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What Motivates a Learner Manager of a Logistic Company to Achieve Financial Literacy?

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Abstract

As long as there is an academic discussion about the essence of finance, specifically, of whether it is 'art' or 'science,' managers and entrepreneurs, especially beginners, experience the necessity to acquire realistic and basic knowledge of financial management. Financial knowledge helps people feel more committed and involved in an organization. In our opinion, a manager does better when he understands how financial success is measured and how he has an impact on the company's performance. In this case we speak about a manager's financial literacy. The results of this paper reveal the effect of personal qualities of undergraduate students on the efficiency of acquisition of financial subjects. Sixty four participants between the age of 18 and 23 were recruited for this study from the programs Transport and Business Logistics and Business Management in Transportation of the Transport and Telecommunication Institute. The attainment of financial literacy amongst this student population was studied through the study of learning outcomes for financial subjects and the role of achievement motivation, its components and intellectual capabilities of these learner managers, future managers of transportation and logistics companies. To obtain the answer to the question of whether there is any correlation between achievement motivation and acquisition of financial literacy, the Achievement Motivation Inventory (AMI) of 17 facets and Raven's Progressive Matrices (SPM-C) were deployed, and the learning outcomes for financial subjects were analysed. The results of this paper indicate that striving for attainment is one of the main motivational factors for the achievement of financial literacy and development of financial management skills.

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1. Introduction

In modern financial management theory managerial and behavioural functions of finance are dominating, which strengthens the position of financial management in management education. However, real life experience shows that owners of small firms often conduct multiple business functions. They might handle accounting, payroll and taxes on their own during those early days, even if their own backgrounds are in unrelated fields. Unfortunately, far too many people graduate from high school without even the slightest bit of training in this area (Rahmandoust, 2011).

How shall we assess ‘the weight’ of necessary knowledge in finance and of financial skills in management education? We do believe that the volume and depth of financial knowledge that a manager requires are determined by different factors. Among these factors there are the size and type of a business, the degree of entrepreneur’s responsibility, the corporate culture and business environment (Xu and Zia, 2012). Another aspect of entrepreneurship education pertains to the degree of eagerness of young managers to acquire knowledge and develop professional skills.

Having been engaged in longitudinal teaching and communication activities with our students, we concluded that irrespective of the size of a company, form of property and type of entrepreneurial activities, a manager should have appropriate financial knowledge to run a business successfully. Although the decision on the quantity and quality of required financial knowledge could be made by a manager, it will have an impact on the overall financial performance of the company. Earlier this view was promoted by Kuzmina (2015), who claimed that “a company’s financial performance is the reflection of the results of managerial decision making.”

In this case we consider finance as both art and science. This approach is consistent with Berman and Knight, who claimed that “the art of accounting and finance is the art of using limited data to come as close as possible to an accurate description of how well a company is performing” (Berman and Knight, 2013).

In this paper we consider the term *financial literacy* from two perspectives. On the one hand, successful business management requires the knowledge of financial subjects as it equips a manager with skills essential for efficient management of figures and creation of financial reports benefiting the company. On the other hand, within the framework of psychology the term *financial literacy* might be interpreted through the experience of sensation of financial freedom (Nayman, 2014) or financial well-being (CFPB, 2015). These feelings help a manager to attain confidence, productivity and success. “I need financial knowledge to be able to adequately evaluate a company’s financial position, control its solvency and identify resources essential for longitudinal development. This should provide financial independence for the company. Then I will feel myself financially free.” Such interpretation of the meaning of financial literacy was conveyed by a participant of this study and it was used as the foundation for this research, the outcomes of which are discussed later in the paper.

Importantly, the quality of acquisition of study subjects, the overall depth of obtained knowledge and learning outcomes are mostly determined by the contents of students’ motivation. Research psychologists claim that effective and productive human activities pertain to achievement motivation as it stimulates the attainment of success in any area of activities, expansion of opportunities and enhancement of leadership experience.

Therefore, the aim of this research is to determine the role of achievement motivation, its components as well as intellectual abilities of learner managers of transportation and logistics companies, in learning financial subjects and attainment of financial literacy.

2. Literature review

Financial literacy is a widely discussed theme on the national and international level by governments, organizations and academia (Chmelíková, 2015). The results of her study indicate that participating students have sophisticated financial knowledge and demonstrate professional financial behaviour and therefore could be concluded to have attained financial literacy. Their performance was markedly different from average adult population. Latvian researchers were able to contribute to financial literacy research, too, by discussing the issue in the Baltic States (Titko *et al.*, 2015).

Financial literacy is mainly used in connection with personal finance matters (Remund, 2010). Having conducted the literature review from 2000, David Remund (2010) concluded that conceptual definitions of financial literacy

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