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ANALYSIS OF RELATIONSHIP BETWEEN PROFILE OF EXECUTIVES AND THEIR VIEW ON FINANCIAL INTELLIGENCE ANTECENDENTS [A/Q: PLEASE CHECK THE PARAPHRASING]

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ABSTRACT

This study aims to identify any relationship between the profiles of executives and their views on financial intelligence antecedents. The study has made an attempt to use two groups of executives, namely, financial and non-financial executives from the major cities of Tamil Nadu – Chennai, Coimbatore, Madurai, Trichy and Tirunelveli. The study was conducted through descriptive research design, as survey method was employed for the sample size of 535 respondents. The data was subsequently analyzed using quantitative techniques of statistics. The study identifies that there is significant relationship between the profile of executives and on their views on financial intelligence antecedents.

KEYWORDS: *Financial Antecedents; Financial Intelligence*

INTRODUCTION

Financial intelligence is knowledge and understanding of various financial aspects including personal finance, money and investment. Financial literacy is related to managing personal budgets, making efficient decisions related to one's own finances, such as investment, purchasing or investing in real estate, education for their children and saving for future. It is related to calculating simple and compound interests, managing their debts, techniques related to savings, spending and proper utilisation of their money. The lack of financial literacy may lead to making poor financial choices that can have negative consequences on the financial well being of an individual. Financial literacy is a way in which individuals can improve their knowledge related to various concepts in finance, financial markets and financial products, such as shares, bonds and mutual funds. Proper decision helps to improve their financial status and to avoid financial instability. It is a combination of awareness, attitude and information about financial products and services through which one can take proper and good decisions related to finance.

Financial Intelligence – Conceptual Framework

Financial intelligence is collection of information of financial relevance to understand its effect and interpretations and predicting its behaviour and outcomes. aiding in improving decision-making skills and boost control over finances **(Berman, Knight and Case, 2006) Lamba (2010)** emphasized that non-finance people feel that finance is tricky and beyond the scope of their understanding. There are fundamental concepts at the base of most financial decision-making. The concepts are universal, applying to every context and economic environment. Three such concepts are (1) numeracy, as it relates to the capacity to do interest rate calculations and understand interest compounding; (2) understanding of inflation and (3) understanding of risk diversification. Translating these concepts into easily measured financial literacy metrics is difficult.

REVIEW OF LITERATURE

Finance is an integral part of life and its principles are based on pure and simple common sense. The ability to take financially intelligent decisions is financial management. Understanding the impact of every decision on the net worth or economic position and ensure that all actions should be taken to strengthen and not weaken the economic position.

The first examination of financial literacy using the Big Three was possible due to a special module on financial literacy and retirement planning that Lusardi and Mitchell designed for the 2004 Health and Retirement Study (HRS), a survey of Americans over 50 years of age. The data shows that only half of older Americans, who made many financial decisions in their lives could answer the two basic questions of measuring and understanding of interest rates and inflation **(Lusardi and Mitchell, 2011(b))**

Low financial literacy on an average is exacerbated by vulnerability patterns among specific population subgroups. For instance, as reported in **Lusardi and Mitchell (2014)**, even though educational attainment is positively correlated with financial literacy, it is not sufficient. Even well-educated people are not savvy about money and investment. Financial literacy is low among the young.

The need for financial intelligence is based on the gaps existing, as stated in Debt Literacy by **Lusardi and Tufano** (2009), which highlighted the need for relevant and effective financial information. People with low financial literacy are more likely to have issues with debt. On Retirement Preparedness, **Lusardi and Mitchell** (2006) mention that people with lower financial literacy are less likely to:

- Participate in the stock market
- Choose mutual funds with less fees
- Accumulate wealth and manage wealth effectively and plan for retirement.

Lack of planning is pervasive among elderly workers according to **Lusardi** study in 2000 and 2002. These findings show that many executives miss the information necessary for making saving decisions, and poor planning is the primary result of financial illiteracy. Hence, the study focuses to see if there is any relationship between the profile of executives and their financial intelligence antecedents.

NEED FOR THE STUDY

There has always been vast differences between individual’s financial decisions that are usually based on income. This study is aimed to understand the financial intelligence awareness between executives working in financial and non–financial sectors. This study helps in understanding the influencing factors in making good financial decisions, while being non-financial sector executives or vice versa. Effective money managers understand the long-term consequences of making even the smallest purchase decisions. Effective money managers know that an accumulation of small purchase decisions will usually result in long-term consequences that will either add to their debt or provide them with opportunities to earn profits. The financially intelligent have an uncanny ability to see into the future. Utilizing the act of foresight to help identify the possible consequences that can potentially result from each spending decision made, they determine if the consequences are justifiable. If long-term profits do not manifest, the decision is carefully weighed before taking any further action. On the other hand, incompetent money managers purchase anything at any time whenever they feel the urge to spend. They are emotional beings, who enjoy the feeling of spending, and the resulting emotions of immediate gratification. So, they live from salary to salary. When money comes in, they spend. When money is not available, they either hold back on their expenses or redirect their spending onto their credit cards.

OBJECTIVES OF THE STUDY

- Identify association between the profile of executives and their view on financial intelligence antecedents.
- Identify association between executives' profile variables regarding the view on financial confidence.

RESEARCH METHODOLOGY

It is the key aspect which governs the outcome of the study. It encompasses and directs the researcher to conduct the study in a systematic process, which ensures and facilitates the accuracy of the outcome. The study is descriptive in nature. For the present study, primary data was collected for analysis from the financial and non-financial executives in Tamil Nadu. The financial executives include banking and insurance, the non-financial executives include manufacturing and FMCG. Secondary data was collected from different sources like books, journals, magazines and various e-resources like **ebscohost, inflibnet**, etc. The sampling design was created keeping in mind that the samples cover the whole data of the study and is not limited to a part.

A sampling frame is a representation of element of the target population. The target population for this study are the executives working in financial and non-financial sectors in the major cities of Tamil Nadu, such as Chennai, Coimbatore, Madurai, Trichy and Tirunelveli. In this study, judgmental sampling is used.

Multi-stage sampling is followed for the present study. In the present study, the researcher had considered financial and non-financial companies in major cities in Tamil Nadu through the following stages:

- Five major cities – Chennai, Coimbatore, Madurai, Tirunelveli and Madurai – were selected, and two sectors, such as financial and non-financial sectors were identified.
- Among the selected, four major professionals, those who are having more than of Rs. 6,00,000 annual CTC, have been considered for the research purpose. By implementing distribution, the researcher has considered 535 as the final sample size for the study.

The identified 535 samples are equally distributed to all major cities and financial and non-financial sectors. The data was collected using questionnaire interview.

ANALYSIS AND INTERPRETATION

The present study has made an attempt to examine the association between the profile of executives and their view on financial intelligence antecedents with the help of one-way analysis of variance.

One-Way Analysis of Variance

The included profile of variables is gender, age, level of education, occupational background, productivity, family size, number of educated persons per family, number of earning members per family, level of spouses' education, social class, monthly income, family income, material possession, and years of experience and the nature of formal financial education. The results are given in Table.

Table 1: One-way ANOVA (view on first four Financial Intelligence antecedents)

S.No	Profile Variables	'F' Statistics in			
		Personality Trait	Financial Knowledge	Financial Behavior	Financial Education
1.	Gender	3.9141*	3.9099	2.9969	4.2142*
2.	Age	2.4711*	2.0886	2.6082*	2.7081*
3.	Level of education	2.8646*	2.5117	2.4245	2.3969
4.	Occupational background	2.6084*	2.5419*	2.6242*	2.5676*
5.	Nativity	2.0996	2.9171	3.1171*	3.2676*
6.	Family size	2.4171	2.3889	2.4682	3.5141
7.	Number of educated persons per family	2.5109	2.4247	2.5249	2.3846
8.	Number of earning members per family	3.8661*	3.4171*	2.9093	2.6171
9.	Level of spouses' education	2.7141*	2.4089	2.3388	2.4541
10.	Social class	2.8868*	2.1171	2.4546	2.8171*
11.	Monthly income	2.6611*	2.6672*	2.3089	2.4171*
12.	Family income	2.8084*	2.5179*	2.5117*	2.6089*
13.	Marital possession	2.6996*	2.6208*	2.5868*	2.6117*
14.	Years of experience	2.8414*	2.5161*	2.4968*	2.4886*
15.	Nature formal financial education	2.6117	2.8894	3.2446	3.3419

**Significant at 5% level.*

The significantly associating profile variables regarding the personality traits are gender, age, level of education, occupational background, number of earning members per family, level of spouses education, social class, monthly income, family income, material possession and years of experience, whereas in the case of financial knowledge, these profile variables are gender, occupational background, number of earning members per family, monthly income, family income, material possession and years of experience, since its 'F' statistics are significant at 5% *level.*

Regarding the level of financial behavior, the significantly associating profile variables are age, occupational background, nativity, family income, material possession and years of experience, whereas in the case of financial education, these profile variables are gender, age, occupational background, nativity, social class, monthly income, family income, material possession and years of experience.

The significant association between the profile of executives and their level of view on last three financial intelligence antecedents have been assessed with the help of one-way analysis of variance. The results are shown in the Table.

Table 2: One-Way Analysis of Variance (View on Last Three, Four Financial Intelligence Antecedents)

S.No	Profile Variables	'F' Statistics in		
		Financial Confidence	Financial Comfortableness	Financial Capabilities
1.	Gender	3.6141	3.5249	3.3889
2.	Age	2.2171	2.0886	2.3141
3.	Level of education	2.6991*	2.1786	2.2445
4.	Occupational background	2.4471*	2.5608*	2.1474
5.	Nativity	2.9171	3.2626*	2.5171
6.	Family size	2.0886	2.3445	2.4517
7.	Number of educated persons per family	2.6889*	2.4082	2.3969
8.	Number of earning members per family	3.4109	2.3342	2.4561
9.	Level of spouses' education	2.4179	2.9179	3.1172*
10.	Social class	2.8117*	2.6171*	2.4233
11.	Monthly income	2.6565*	2.8181*	2.9084*
12.	Family income	2.4779*	2.3088	2.2586
13.	Marital possession	2.5089*	2.4117*	2.8676*
14.	Years of experience	2.5173	2.4672	2.8183*
15.	Nature formal financial education	3.1171	3.3263	3.8687*

**Significant at 5% level.*

The significantly associating profile variables of the executives regarding the view on financial confidence are level of education, occupational background, number of educated person per family, social class, monthly income, family income and material possession, whereas in the case of financial comfortableness, these are occupational background, nativity, social class, monthly income and material possession since its 't' statistics are significant at 5% level. The significantly associating profile variables regarding the view on financial capabilities are level of spouses' education, monthly income, material possessions, years of experience and nature of formal financial education among the executives.

Discriminant Four Financial Intelligence Antecedents among the Executives in Financial Sector and Non-Financial Sector

The present study has made an attempt to identify the important discriminant Financial Intelligence Antecedents among the two groups of executives with the help of two-group discriminant analysis. Initially, the mean difference in each Financial Intelligence Antecedents and its statistical significance has been computed separately. The discriminant power of each Financial Intelligence Antecedents has been estimated with the help of Wilk's Lambda. The results are given in Table.

Table 3: Mean Difference and Discriminant Power of Financial Intelligence Antecedents among the Executives in Financial Sector and Non-Financial Sector

S. No	Financial Intelligence Antecedents	Mean Scores among respondents in		Mean Difference	'T' Statistics	Wilk's Lambda
		Urban	Rural			
1.	Personality Traits	3.6889	3.4297	0.2592	0.8084	0.2911
2.	Financial knowledge	3.7771	3.3212	0.4559	2.4691*	0.1011
3.	Financial behavior	3.6816	3.4759	0.2057	0.5396	0.3814
4.	Financial education	3.8581	3.4022	0.4559	2.4171*	0.1242
5.	Financial confidence	3.5583	3.1665	0.3918	2.4033*	0.1059
6.	Financial comfortableness	3.6167	3.5492	0.0675	0.2173	0.6171
7.	Financial capabilities	3.8834	3.4293	0.4541	2.4776*	0.1886

**Significant at 5% level.*

The significant mean differences are noted in the case of four out of seven Financial Intelligence Antecedents, since its 't'statistics are significant at 5%. The higher mean differences are noted in the case of financial knowledge and education, since its mean differences are 0.4559 and 0.4559, respectively. The higher discriminant power is noted in the case of financial knowledge and confidence, since Wilk's Lambda is 0.1011 and 0.1049, respectively. The significant financial intelligence antecedents have been included to estimate the two-group discriminant function. The unstandardized procedure has been followed to estimate the function. The estimated function is:

$$Z = 0.6244 + 0.2171\, x_2 + 0.1909\, x_4 + 0.2841\, x_5 + 0.1417\, x_7.$$

The relative contribution of each financial intelligence antecedents in the total discriminant score is estimated by the product of discriminant co-efficient and the mean difference of the respective financial intelligence antecedents. The results are shown in Table.

Table 4: Relative Contribution of Financial Intelligence Antecedents In Total Discriminant Score (TDS)

S. No	Financial Intelligence Antecedents	Discriminant Co-Efficient	Mean Difference	Product	Relative Contribution in TDS
1.	Financial knowledge	0.2171	0.4559	0.0989	27.36
2.	Financial education	0.1909	0.4559	0.0870	24.06
3.	Financial confidence	0.2841	0.3918	0.1113	30.79
4.	Financial capabilities	0.1417	0.4541	0.0643	17.79
Total				**0.3615**	**100.00**

Per cent of cases correctly classified: 78.46.

The higher discriminant co-efficients are noted in the case of financial confidence and knowledge since its co-efficients are 0.2841 and 0.2171, respectively. It shows the higher influence of above-said two financial intelligence antecedents in the discriminant function. The higher relative contribution in TDS is noted in the case of financial confidence and knowledge, since its relative contributions are 30.79 and 27.36%, respectively.

SUMMARY AND FINDINGS

- The estimated two-group discriminant function correctly classifies the cases to an extent of 78.46%.
- Analysis infers that the important discriminant financial intelligence antecedents among the executives in the Financial and Non-Financial Sectors are financial confidence and knowledge, which are highly viewed by executives in financial sector compared to the executives in Non-Financial Sector.

CONCLUSIONS

The financial intelligence of the executives is at a moderate level. It is higher among the executors in the finance sector compared to executives in non-finance sector. The profile of executives play an important role in the determination of their financial intelligence. The important determinants of financial intelligence among the executives are personality traits, financial knowledge, financial behavior, financial education, financial confidence, financial comfortableness and financial capabilities.

SUGGESTIONS

- Financial knowledge and investment planning counseling: There needs to be regular knowledge-sharing sessions for the non-financial sector executives.
- Self-Learning Process: The professionals in non-financial companies may be enriched not only by conducting so many awareness programs, and the provision of much financial information about the stock market.
- Learning from their mistakes and behavioral biases. By doing so, they can reach their optimal financial intelligence.

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