

FINANCIAL LITERACY: DRIVING BUSINESS RESULTS THROUGH DEVELOPMENT OF EMPLOYEES

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INTRODUCTION

It doesn't matter, if you don't work in a finance role, Finance is of concern to you! Facts indicate that financial literacy's demand is increasing enormously in the corporate world. It is time for corporate employees to gain a competitive edge and become financially literate (Hbs.edu, 2021). Financial literacy can help you succeed in any area of business, and elevate your decision-making, negotiation, and leadership skills without doubt. Understanding financial terminologies, statements, concepts, and knowing how to use this information to make a financial impact. It is pertinent to develop financial literacy at all levels in the organisation, if we want to secure business results. Simply put in, if we help prepare the lives of our employees we can expect better results.

A financially literate business owner is more likely to be fully in control of their business. Gaining an understanding of what balance sheets and profit and loss statements mean provides a clear view of the financial state of your enterprise and subsequently facilitates smarter business decisions (AACA, 2021).

Understanding finances cash flow, budget projections, profit and loss, etc. is essential to understanding the overall health of your business. That's why every business owner should make financial literacy a priority in their continuing education (Forbes, 2021). From helping employees in budgeting with a plan for their earned income, savings and spending plan of their choice, helps employees prudently invest their hard earned resources. While saving and spending plan guides them towards financial prudence, it is important from a wealth management perspective for employees to save and also invest their funds for wealth creation.

In addition to the above, personal tax planning and returns filing makes them a prudent tax planner to conserve wealth and be a tax compliant citizen, guide employees to spend wisely on essential and non-essential items having control on their credit card expenditures. Financial literacy can always be developed and it is never too late to learn and implement useful budgeting and planning skills. Most individuals are intimidated by financial matters, but education is the key! Employers must have well drawn out training on financial literacy and money management so they can take control of their financial situation and plan for a successful future for academic, personal finance, work and business related. There are various ways financial literacy can help you succeed in business;

1. Understanding the impact of our actions at the workplace
2. Take informed decisions
3. Prepare and contribute to Budgeting
4. Improve Negotiation Skills
5. Become Financially Efficient
6. Understanding the difference between Finance vs. Accounting
7. Free cash flow
8. Financial statement analysis
9. The Balance Sheet
10. The Income Statement

- a. Revenue
- b. Expenses
- c. Costs of goods sold (COGS)
- d. Gross profit /Operating income /Income before taxes
- e. The Cash Flow Statement

Financial Fluency and Skills for Orientation of Employees

1. Capital Gain
2. Asset Allocation: Bonds/ Stocks/dividends/ Cash and Cash Equivalents
3. Compound Interest
4. Forecasting
5. Liquidity
6. Net Worth
7. Time Value of Money
8. Valuation
9. *ROI calculation*
10. *Budgeting*
11. Financial key performance indicators (KPIs)

GrossProfitMargin/ProfitMargin/WorkingCapital/CurrentRatio/QuickRatio/Leverage/Debt-to-Equity Ratio/debt-to-equity ratio= total debt/ total equity/ Inventory Turnover / Total Asset Turnover / Return on Equity / Return on Assets.

CONCLUSION

Reviewing and understanding financial documents can provide you with valuable insights about your organization and your job. Developing financial literacy and advancing employee careers with financial literacy is the key! No matter your role, being financially literate can help you succeed in your job and business. At a time when the demand for financial literacy is high and expected to climb, learning about finance can enable you to make better decisions, negotiate more effectively, and positively impact your organization, the way to grow in life and remain happy.

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