every 650 people are asked for personal bankruptcy. Each month, more than 1,500 new insolvency proposals are submitted. The dynamics of growth in the number of indebted Czech households that are not able to repay their liabilities is particularly alarming. The ever-increasing number of enforced executions raises the urgent need to strengthen at least the basic ability of citizens to become more aware of the world of finances. The young population, which is less conservative and more susceptible to risky behaviour, is at risk. (Hesová & Zelendová 2011)

Financial literacy can also be seen as: "a set of competencies that are applied in everyday life and which are necessary for active and responsible participation in the financial market. Financial education in a wider framework supports the prevention of over-indebtedness and directs citizens to secure for old age." (Hesová & Zelendová 2011)

At present, there is a tendency towards rapid consumption, increasing the willingness of people to indebtedness, and a conservative attitude towards savings. The young population is increasingly open to new things and is thus very prone to risky management, and often ignorance of financial issues is going to make mistakes. Without the necessary basic economic and financial knowledge, citizens are not able to make reasonable and qualified choices when dealing with personal finances and family property. To solve financial problems, at least basic knowledge of the functioning of the market economy is essential. Even the parents of today's teenagers do not have enough experience with financial products in the market economy and therefore cannot pass on basic financial and economic literacy to their children. It is not possible to rely on home education in this area. (Skořepa & Skořepová 2008)

Financial intelligence also relates to intelligence that enhances individuals' ability to manipulate money and make the right decisions to meet their needs. Financial literacy is also closely related to financial skills, capabilities, powers and financial responsibility. (Orton 2017)

3. Methodology design

The research is focused on the level of financial literacy of secondary school pupils with a focus on the grammar school in the Zlínský Region.

The chosen research method has become a quantitative approach based on the questionnaire survey within the largest available set of respondents. This method is followed by a number of other domestic and foreign research.

Quantitative research works with numerical data, detects the extent, amount or frequency of phenomena and can be mathematically processed. A quantitative approach enables us to make research data in the form of numbers unambiguously and precisely. (Gavora 2008)

Data collection was carried out using questionnaire. The questionnaire was composed of contact and functionally psychological questions. Asked questions relate to both external phenomena and internal phenomena. The questions are composed of contact structured (closed) items, which subsequently offer polytomic and dichotomous types of responses. (Chráska 2016).

The collected data from the questionnaire survey was examined using descriptive and mathematical statistics. In particular, chi-square tests of categorical character independence in contingency tables were performed.

A partial research goal was to find out what the level of financial responsibility of pupils in grammar schools in the Zlín region is, and if there is a difference between the four-year and eight-year study fields. It was also verified whether there were differences between men and women, among pupils living in the village or city or pupils from complete or incomplete families.

Part of the questionnaire was focused on assessing the financial responsibility of respondents. There were five questions in total. Each of the answers to these questions was assigned a value of 0 or 1 so that the sum of the response assessments represented the level of financial responsibility. Questions and evaluations of responses are listed in the table 1.

Table 1: Questions focusing on assessing financial responsibility and evaluating responses

Question	Answers	Values
Are you interested in financial literacy?	Definitely yes	1
	Rather yes	1
	Rather no	0
	Certainly not	0
Do you ever find yourself in financial distress?	Yes	1
	No	0
Do you think you can manage your financial sources?	Definitely yes	1
	Rather yes	1
	Rather no	0
How do you get finance?	Certainly not	0
	I get pocket money from my parents	0
	I'm making a part-time job	1
Do you own a bank product?	Combination of both	1
	No, I have no account	0
	Yes, student account and savings	1
	Yes, student account	1
	I do not know	0

Source: Own analysis

The following hypotheses were tested to test the independence of categorical characters in the contingency tables at 5% significance:

- There is no difference in financial responsibility for pupils in four-year and eight-year study fields.
- There is no difference in financial responsibility between women and men.
- There is no difference in financial responsibility between students living in the city and the village.
- There is no difference in financial responsibility between students growing up in complete and incomplete families.

The final evaluation of the financial responsibility was evaluated in the categories 0 to 2 points, 3 or 4 points and 5 points.

4. Results

The total number of questionnaires answered was 294. The characteristics of the respondents' set of contact questions are summarized in the table 2. The right column shows the percent representation of the category in the file.

Table 2: Characteristics of respondents by contact questions

Gender respondents	
Man	37,2 %
Woman	62,8 %
Type of study (by duration)	
Four-year of study	83,4 %
Eight years of study	16,6 %
Year of study (four the last years in the eight-year field)	
1st year of study	19,3 %
2nd grade	21,3 %
3rd grade	29,2 %
4th grade	30,2 %
Place of residence	
City	55,5 %
Village	44,5 %
The type of family in which the respondent lives	
Full	79,1 %

Incomplete 20,9 %

Source: Own analysis

Contingency tables have been set up for assessing dependence on financial responsibility in the categories 0 to 2 points, 3 or 4 points and 5 points. Independent factors included study, gender, place of residence and completeness of the respondent's family. The number of degrees of freedom for each contingency table was the same and equals 2. The test results are summarized in the table 3.

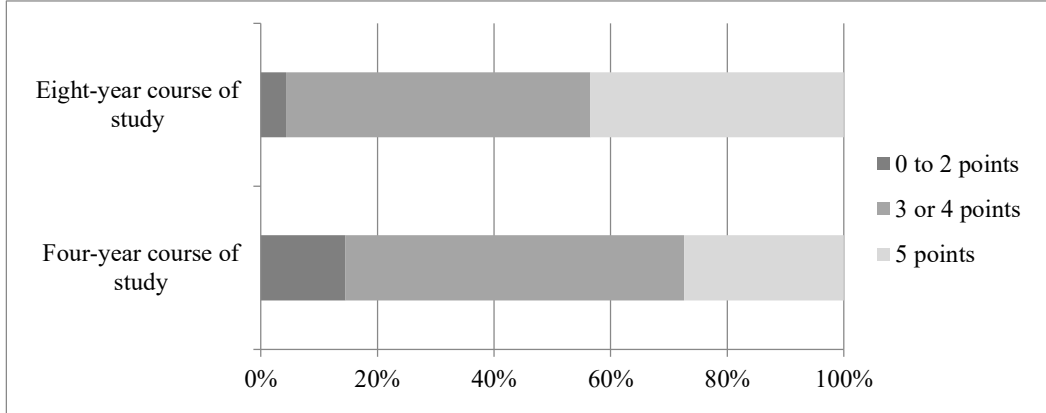
Table 3: The results of the Independence Assessment of Financial Accountability on Individual Factors

Type of study (by duration)	
value of criterion χ^2	6,6828
p-value	0,0354 < 0,05
contingency coefficient	0,2108
Hypothesis of independence	rejected
Gender of respondents	
value of criterion χ^2	9,1064
p-value	0,0105 < 0,05
contingency coefficient	0,2451
Hypothesis of independence	rejected
Place of residence	
value of criterion χ^2	5,5374
p-value	0,0627 > 0,05
contingency coefficient	0,1923
Hypothesis of independence	received
Fullness of the family in which the respondent lives	
value of criterion χ^2	0,1461
p-value	0,9296 > 0,05
contingency coefficient	0,0315
Hypothesis of independence	received

Source: Own analysis

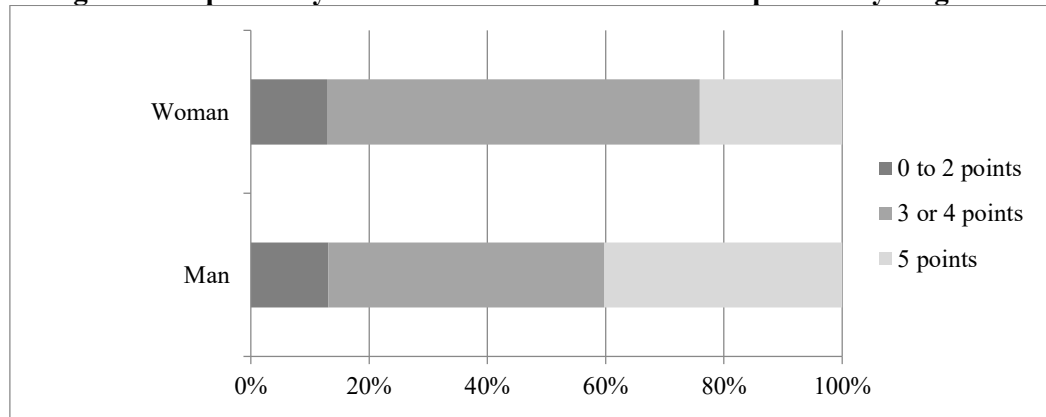
The dependencies of the assessment of financial responsibility on individual factors are graphically illustrated in Graphs 1 through 3. Graph 3 is common for the factors as the place of residence and the completeness of the respondent family, as the tests led to the assumption of the hypothesis of independence of factors.

Figure 1: Dependency of financial responsibility assessment on the type of study field



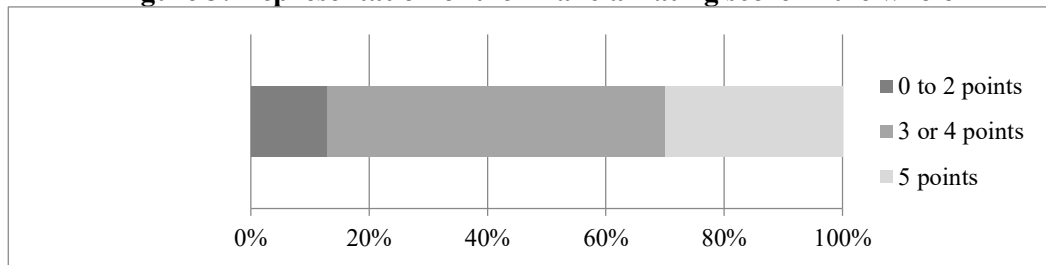
Source: Own analysis

Figure 2: Dependency of the assessment of financial responsibility on gender



Source: Own analysis

Figure 3: Representation of the financial rating score in the whole



Source: Own analysis

4. Conclusion

The survey was attended by 294 respondents from the five grammar schools in the Zlín Region. A total number of sixteen grammar schools was addressed. In hypothesis testing, we found that there is a difference in financial responsibility between women and men, as well as the difference in financial responsibility between four-year and eight-year grammar schools. Financial responsibility does not affect whether a student comes from a full or incomplete family. It is also not decisive whether students live in a town or village. Students of the eight-year study have a significantly lower relative rating of the category with the lowest rating of financial responsibility compared to the four-year students. Men show higher rankings among women than those with the highest rating at the expense of the three or four-point category, with the lowest rating category is the difference very small.

For pupils of secondary schools in the Zlín region studying at grammar schools, the results of the level of financial responsibility are quite good in the sense that the relative representation of the student group with the lowest rating is below 15%.

In conclusion, an individual who loses competence and knowledge in financial literacy is a threat to today's society in the form of the abuse of his ignorance and the risk of his fall into a debt trap or the closure of unnecessary and overpriced financial products. The area of financial literacy and accountability development is a very important prevention of the often devastating errors in personal and family management and should be a lifelong topic for all citizens.

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