

Financial Literacy Level at Furniture Industry: A Sample of Gaziantep City, Turkey¹

Yunus ŞAHİN

Araştırma Görevlisi, Kahramanmaraş Sütçü İmam Üniversitesi, Orman Fakültesi; yshain@ksu.edu.tr

Hasan SERİN

Doç. Dr., Kahramanmaraş Sütçü İmam Üniversitesi, Orman Fakültesi;
hasanserin@ksu.edu.tr

Abstract

In this research, financial literacy levels of managers were investigated at furniture industry sector. The sample of this study comprised of 30 managers at Gaziantep furniture industry. Survey method was used for managers. Research data was analyzed by SPSS program. It was determined that while using credit card, 96,7% of managers spent with respect to ability to pay and takes into consideration their income when making installment. In addition, 16,7% of these managers said that they cannot estimate the influence of IMF policies about finance.

Keywords: Financial literacy, economic awareness, financial knowledge, furniture industry

Mobilya Endüstrisinde Finansal Okuryazarlık Düzeyi: Gaziantep Şehri, Türkiye Örneği

Özet

Bu çalışmada mobilya endüstrisindeki yöneticilerin finansal okuryazarlık düzeyi incelenmiştir. Bu araştırmanın örneklemini, Gaziantep şehrinde faaliyet gösteren mobilya endüstrisindeki 30 yönetici oluşturmaktadır. Veri toplama metodu olarak yüz yüze görüşme ile anket kullanılmış ve elde edilen bulgular frekans tabloları şeklinde gösterilmiştir. Bazı sonuçlar olarak, yöneticilerin %96,7'sinin taksitlendirme yaparken gelirlerini dikkate aldıkları ve kredi kartı kullanırken ödeme güçlerine göre harcama yaptıkları bulunmuştur. Diğer taraftan bu

¹ Geliş/Kabul Tarihi:24.07.2017/10.12.2017 – Araştırma Makalesi

yöneticilerin %16,7'si İMF politikalarının ekonomi üzerindeki etkisini tartışmadıklarını ifade etmişlerdir.

Anahtar Kelimeler: Finansal okuryazarlık, ekonomik farkındalık, finansal bilgi, mobilya endüstrisi

INTRODUCTION

Financial literacy is the ability to understand how money works in the world: how someone manages to make or earn it, how that person manages it, how he/she invests it (turn it into more) and how that person donates it to help others (Giesler and Veresiu, 2014:840).

Financial literacy which is defined as possession of knowledge and understanding of financial matters is mainly used in connection with personal finance matters. Furthermore financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate, insurance, investing, saving (especially for college), tax planning and retirement. It also involves intimate knowledge of financial concepts like compound interest, financial planning, the mechanism of a credit card, advantageous savings methods, consumer rights, time value of money, etc. (URL-1, 2016).

The development of economic awareness depends upon his development of the relevant cognitive capacities (Lewis and Scott, 2000:34; Lunt and Furnham, 1996; Furnham and Argyle, 1998). On the contrary, Emler and Dickinson (1985) have found that social class, ideology and social representations are important independent notions for economic awareness. Being sophisticated on conomy is especially related to direct interaction with the market. For example Jahoda (1983) has shown that African people acquire the concept of profit more rapidly than European people which switches the usual cognitive/developmental comparisons between first and third world countries. Ng (1983) has shown that Chinese children in Hong Kong are much more involved in business and have a much better understanding of how banks work compared to children in Scotland.

Walstad and Larsen (1992) reported about US samples that, 39% of the general public, 35% of high school seniors and 51% of college seniors can provide accurate answers to questions in a range of topics such as knowledge of unemployment rates, inflation and definitions of monetary policy.

Caroselli (1996) has shown that, in her article related to nurses, respondents answered slightly more than half of the financial knowledge questions correctly. Interestingly, economic awareness did not increase with age, experience, gender, marital status, education, or management experience but did increase with certification.

Williams et al. (1992) found no evidence regarding significant and consistent gender differences exist in college students' performances on economic exams in terms of financial knowledge.

Lusardi and Mitchell (2011) have found that financial illiteracy is widespread and particularly acute among specific groups of the population, such as women, the elderly, and those with low educational attainment. Van Rooij, Lusardi, and Alessie (2011) have shown that lack of understanding of economics and finance is a significant deterrent to stock ownership. The different measures of financial knowledge they employed in their work all show that lack of literacy prevents households from participating in the stock market.

Financial literacy is important for three sides. First is the asset side because financial products are extremely complex. Second is the debt side because credit cards and consumer credit have increased in almost all OECD countries. To evaluate the information available on different loan possibilities, choose among different credit instruments and identify predatory lending necessitate a minimum level of financial literacy and skills to distinguish between products. Third is the macro side because it contributes to the good workings of markets and policies (Japelli, 2010:548).

Gleason and Van Scyoc (1995), in their report on the economic literacy of adults, have shown that both adults and high school students scored higher on the microeconomics and the fundamentals sections of the TEL (Test of Economic Literacy) than on the macroeconomics and international sections.

Financial literacy education has become some of the most prominent neoliberal social debates like as bottom-of-the-pyramid and sustainable consumption which appeared to need moralistic values (Giesler and Veresiu, 2014:840).

In this study, it is attempted to investigate financial literacy level of managers at furniture industry. In next section, the material and methodology are explained.

MATERIALS AND METHOD

A part of secondary manufacturing is the furniture industry that is one of the six subsectors of forestry. The properties of this secondary manufacturing type are design/manufacture activities, private ownership, purpose of production. These sectors usually use sawn timber and panel products as raw material and its outputs are office furniture and household (Gane, 2007).

In national economy for 2012 year, Turkish furniture industry's production, export and import percentages are 1%, 1% and 0.5%, respectively. According to 2011 data, the number of establishments and the number of employees are seen as 35858 and 174915, respectively (Durgun, 2015:344).

The material of this study is managers at furniture industry enterprises of Gaziantep city, Turkey. This city's all industry percent in national industry is %2 and 2993 industrial firms are registered by industrial certification. The industrial firm structure of this city consists of textile products manufacture (%23), food products manufacture (%17) and wearing apparel manufacture (%8) as biggest 3 subsectors. Furniture industry used in this research has totally %1 of industrial firms (Sanayi Genel Müdürlüğü, 2014).

For acquiring data from managers of furniture industry, a questionnaire survey is prepared by considering scale developed by Gerek and Kurt (2011). This survey form consists of 2 parts. First part is related to demographic questions. Second part consists of general economic knowledge, economic rationality, social economic reflections and individual economic planning questions. For managers, face to face survey was used as method. To analyze acquired data, SPSS (Statistical Package for the Social Sciences) software was used with descriptive statistics and frequency tables.

FINDINGS

According to obtained questionnaire data, all of sample is formed by male. 66,7% of participants has high school graduate level, 13,3% has undergraduate level, 10% has secondary school graduate level, 6,7% has master level, and 3,3% has primary school graduate level. The sample of this study consists of among 26-35 aged with 46,7% and among 36-45 aged with %53,3. Firms in this study are formed by micro, small and medium sized enterprises. 76,7% of firms is micro, 13,3% of firms is small and 10% of firms is medium sized enterprises.

Furthermore, 40% of firms is active for 10-14 years, 36,7% of firms is active for 6-9 years, 13,3% of firms is active for 1-5 years and 10% of firms is active for 15 years and above. Considering annual return of these firms, 83,3% is under 1 million TL, 10% is between 5-25 million TL and 6,7% is between 1-4 million TL.

The findings related to general economic knowledge of managers at furniture industry is shown at Table 1. 46,7% of managers state with strongly agreement that they can estimate cost and profit of economic policies and comprehend the financial roles of small, medium, and big sized enterprises. Additionally 73,3% and 66,7% of these managers indicate that they cannot entirely comprehend the influence of interest ratios on market, and cannot entirely comment reflections of external financial developments on national economy. On the other hand, the statement of understanding the effect of national financial resources on economy and the statement of understanding the effect of international economic resources on market receive reply from participant managers as undecided with 30% and 23,3%, respectively.

Table 1. General economic knowledge (%)

	Strongly Disagree	Partly Disagree	Undecided	Partly Agree	Strongly Agree
I can comment the effect of change at currency on import and export	3,3	-	3,3	60,0	33,3
I can discuss IMF policies influence about economy	6,7	10,0	6,7	50,0	26,7
I can comprehend the influence of developments about economy at stock market	-	10,0	13,3	43,3	33,3
About market, I can comprehend influence of international financial resources	-	-	23,3	43,3	33,3

About economy, I can comprehend influence of national economic resources	-	3,3	30,0	30,0	36,7
I can stated what the inflation rate change means	-	-	16,7	56,7	26,7
About national economy, I can state the external economic developments reflections	-	-	6,7	66,7	26,7
About market, I can comprehend the influence of interest rates	-	-	3,3	73,3	23,3
I can estimate cost and benefit about economic policies	-	-	-	53,3	46,7
About small, medium, and big sized enterprises; I can comprehend the economic roles	3,3	-	13,3	36,7	46,7
About currency and gold prices, I can stated the causes of changes	-	-	16,7	46,7	36,7
About public, private, and nongovernmental organizations; I can define the economic roles	-	-	20,0	46,7	33,3
I can comprehend the relationship about distribution and income economy	-	6,7	-	50,0	43,3

Table 2 indicates findings related to economic rationality of managers. 56,7%, 53,3% and 53,3% of executives remark with strongly agreement that they can comprehend factors of economic which effect the individual behaviors, they can organize general consumption expenditures in compliance their income, and they can understand the difference between profit and cost, respectively. Some statements have received high percentages about partly agreement such as comparing benefit and cost of my economic preferences (66,7%), evaluating rendered services economically (60%) and understanding how consumer and

producer interaction is reflected prices (60%). Interestingly enough, the statement of understanding how demand and supply gap is reflected on prices receives answer as undecided with 13,3%.

Table 2. Economic rationality (%)

	Strongly Disagree	Partly Disagree	Undecided	Partly Agree	Strongly Agree
About my economic preferences, I can estimate cost and benefit	-	-	3,3	66,7	30,0
By evaluating my monetary resources, I can make rational choices	-	-	-	53,3	46,7
Economically, I can evaluate rendered services	-	-	-	60,0	40,0
I can comprehend the difference between profit and cost	-	-	-	46,7	53,3
I can organize general consumption expenditures in compliance my income	-	-	3,3	43,3	53,3
Economic factors which effect the individual behaviors I can perceive	-	-	3,3	40,0	56,7
Economically, I can comprehend that how interaction of consumer and producer is reflected prices	-	-	3,3	60,0	36,7
I can comment the effect of increase and decrease at goods to market prices	-	-	3,3	53,3	43,3

I can comprehend how demand and supply gap is reflected on prices	-	3,3	13,3	56,7	26,7
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According to Table 3 which shows statements related to social economic reflections of managers at furniture enterprises, 63,3% of managers state with strongly agreement that they can understand the economic consequences of competition. Moreover, 73,3% and 66,7% of these managers think with partly agreement they buy lower one which has same profit, if a product's price goes up and they can comprehend how transport process of products to consumers is reflected prices, respectively. On the other hand, 13,3% of executives indicate with undecidedly that they can comprehend how transport process of products to consumers is reflected prices.

Table 3. Social economic reflections (%)

	Strongly Disagree	Partly Disagree	Undecided	Partly Agree	Strongly Agree
I take into consideration price-benefit relationship while making decision on product	-	-	10,0	50,0	40,0
I can comprehend the economic consequences of competition	-	3,3	3,3	30,0	63,3
I can comment contributions of advertisement expenditures on economy	3,3	-	-	53,3	43,3
I take into consideration my need while making decision on product	3,3	-	-	60,0	36,7
If a product's price increases, I purchase lower one which has same profit	-	-	-	73,3	26,7

While buying a product, I look the quality instead of brand	3,3	-	-	46,7	50,0
I can comprehend how transport process of products to consumers is reflected on prices	-	-	13,3	66,7	20,0
About unemployment, I can comment the influence of economic crisis	-	-	6,7	50,0	43,3

Table 4 shows findings related to how managers of furniture industry make economic planning individually. All of statements receive high reply percentages with strongly agreement: while making an installment plan and spending with respect to ability to pay while using credit card, statements of taking into consideration income are 96,7% and statement of providing income-outcome balance while using credit is 82,8%.

Table 4. Individual economic plan (%)

	Strongly Disagree	Partly Disagree	Undecided	Partly Agree	Strongly Agree
While using credit, I provide income/outcome balance	-	3,4	-	13,8	82,8
While using credit card I spend with respect to ability to pay	3,3	-	-	-	96,7
While making an installment plan, I take into consideration my income	-	-	3,3	-	96,7

CONCLUSION

In this study financial literacy level of managers at Gaziantep furniture industry has been examined. As shown in previous section, findings regarding general economic knowledge have not shown completely high literacy. Some statements such as understanding the influence of interest ratios on market, commenting reflections of external developments on national economy, defining what the change of inflation rates means and discussing the effect of IMF policies on economy have low wholly agreement percentages. This part of financial literacy scale generally shows partial knowledge.

In addition to this, statement of understanding how demand and supply gap is reflected on prices from economic rationality part and statements of understanding how transport process of products to consumers is reflected on prices and buying lower one which has same profit if a product's price goes up from social economic reflections part have received low strongly agreement answers as below 30%. On the other hand, managers of furniture enterprises find adequate themselves as individual economic planners. In addition Şahin et al. (2016) found that some industrial managers can't estimate change at currency on import and export, about economy they can't discuss the influence of IMF policies, and can't comprehend the effect of stock market.

In Lewis and Scott (2000)'s study, 80% of participants knew what an interest rate was and over 60% had some idea about the purposes of interest rates, although it should be stressed that only 10% mentioned interest rates in relation to both borrowing and investing.

Financial literacy and awareness point to clustered structuring. As such, they have several premises about psychology. Some of them have to do in company with skills; others may base or be attitudinal such structures as values, interests or personality.

Individual with low financial literacy can make mistakes at their choices of economic life so this can cause wrong using of limited resources. Therefore, managers should take advantage of several course and programs about financial and economic literacy.

As last conclusions, managers at furniture industry can act more strategic, if they have financial literacy, awareness and knowledge. So they can evaluate especially external environment and they can obtain measurable and quantitative strategic objectives. Moreover, standard human capital model, where financial

knowledge depends on cognitive ability can rationalize financial literacy. Also incentives to accumulate knowledge are directly related to the level of household resources invested particularly in pension funds and financial markets. Lastly, about financial market and human capital reform, financial literacy improves with the drivers.

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