



The Determination of Economic Literacy Level of Forest Products Industry Managers: A Sample of Kahramanmaraş Province, Turkey

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Abstract

Each individual, firm or region, with different identities, is located in economy world. The limitedness of access to resources in economy world reveals importance of economic literacy, involving financial literacy. Economic literacy is the ability to identify economic problems, alternatives, costs, and benefits; analyze the incentives at work in economic situations; examine the consequences of changes in economic conditions and public policies; collect and organize economic evidence; and weigh costs against benefits.

Forest products industry has an important place in national economy. The branches of this industry section are timber, package, plywood, particle board, fiberboard, paper, parquet, joinery and furniture. Forest products industry has percent 1,6% in manufacturing industry, it is ranked 16th among subsectors and approximately employs 300 thousand personnel. Moreover its production value is about 4,3 billion dollars.

In this study, economic literacy level of forest products industry in Kahramanmaraş province managers was investigated. The sample of this research consists of 30 managers in Kahramanmaraş forest products industry. Face to face survey was used as method. Findings were shown as frequency tables. According to the results of this survey; it was found that 92% of managers consider their income when making installment. Also, 20% of these managers can't make comments about currency changes on import and export.

Key Words: Economic Literacy, Economic Awareness, Forest Products Industry

Orman Ürünleri Endüstrisi Yöneticilerinin Ekonomi Okuryazarlık Seviyelerinin Belirlenmesi: Kahramanmaraş İli Örneği

Özet

Ekonomi dünyasında her birey, şirket ya da bölgenin farklı kimlikleriyle yer aldığı görülmektedir. Ekonomi dünyasında kaynaklara erişim sınırlı ölçüde olduğundan finansal okuryazarlık kapsamında ekonomi okuryazarlığın önemi ortaya çıkmaktadır. Ekonomi okuryazarlık; ekonomik sorunları, alternatifleri, maliyeti ve faydalarının tanımlanması; işyerindeki ekonomik durumlarda karşılaşılan teşviklerin analiz edilmesi; toplum politikası ve ekonomik şartlar içerisindeki değişikliklerin sıklıklarının incelenmesi; ekonomik kanıtların toplanması ve organize edilmesi; maliyet ve karın karşılaştırılması yeteneğidir.

Ulusal ekonomide orman ürünleri endüstrisi önemli bir konuma sahiptir. Bu endüstrinin kolları: kereste, ambalaj, kontrplak, yonga levha, kâğıt, doğrama ve mobilyadır. İmalat sanayisinde orman ürünleri endüstrisi %1,6 orana sahip, sektörler arasında ise 16. sırada yer almakta ve yaklaşık 300.000 çalışana vardır.

Bu çalışmada Kahramanmaraş ili orman ürünleri endüstrisi yöneticilerinin ekonomi okuryazarlık seviyeleri araştırılmıştır. Yüz yüze görüşülerek anketler uygulanmıştır. Sonuçlar frekans tablolarında gösterilmiştir. Anket sonuçlarına göre yöneticilerin %92'si taksitlendirme yaparken gelirlerini göz önünde bulundurmaktadır. Ayrıca yöneticilerin %20'si ihracat ve ithalat hakkındaki döviz değişimleri konusunda bilgi sahibi olmadığı tespit edilmiştir.

Anahtar Kelimeler: Ekonomi Okuryazarlık, Ekonomi Bilinçlilik, Orman Ürünleri Endüstrisi

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Note: This article was presented at 14th International Scientific Conference on Economic and Social Development

Introduction

Economic literacy means that reaching the level of supporter themselves is necessary for youth are at their status as a producer, consumer and financier; better decision making on their future as a citizen, better understanding the world. Economic literacy is ability of measurement of amount response to yield, organizing, aggregation of economic proves, evaluation of results of changes at local politics, analyzation of promotion at working place, describing of prices and their benefits, alternatives and problems originating from economic.

Over the several years, the issue of financial literacy and financial education has risen on the agenda of educators, community groups, businesses, government agencies, organizations, and policy makers (URL,1; URL,2; OECD, 2005). Financial literacy was defined as the ability to make informed judgments and to take effective decisions regarding the use and management of money (Noctor, et al., 1992). A financially - literate person would enjoy a range of abilities and attitudes comprising (Schagen and Lines, 1996):

- A range of analytical and synthetically skills, both general and specific,
- A working knowledge of financial institutions, systems and services,
- An understanding of the key concepts central to money management,
- Attitudes which allow effective and responsible management of financial affairs.

Economic literacy is ability of describing for economic problems, different options, cost and profits; researching for results of changing at economic conditions and local politics; collecting and organizing economic data; measuring cost and profit (Gerek and Kurt, 2011). Economic literacy provides to get some skills for people play role as a producer, consumer, saver, financier and responsible citizen. These skills are decision making, economic reasoning, problem solving, real life states analyzing, understanding and practice for basic economic concepts and principles.

In the light of all these studies, it is possible to describe economic literacy by this means: economic literacy is that the students are equipped with economic knowledge, skill and attitude for producer consumer, worker and financier in reference to their age levels; better decision making as a responsible and hardworking citizens in the future; better understanding themselves and the world.

The American Savings Education Council (URL,3) found that 15 percent of students said they understood financial matters very well, 67 percent said fairly well, and 18 percent said they did not understand financial matters at all. Similarly, 18 percent thought they did a very good job of managing their money, 38 percent said they did a good job, 37 percent said they did an average job, and 7 percent said they did a poor job.

Reid (2003), at the ASIC Stakeholder Forum in Sydney, highlighted the following areas of concern: bankruptcies, with youth bankruptcies increasing; low levels of national savings; marriage breakdowns, where financial problems are a common cause; crime pressures placed on individuals because they are part of a consumer society; personal hardship from growing consumer debt (URL,4). Banks, O'Dea and Oldfield (2007) look at numerical ability and other dimensions of cognitive function and find that numeracy levels are strongly correlated with measures of retirement saving and investment portfolios, pension arrangements, and perceived financial security.

Guiso and Jappelli (2008) relate financial literacy to portfolio diversification by Italian investors. They use the 2007 Unicredit Customer Survey (UCS), which has detailed indicators of investors' portfolio choice financial literacy, and demographic characteristics. Financial literacy is strongly correlated to the degree of portfolio diversification, even controlling for other socioeconomic characteristics and proxies for risk aversion. Cole, Sampson, and Zia (2009) analyze the relation between economic literacy and participation in formal financial

markets. Using survey data on India and Indonesia, they show that financial literacy is a powerful predictor of demand for financial services.

Forest products industry has an important place in national economy. This industry section presents wide range of outputs such as timber, package, plywood, particle board, fiberboard, paper, parquet, joinery and furniture. With a share percent 1,6% in manufacturing industry, it is ranked 16th among subsectors and approximately employs 300 thousand personnel. Moreover its production value is about 4,3 billion dollars. In this study economic literacy level of forest products industry managers was investigated. The sample of this research consists of 30 managers in Kahramanmaras forest products industry.

Materials and Method

In this study, the surveyed firms were selected as a simple random sample, such as furniture, joinery sectors. The 30 participants, that the sample number for normal distribution should be $n \geq 30$ (Batu, 1999), in this study were forest products industry managers in Kahramanmaras city. The majority of the samples were older than 25 years, educated, currently employed in a professional or administrative role, in the workforce for over 8 years, and living in traditional households as couples with and without children.

The questionnaires were prepared by us and preliminary tests were carried out in the furniture sector. The economic literacy survey obtained five subscales covering the core dimensions of economic literacy. The first subscale (Demographic Characteristics) tapped respondents' demographic characteristics such as gender, age, educated or not, workforce for how many years. The second subscale (Basic Concepts) assessed respondents' understanding of basic concepts such as the effect of interest, inflation, foreign currency. The third subscale tapped (Decisions) respondents' ability to analyze commonly occurring financial scenarios and to choose an appropriate response. The fourth subscale (Public Economy) assessed general issues such as the consequences of competition, economic crisis, advertisement outgoings, the price-profit relation, and the selection of brand or quality. The last subscale (Personal Economy Planning) assessed knowledge of different types of economy planning such as income-expense balance while using credit, the using of credit card, and installment. The dependent variables were the five subscales scores (range 1 to 5).

The survey data was analyzed with SPSS program. SPSS is a widely used program for statistical analysis in social science. The basic analysis used for reliability analysis is to find the Cronbach Alpha (α) value. There may be a single α value for each item, or an α value for all questions. The α value obtained for all questions indicates the total reliability of the questionnaire and is expected to be greater than 0.7, a lower α value indicates a poor reliability of the questionnaire, and $\alpha > 0.8$ indicates that the questionnaire has high reliability (URL,5). In this research, the Cronbach Alpha (α) value was found as 0,76. It is also used by market researchers, health researchers, survey companies, government, education researchers, marketing organizations, data miners, and others. The frequency tables were used to display the frequency of various outcomes in a sample.

Results

86,7% of managers who participated into the survey are men, while 13,3% of them are women. When the managers are evaluated to their age group it is observed that the vast majority belongs to the age group of 36-45 (40%). Nonetheless, according to the data, 46,7% of them are high school graduate, 33,7% of them are collage graduate, 13,3% of them are primary school graduate, and 6,7% of them are secondary school graduate. 73,3% of them are in single proprietorship.

Basic concepts about economic literacy have shown at Table 1. 56,7% of manager can understand the effect of international economic sources on market, 53,3 of them can comment the effect of external economic balance on our country, understand the effect of interest rates on market, and the economic roles of small, medium, and big sized enterprises. 16,7% of manager can't comment change currency on export and import.

At Table 2, there are some decisions to analyze the economic scenarios. 53% of managers can compare benefit and cost of my economic preferences, and evaluate services on offer in terms of economy. 40% of them can understand the difference between profit and costs, make out general consumption expenditures as regards my income, and understand that how interaction between producer and consumer reflect on prices. 10.0% of them can't understand that how interaction between producer and consumer reflect on prices. 7,1% of them can't comment goods increasing or decreasing to the effect market prices.

Table 1. Basic concepts for economic literacy (%)

	Strongly Disagree	Disagree Somewhat	Not Sure	Agree Somewhat	Strongly Agree
I can comment change currency on export and import	16,7	3,3	3,3	50,0	26,7
I can discuss the effect of IMF policies on economy	13,3	3,3	13,3	46,7	23,3
I can understand the effect of stock market on economy	13,3	-	16,7	50,0	20,0
I can understand the effect of international economic sources on market	6,7	-	6,7	56,7	30,0
I can understand the effect of national financial sources on economy	6,7	6,7	13,3	46,7	26,7
I can define the change of inflation rates	3,3	-	16,7	50,0	30,0
I can comment the effect of external economic balance on our country	3,3	-	16,7	53,3	26,7
I can evaluate benefit and cost of economic policies	7,0	3,4	-	51,7	37,9
I can understand the effect of interest rates on market	3,3	6,7	6,7	53,3	30,0
I can understand the economic roles of small, medium, and big sized enterprises	3,3	6,7	13,3	53,3	23,3
I can comment the causes of currency and gold prices changes	6,7	-	16,7	46,7	30,0
I can define the economic roles of public, private, and nongovernmental organizations	-	-	13,8	51,7	34,5
I can understand the relation of income distribution-economy	-	6,7	10,0	43,3	40,0

Table 2. Decisions to analyze the economic scenarios (%)

	Strongly Disagree	Disagree Somewhat	Not Sure	Agree Somewhat	Strongly Agree
I can compare benefit and cost of my economic preferences	3,3	6,7	6,7	53,3	30,0
I can make rational choice by evaluating my resources	-	3,3	13,3	30,0	53,0
I can evaluate services on offer in terms of economy	-	-	3,3	53,3	43,3
I can understand the difference between profit and costs	-	3,3	6,7	40,0	50,0
I can make out general consumption expenditures as regards my income	-	-	6,7	40,0	50,0
I can perceive economic factors which effect the behaviors of individuals	3,3	3,3	13,3	30,0	50,0
I can understand that how interaction between producer and consumer reflect on prices	10,0	-	10,0	40,0	40,0
I can comment goods increasing or decreasing to the effect market prices	7,1	-	17,9	35,7	39,3
I can understand that how supply-demand imbalance reflect on prices	-	3,4	10,3	37,9	48,9

General issues about public economy have been showed at Table 3. 60,9% of the managers strongly agree that they can comment the effects of economic crisis on unemployment, and 53,3% of them consider my need while making decision on product. 50% of them can understand the economic consequences of competition. 8,7% of them can't comment the effects of economic crisis on unemployment.

Table 3. General issues about public economy (%)

	Strongly Disagree	Disagree Somewhat	Not Sure	Agree Somewhat	Strongly Agree
I consider price-benefit relation while making decision on product	-	3,3	13,3	43,3	40,0
I can understand the economic consequences of competition	-	-	10,0	50,0	40,0
I can comment that advertisement expenditures support on economy	3,3	3,3	20,0	36,7	36,7
I consider my need while making decision on product	-	-	6,7	40,0	53,3
I buy lower another product which has same benefit, if the product's price increases	3,4	-	6,9	44,8	44,9
I look the quality instead of brand while buying a product	6,9	3,4	3,4	37,9	48,4
I can understand that how the process of product to consumers reflect on prices	-	-	6,9	58,6	34,5
I can comment the effects of economic crisis on unemployment	-	8,7	13,0	17,4	60,9

There are some questions about personal economy planning at Table 4. 72,0% of the managers strongly agree that they consider my income while making an installment plan, 60,0% of them spend with respect to ability to pay while using credit card, and 54,5% of them provide income-outcome balance while using credit.

Table 4. Personal Economy Planning (%)

	Strongly Disagree	Disagree Somewhat	Not Sure	Agree Somewhat	Strongly Agree
I provide income-outcome balance while using credit	4,5	9,1	-	31,8	54,5
I spend with respect to ability to pay while using credit card	4,0	4,0	16,0	16,0	60,0
I consider my income while making an installment plan	8,0	-	-	20,0	72,0

Conclusions

Literacy is a concept that is widely discussed and clearly at the core of understanding economic behavior in modern sciences. According the findings of this study, the managers generally consider my income while making an installment plan (72 %), comment the effects of economic crisis on unemployment (60,9%), spend with respect to ability to pay while using credit card (60%), and understand the effect of international economic sources on market (56,7%). We demonstrate that the managers can do a plan about their economic situation. On the contrary, they can't comment change currency on export and import (16,7%), can't discuss the effect of IMF policies on economy (13,3%), and can't understand the effect of stock market on economy. 20,0% of them are not sure that comment advertisement expenditures support on economy.

We make these points to demonstrate that economic literacy is an aggregate construct. As such, it has many psychological antecedents. Some of these have to do with abilities; others may be attitudinal or based such constructs as interests, values, or personality. We show that there is considerable heterogeneity in literacy levels over economic domains, and across observable demographics.

To conclude, present study represents an initial foray into an area that is certain to capture more attention in the future. Financial difficulties are a fact of life for a significant proportion of the population already, and the proportion is likely to grow. The introduction of a construct such as economic literacy will be helpful only if we understand what is meant by the term. After the economic decisions are evaluated with versions properly, durability in forest products enterprises will continue. With increased the economic literacy, the forest products managers will take precaution properly for the economic system can continue correctly in their enterprises. Forest products managers get maximum profit with limited financial sources, if they get knowledge about economic literacy. The awareness of forest products managers about financial subjects will increase and change their financial behaviors after get knowledge about economic literacy.

When the economic decisions are evaluated, the society will gain abilities of alternatives usage. This research lights the way for next studies and the economic literacy will get vital position about the forest products enterprises make decision. With the results of this research, economic literacy and forest products industry will be contributed scientifically.

Acknowledgments

This article has been supported by K.S.U. Scientific Research Projects (2015/2-42M).

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