ECONOMICS AND FINANCIAL LITERACY: AN EMPLOYEE PERSPECTIVE IN BUSINESS

Anuradha A, VIT Business School
L.R.K. Krishnan, VIT Business School

INTRODUCTION

Ever since the Greeks thought of the importance of economics and spread it to the Middle-east, the mother of all behavioral sciences teaches the human race to be more conscious about the limited resources available to meet the unlimited demands. With marginalism being the central theme of this field of study, economics branches out majorly into microeconomics and macroeconomics. Further subdivisions of the field of economics are financial economics, managerial economics, business economics, financial economics, health economics, public economics, Agricultural economics and developmental economics.

Microeconomics deals with the behavior of the individual human being as a rational consumer and the performance of the individual firm which is a unit or a part of the industry as such. Macroeconomics deals with the mechanism of the 'invisible hand' that creates stability and growth in a nation as a whole. Macroeconomics experiments the supply side and demand side of the economy through effective monetary and fiscal policies.

Economics and Financial literacy have so much in common that you learn to use the limited resources to the best of your abilities for conserving and developing wealth. Employees in organizations need considerable orientation in financial, business and managerial economics to enhance their personal value, creating value on the job, business growth and success.

Individuals may not have the knowledge base to make ideal choices in finance-related matters. Therefore, financial decision making can be improved by providing decision makers with better quality information presented in a non-complex fashion, an institutional environment conducive to good decisions, (Morris, 2012).

Understanding and developing a deep sense of appreciation towards cost optimization and capital productivity enhances individual contribution to the top and bottom lines. Organizations on the other hand need to develop financial acumen, education and spirit of entrepreneurship at all levels to ensure organizational objectives of wealth creation and overall growth which is a primary objective, Raghuram (2020).

Economics of scale, understanding the time value of money, the concept of money and how it evolved; the role of banks, investment houses, Reserve bank of India, understanding productivity, wages, investment, and growth involved in capitalism; unemployment, inflation, and the national debt; and a survey of markets are all important. Educating employees in the principles in the context of personal finance, exploring issues such as career planning, budgeting, credit, taxes, investing, insurance, loans, and major purchases pay rich dividends in developing talent in an organization.

Lusardi (2019), Financial literacy is a basic need for every individual to avoid financial problems. Financial difficulties occur not only due to low income only, financial difficulties can also occur if there are errors in financial management such as lack of financial planning or misuse of credit. Implementation of education in improving the understanding of finance in the community is necessary. With the rapid development and economic growth, financial institutions have an important role in life in the wider community. With the existence of various financial institutions that make every institution make every effort to distribute various financial products and services to the community as a whole. Financial literacy is closely related to the well-being of the individuals. Financial knowledge and skills in managing personal finance are very important in everyday life. Financial difficulties may arise in the event of mis-management such as misuse of credit, and the absence of financial planning. Financial literacy can be interpreted as financial knowledge, which aims to achieve prosperity Standing (2017). Financial limitations can cause stress, and low self-esteem. The existence of financial knowledge and financial literacy will help the individual in managing their personal finance and meticulously plan for better returns. Individuals can maximize the value of money if they possess the skill of rational financial planning and the benefits obtained by individuals will be greater to improve their standard of living. Financial literacy and frugal economic behavior Piachaud (2018), Can remarkably reduce the Gini-coefficient with more equal distribution of income enabling the growth of the developing economies widely.

CONCLUSION

Helping employees understand their pay or salary cheque, plan for spending, saving and investing, setting personal financial goals and achieving them, using credit cards, seeking loans and repaying debts, buying insurance etc., are essential for employee stability, well- being and social security. Developing all these dimensions in the employee is essential for better understanding of finance and business which has a positive rub off on organization goals and objectives, ultimately giving way for overall economic growth of the economy.

Increased variety of products and the instability of the global economy in twenty first century caused increasing complexity of financial decisions and also caused consumers faced with the challenge in economic and financial activities. For this reason, in the last decade, the importance of financial management skills in personal and work life has increased and researched (Marzieh et. al., 2013).

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