

# Association of Financial Literacy and Money Management Competence among Male and Female University Teachers of Karachi

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## ABSTRACT

This study aimed at finding "Association of financial literacy with money management practices among male and female university teachers of Karachi." Two hundred university teachers participated in this study. Association of financial literacy with money management practices were found out through rank correlations. There was a weak but significant positive association between financial literacy and money management practices ( $P=0.014$ ,  $r=0.174$ ). Enhancing public financial literacy can help in improving financial management practices and can lead to better quality of life

**Keywords:** *Association, Financial literacy, Money management*

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## 1. INTRODUCTION

The ability to manage personal finances has become increasingly important in today's world. People must plan for long-term investments for their retirement and children's education. Additionally, they must manage their own medical and life insurance needs. People with good financial literacy skills are in better positions to meet these responsibilities by being better equipped to make informed decisions about their money, plan for their financial needs and achieve their financial goals.

Financially secure families are better able to contribute to vital, thriving communities and thereby further foster community economic development. Financial literacy is important not only to individual households and families but to their communities as well.

The objectives of this study were:

- To assess financial literacy among male and female University Teachers of Karachi
- To assess money management practices among male and female University Teachers of Karachi
- To find out the association of financial literacy with money management practices among male and female University Teachers of Karachi

## 2. METHODS

The overall strategy of this study was a quantitative survey method. The population for this study was all the 'University teachers of Karachi'. A Sample of 200 teachers was selected from two public and two private universities.

Non-Probability snow ball method was used to select Public and Private Universities of Karachi. A structured questionnaire was prepared and 4 data collector collected data of 50 each respondents. Hence the sample size was 200.

### 2.1. Research Tool

A semi structured questionnaire was used as a tool for the study. Questionnaire had two sections.

- The first section items related to demographic characteristics of the respondents, required to carry out the study. Most of these items/questions were close-ended but few items/questions were also kept open-ended.
- The second and third section of financial literacy and Money management Practices were taken from OECD 2011 Standard questionnaire and review of literature
- Except for demographic study 5 level of Likert scale were taken. Reverse scoring was also done for negative statements, scoring was: 1= strongly agree, 2=agree, 3=uncertain, 4=disagree, 5=strongly disagree.
- After yielding results the five option were transformed into logical sequence that is Strongly agree and Agree into Agree, Uncertain is uncertain and strongly disagree and disagree into Disagree.
- Then, a scoring of all items was used to develop ranges of low, middle, high categories.

Face and content validity was ensured during the development of the tool. A logical link was established between the items of the questionnaire with objectives of the study to ensure face validity. Content validity of each of the item was assured through review of literature and experts opinion.

**Table 1.** Shows scaling of Financial Management and financial literacy.

FINANCIAL LITERACY	MONEY MANAGEMENT PRACTICES
0-6= LOW	0-17=LOW
7-12=MEDIUM	18-34=MEDIUM
13-24=HIGH	35-68=HIGH

A pilot test of 20 - 50 cases is usually assumed to be sufficient to discover the major flaws in adds time to a pretest (Sudman, 1986). So in order to ensure reliability, a pilot study was conducted on a small scale (N=20) with working homemakers similar to those who were to be included in the final sample.

Based on learning arrived from pilot phase, the draft questionnaire was further modified and refined in respect of its wording, physical setting, meaningfulness, respondent's mood and timing etc. During this process outlook of draft was also changed, few items were rephrased modified. Single quantitative analytical technique involving both descriptive and inferential statistical procedures was used. Tables with frequencies and percentages were used to describe the descriptive data. Correlation was used to test hypothesis. Data was analyzed using SPSS version 17.

### 3. RESULTS

Single quantitative analytical technique involving both descriptive and inferential statistical procedures was used. Tables with frequencies and percentages were used to describe the descriptive data. Correlation was used to test hypothesis. Data was analyzed using SPSS version 17. Table 2.1 shows demographic characteristics reveals that most (56.5%) of the respondents were Male. With age range of 30-39 years. Most (75%) are Married.. and their designation is Assistant Professor with average Qualification M-Phil. (52.5%) respondent belongs to joint family system. The average (48.5%) household person is 6-10 Persons per household. Mostly (88.5%), 0-3 members of family share finances and Majority (36.5%) household income is 49100-99000.

**Table 2.** Demographic Characteristics of Respondents.

CHARACTERISTICS	N (%)	
Gender	Male	113 (56.5%)
	Female	87 (43.5%)
Age	Below 30	34 (17.0%)
	30-39	83 (41.5%)
	40-49	72 (36.0%)
	50-60	11 (5.5%)
Marital Status	Married	150 (75.0%)
	Unmarried	48 (24.0%)
	Divorced	1 (0.5%)
	Separated	1 (0.5%)
Designation	Research Assistant	3 (1.5%)
	Lecturer	72 (36.0%)
	Assistant Professor	77 (38.0%)
	Associate Professor	22 (11.0%)
	Professor	26 (13.0%)
	Ph.D	52 (26.0%)

Qualification	M.Phil	75 (37.5%)
	M.Sc	73 (36.5%)
Type Of Family	Joint	105 (52.5%)
	Nuclear	95 (47.5%)
Household Members	2-5	95 (47.5%)
	6-10	97 (48.5%)
	11-15	8 (4.0%)
Share Finances	0-3	177 (88.5%)
	4-6	21 (10.5%)
	7-10	1 (0.5%)
Total Household Income	10000-49000	13 (6.5%)
	49100-99000	73 (36.5%)
	99100-149000	54 (27.0%)
	149100-199000	34 (17.0%)
	199100-250000	14 (7.0%)

### FINANCIAL LITERACY AMONG MALE AND FEMALE UNIVERSITY TEACHERS OF KARACHI

Table 1.1 shows the analysis of the questions. In these tables 5 level of Likert scale were transformed into 3 categories: A= AGREE. U= UNCERTAIN, DA= DISAGREE Table 1.2 shows that scoring scale was developed to pool the data into LOW, MEDIUM, & HIGH categories of financial literacy. Most (89.4%) of the Male university teachers have high financial literacy and (85.1%) of the Female university teachers have financial literacy. Objective No 2

#### 3.1. Money Management Practices Among Male and Female University Teachers of Karachi

TABLE 4.3.1 Table 4.2.1 shows the analysis of the questions. In these tables 5 level of Likert scale were taken A= AGREE. U= UNCERTAIN, DA= DISAGREE

#### TABLE 2.1: Money Management Practices among Male and Female University Teachers of Karachi

Table 2.2 shows that scoring scale was developed to pool the data into LOW, MEDIUM, and HIGH categories of money management practices. Most (97.3%) of the Male university teachers have high money management practices and (90.8%) of the Female university teachers have money management practices. with money management practices the value of  $r=0.174$  which means that there is 3% relationship between financial literacy and money management practices among Male and Female university teachers of Karachi.

**Table 1.1.** Financial literacy among Male and Female University Teachers of Karachi

FINANCIAL LITERACY	GENDER N (%)N=200					
	MALE			FEMALE		
	A	U	DA	A	U	DA
Insurance provided dual benefits of saving & security.	77 (68.1%)	14 (12.4%)	22 (19.5%)	57 (65.5%)	18 (20.7%)	21 (13.8%)
Credit cards can save time & trouble.	84 (74.3%)	13 (11.5%)	16 (14.2%)	55 (63.2%)	11 (12.6%)	21 (24.1%)
An investment with a high return is likely to be high risk.	86 (76.1%)	18 (15.9%)	9 (8.0%)	52 (59.8%)	21 (24.1%)	14 (16.1%)
High inflation means that cost of living increasing rapidly.	85 (75.2%)	21 (18.6%)	7 (6.2%)	46 (52.9%)	20 (23.0%)	21 (24.1%)

It is less likely that will lose all of your money if you save one place.	66 (58.4%)	30 (26.5%)	17 (15.0%)	39 (44.8%)	28 (32.2%)	20 (23.0%)
Over use of credit card can be burden you with more debits.	64 (56.6%)	23 (20.4%)	26 (23.0%)	53 (60.9%)	16 (18.4%)	18 (20.7%)

**Table 1.2.** Categories of Financial literacy among Male and Female University Teachers of Karachi

FINANCIAL LITERACY (FL)	GENDER			
	MALE		FEMALE	
	N (%)	MEAN (S.D)	N (%)	MEAN (S.D)
LOW on FL 0--6	0 (0%)	16.73 (3.262)	0 (0%)	15.75 (3.383)
MEDIUM on FL 7--12	12 (10.6%)		13 (14.9%)	
HIGH on FL 13--24	101 (89.4%)		74 (85.1%)	
TOTAL	113 (100.0%)		87 (100%)	

\*All questions were based on (OECD INFE (2011))

**Table 2.1.** Money Management Practices among Male and Female University Teachers of Karachi

MONEY MANAGEMENT PRACTICES	GENDER N (%)N=200					
	MALE			FEMALE		
	A	U	DA	A	U	DA
Household income is regular & reliable.	89(78.8%)	20(17.7%)	4(3.5%)	71(81.6%)	8(9.2%)	8(9.2%)
Tend to live for today, tomorrow will take itself.	52(46.0%)	16(14.2%)	45(39.8%)	33(37.9%)	17(19.5%)	37(42.5%)
Satisfaction to spending money then to save it for long term.	40(35.4%)	23(20.4%)	50(44.2%)	31(35.6%)	21(24.1%)	35(40.2%)
Pay bills on time.	89(78.8%)	14(12.4%)	10(8.8%)	60(69.0%)	9(10.3%)	18(20.7%)
Prepared for risk when save or invest.	69(61.1%)	31(27.4%)	13(11.5%)	24(27.6%)	21(24.1%)	42(48.3%)
Keep close personal watch on financial affairs.	100(88.%)	11(9.7%)	2(1.8%)	75(86.2%)	9(10.3%)	3(3.4%)
Make plan how to use money.	76(67.3%)	30(26.5%)	7(6.2%)	63(72.4%)	18(20.7%)	6(6.9%)
Save on regular basis for goal.	84(74.3%)	24(21.2%)	5(4.4%)	55(63.2%)	25(28.7%)	7(8.0%)
Make a list before shop.	83(73.5%)	20(17.7%)	10(8.8%)	55(63.2%)	18(20.7%)	14(16.1%)
Evaluate spending on regular basis.	75(66.4%)	27(23.9%)	11(9.7%)	46(52.9%)	26(29.9%)	15(17.2%)
Keep bills & receipts here easy to find.	77(68.1%)	17(15.0%)	19(16.8%)	57(65.5%)	11(12.6%)	19(21.8%)
Use a written budget.	55(48.7%)	26(23%)	32(28.3%)	45(51.7%)	21(24.1%)	21(24.1%)
Get behind on the rent or house payment.	44(38.9%)	22(19.5%)	47(41.6%)	21(24.1%)	25(28.7%)	41(47.1%)
Write down where money is spent.	62(54.9%)	13(11.5%)	38(33.6%)	39(44.8%)	15(17.2%)	33(37.9%)
Prefer to shop through credit card.	48(42.5%)	13(11.5%)	52(46.0%)	31(35.6%)	13(14.9%)	43(49.4%)
	73(64.6%)	23(20.4%)	17(15.0%)	52(59.8%)	18(20.7%)	17(19.5%)

Manage to return debit on time.						
Prefer interest banking.	33(29.2%)	16(14.2%)	64(56.6%)	27(31.0%)	20(23.0%)	40(46.0%)

**Table 2.2.** Categories of Money Management Practices among Male and Female University Teachers of Karachi

*MONEY MANAGEMENT PRACTICES (MMP)	GENDER			
	MALE		FEMALE	
	N (%)	MEAN (S.D)	N (%)	MEAN (S.D)
LOW ON MMP 0--17	0 (0%)	43.85 (6.594)	0 (0%)	42.01 (5.939)
MEDIUM ON MMP 18—34	3 (2.7%)		8 (9.2%)	
HIGH ON MMP 35--68	110 (97.3%)		79 (90.8%)	
TOTAL	113(100.0%)		87 (100.0%)	

\*few questions were based on (Hira, 1987)

*Association of financial literacy with money management practices among male and female university teachers of karachi*

3.2. Result Shows that  $P= 0.014<0.05$  Statistically there is an Association between Financial Literacy

**Table 4.6.** Association of Financial Literacy with Money Management Practices among Male and Female University Teachers of Karachi.

MONEY MANAGEMENT PRACTICES	FINANCIAL LITERACY N (%)		
	0—6	7—12	13—24
0—17 LOW	0(0%)	0(0%)	0(0%)
18—34 MEDIUM	0(0%)	4(16.0%)	7(4.0%)
35—68 HIGH	0(0%)	21(84.0%)	168(96.0%)
TOTAL	0	25	175
	0%	(100%)	(100.0)

\* $r=0.174$

\*\*  $P= 0.014<0.05$

#### 4. CONCLUSION

This research aimed at bringing awareness about financial literacy and money management practices among male and female university teachers of Karachi. Through this study teachers understand how they can effectively manage their practices of money management through financial literacy. The objectives of this study were to assess financial literacy and money management practices of male and female university Teachers of Karachi and mainly to find out the association of financial literacy with money management practices among male and female university teachers of Karachi.

The finding of association between financial literacy and money management practices has been noted before Managing money is a talent, we tell ourselves. Godwin & Carroll, 1986 According to Panelist Sandra Huston, Associate Professor: She presented a conceptual model of financial literacy that included more than measurement of knowledge.

The above study shows that university teachers regardless of gender have proper financial literacy and money management practices. It is evident from the result that university teachers consider insurance is beneficial for saving and security and majority teachers accepts that credit cards can save time & trouble. Also Investment with high return has a high risk and inflation increasing the living cost rapidly. Results of study also reveal that it is less likely that people will lose all of money if they save it at one place. Mostly teachers agreed that over use of credit card can be burden for them.

The result related to money management practices of University Teachers apparent that majority of University teachers have agreed that their household income is regular & reliable. They tend to live for today. Mostly respondents showed that they are satisfied in saving money for long term rather than spending it. Generally

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teachers Paying bills on time. They prepared for risk when they save or invest. Greater part of respondents agreed that they Keep close personal watch on their financial affairs. They consider about make plan before handling of money and save it on regular basis for goals. Main part of university teachers sample makes a list before shop because of written budget and evaluate spending on regular basis. They keep bills & receipts where it trouble-free to find. By and large teachers disagreed that they get behind on the rent or house payment. Habitually teachers write down where money is spent. According to findings mostly teachers not to prefer shop through credit card. They return debit on time and not prefer interest banking. The statistical findings of this study indicate that university teachers have high financial literacy and money management practices. Also there is an association of financial literacy with money management practices.

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This study revealed data about actual financial literacy with money management practices of university teachers. The results demonstrate teachers are in need of education about financial literacy, ranging from basic budgeting to complex investing. One step toward meeting these needs would be to create institutional practices to meet these needs. According to Collins, selection bias is a central problem with most financial literacy studies. There are several approaches to budgeting and ways to manage money. Before you can decide which money management practices are right for you, commit to educating yourself with smart budgeting tips and professional money management advice.

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#### **CONFLICT OF INTEREST**

The authors declare that they have no competing interests.

#### **ARTICLE HISTORY**

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