

AN ASSESSMENT OF TRANSPORT LOGISTICS STUDENTS' PERSONAL FINANCE AND THEIR PERSONAL FINANCE MANAGEMENT SKILLS

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Abstract. Knowledge about personal finance, economics' expression understanding, ability to manage own money are important nowadays. The main aim of this research is to compare the Transport Logistics students' personal finance management skills during the Covid-19 pandemic. The respondents were 197 Transport Logistics students of Vilnius College of Technologies and Design. They filled out an electronic demographic data form online and evaluated their personal financial management skills. Results of the research showed students earnings are to 440 EUR per month. Their amount per month was more than 440 EUR, the main groups of expenses, revealed skills of saving, view into the personal control of finance and sufficient rating of knowledge.

Keywords: personal finance, personal finance management, personal finance management skills.

Introduction

An asset in students' lives is money that plays an important role in their lives. Students need to know how to manage money because without them you can neither buy, spend nor save. It should be natural for each to plan, count and control, and make financial decisions thoughtfully and reasonably.

Financial education programs much attention has been placed on enhancing individuals' financial knowledge and literacy. Managing one's personal finances takes financial knowledge and literacy.

The principles of personal financial management are very simple costs must not exceed income (current and future); part of the income should be invested for a long time; insure possible in case of financial problems; not get stuck in debt. If each of us always adhered to these principles, financial difficulties are likely to be extremely rare (Čečkauskaitė & Kviklienė, 2014).

Financial literacy is an important factor through rational financial decisions affecting both the financial well-being of each individual and the overall quality of life in the country (Henager & Cude, 2016; Legenzova, Gaigalienė, & Leckė, 2019)

Personal finances and household decisions are important part of the financial system on which the level of the national economy as a whole depends (Taujanskaitė & Jurevičienė, 2010).

The aim of the paper is to compare the Transport Logistics students' personal finance management skills during the Covid-19 pandemic in 2021 and the results in 2016.

In order to achieve a purpose these objectives have been identified:

1. To define the importance of personal finance and their management skills.
2. To reveal the research methodology of students' personal finances and their management skills.
3. To present the main results of the studies in 2016 and 2021 of transport logistic students' personal finances and management skills.

Methods used in the paper: comparative analysis of the literature resources, questionnaires, empirical data grouping, comparison and analysis, the portrayal of the obtained results.

Personal finance management skills

Different financial literacy definitions incorporate one or more of the following categories (Legenzova et al., 2019):

- knowledge of financial concepts;
- ability to explain and apply financial concepts;
- ability to manage personal finances
- appropriate financial decision-making skills
- ability to plan future financial needs effectively.

In order to manage debt, spend within your means, build-up reserves it is essential that individuals, including students, manage and plan everyday life activities by developing skills in personal financial management (Falahati, Paim, Ismail, Haron, & Masud, 2011).

The Important personal finance management function is a financial planning which is required in order a person could have enough money for their most important life needs. Therefore, the management of personal finances is essential to control costs so that in order to have enough financial reserves. This requires them to invest properly, obtaining a sufficient return on investment for the selected risk of level (Deimantaite Gedmintiene & Visockaite, 2016).

Financial skills as an individual's capability to use their financial knowledge and understanding in practice to make well-informed financial decisions, assess financial information. As such, financial skills enable individuals to plan, monitor and manage both financial problems and opportunities (Van Deventer, 2019).

Financial skills and ability as the knowledge and understanding, that allows people to acquire the skills to deal with everyday financial matters and make the right choices (Falahati et al., 2011).

Financial literacy is a measurable level at which a person can comprehend basic financial concepts, has the ability and confidence to manage personal finances through short-term solutions and longterm financial planning evaluating changing economic environment and living conditions of a person (Remund, 2010).

The ability to manage financial resources is essential for everyday life activities. Well-informed and financially educated people are able to make better decisions for their families and, thus lead to higher financial security and well-being (Falahati et al., 2011).

Young people often do not know or do not understand simple financial concepts and terms, do not identify them in their own environment, and are unable to apply them in practice (Navickas, Gudaitis, & Krajnakova, 2014).

Typically, university students take little responsibility and accountability for managing their own personal finances, This is disconcerting, as many university students will likely have to face financial decisions that are unknown to them in a new environment and experience financial independence for the first time, without direct parental support and supervision (Van Deventer, 2019).

Many researchers have suggested that a lack of financial knowledge and skills results in students experiencing financial problems. Students' financial resources come from a number of sources. Parents, loans, credit cards and income from part time jobs are their basic financial sources (Falahati et al., 2011).

Parents are considered to be the main and most influential agent of financial socialization. Parents provide an informal environment for teaching skills and raise awareness of the proper behavior of children, and through this interaction children receive information about financial processes (Legenzova et al., 2019).

Estonia the younger individuals are on higher financial well-being level than the older cohort. It is that this cohort may still rely on their parents' financial support, therefore they are not yet responsible for their own financial well-being (Riitsalu & Murakas, 2019).

Furthermore, the consumer economy entices student spending, the Internet facilitates convenient shopping and credit cards provide students with a readily available and transparent means of borrowing money, all of which pose threats to financially incapable students' financial and economic well-being (Shim et al., 2009). This, coupled with limited financial skills and experience, make students particularly vulnerable As such, it is important to determine and assess students' personal financial management skills (Van Deventer, 2019).

Previous research has identified several important control variables to include when examining the relationship between financial literacy and financial

behaviors. These variables include gender, age, race, marital status, presence of children, employment status, education, and income (Henager & Cude, 2016).

Personal finance management principles are very simple: the expenses should not exceed the income (present and future); part of the revenues should be invested for a longer time; the person should insure himself/herself in case of financial problems; he/she should be aware not to plump into debt (Andriukaitis et al. 2009)

Budgeting, saving and demonstrating control over one's spending – are indicators of forward-thinking and responsible financial behaviour, which ultimately results in better financial outcomes for the individual (Farrell, Fry, & Risse, 2016).

One of the most important personal finance management steps are accumulation of savings for emergencies. The relationship between income and consumption is one of the most important economic events. For a person to be able to fulfill their financial purposes, it is necessary to carry out the daily cost accounting, to register not only the actual costs, but to plan and to distribute them so that the costs do not exceed income(current and future) (Deimantaite Gedmintiene, & Visockaite, 2016).

Research methodology of students' personal finances and their management skills

The study took place in 2016 and in 2021 during the practical training of Transport Logistics students of Vilnius Technology and Design College.

In order to investigate the Transport Logistics students' personal financial management and to assess whether they have a personal financial management knowledge needed, quantitative research using a questionnaire method was carried out.

The questionnaires were prepared to make the quantitative studies. The studies findings were systematized and analysed via MS Excel. The analysis of the results used descriptive statistics (percentage distribution).

Study sample - survey sampling bias is calculated according to the Paniott formula (Valackienė, 2004)

$$n = \frac{1}{\Delta^2 + \frac{1}{N}}; \quad (1)$$

where: n – sample size,

Δ^2 – bias probability,

N – target population, which ensures approximately a 5% probability of bias.

After the evaluation of the study sample bias, it was found that the minimum number of respondents was to be 197 students. The number of respondents in 2016 and 2021 were 280 students.

Data collection method - a questionnaire survey, which was carried out electronically, through www.apklausa.lt and sent to the students via their personal e-mails.

The studies were aimed to compare the Transport Logistic student's personal financial management skills in 2016 and 2021 and to assess whether they have a personal financial management knowledge needed.

The research was intended to compare research in 2016 and 2021 and to identify not only the transport logistics students' sources of income and their size, but also to define the average monthly expenses and their structure, naming the key areas that receive the most students' funds.

The main results of the comparison of research on Transport Logistics students' personal finances and their management skills in 2016 and 2021

Age group difference is important to personal financial management. There are 4 groups –single, a studying or recently employed person; married / married without children; married / married, having children; pre-retirement age. (Valickas et al., 2015).

Respondents in the study belong to the group who do not have a family, are a student or recently employed people.

The survey showed that the majority of respondents in 2016 only studied and accounted for 46.5 percent. This is 16.5 percent of respondents more than in 2021.

Irregularly employed in 2016 accounted for 32.6 percent of all respondents, and in 2021 4.9 percent. Respondents mostly worked on weekends. Studies were combined in 20.9 percent in 2016 and as much as 40 percent in 2021 (Figure 1).

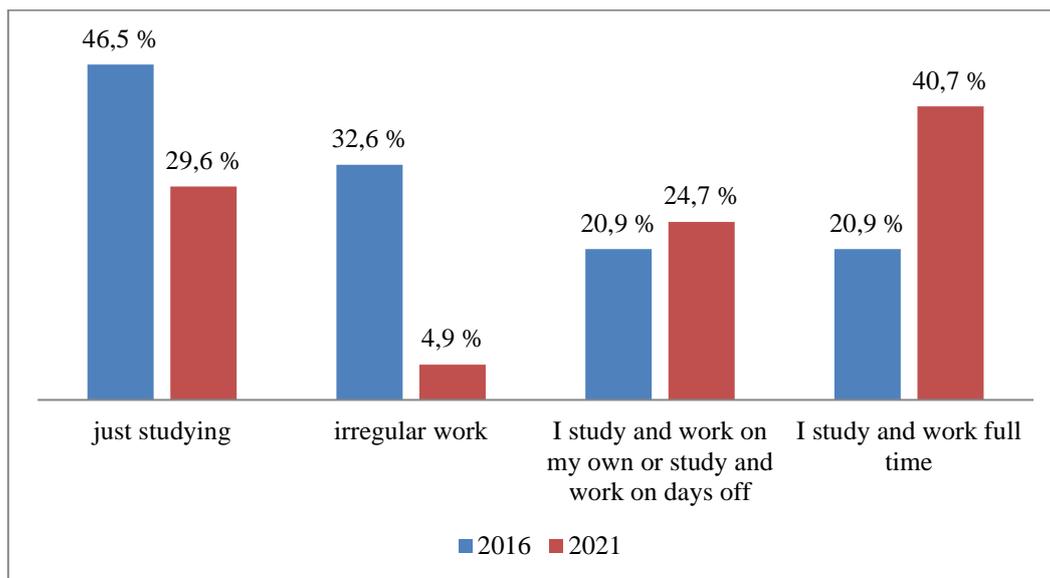


Figure1 Employment during studies (created by authors)

Thus, in 2016, the majority of respondents were those who only studied. In contrast, the survey of 2021 revealed the majority of respondents worked and studied, managed to reconcile with studies. This may have been due to the COVID-19 pandemic situation, where studies and work could take place remotely.

There are the theory stating that consumption depends on the current level of income. According to this theory, the financial behaviour of individuals is determined only by income (Drakopoulos, 2021). The respondents were grouped according to income as follows:

- Less than EUR 230 a month.

Comparing the research of 2016 and 2021, we can observe that in 2021, the income of Transport Logistics students in this group is 8 percent lower and amounted to 36 percent. In 2016 the income of the majority of students was in this group.

- From EUR 230 to EUR 440 a month.

The income of the majority of students was in this group and in 2021 accounted for 35.2 percent, while in 2016 the income of students in this group was only 30 percent.

- More than EUR 440 a month.

In this income group, the income of students in 2021 compared to the 2016 survey increased by 2.8 percent.

Thus, according to the theory, it was assessed whether it is true that more earners spend more income. In 2016, students received less income compared to 2021. As a result, in 2021, more students worked more regularly or irregularly than in 2016. This was also influenced by the increase in the minimum wage from EUR 380 to EUR 642 in 2016-2021

An integral part of personal financial management areas is saving (Jurevičienė & Gausienė, 2010; Andriukaitis et al., 2009; Čečkauskaitė & Kviklienė 2014; Barkauskaitė & Eglinskaitė, 2016; Murphy & Yetmar, 2010), because everyone, depending on his/her level of income, should set aside a certain portion of the funds on a monthly basis, thus forming a fund, whose resources are for unforeseen problems.

A survey conducted in 2021 revealed that 38.3 percent of respondents save, and in 2016, 70 percent. In 2021, 48.1 percent of respondents save irregularly, and in 2016, 30 percent. This may have been due to a lack of knowledge, "life today"

During the 2016 years and 2021 years researches there were analysed the costs and there was determined the average monthly expenditure, and they were grouped as follows:

- Less than EUR 230 a month.

Comparing the costs of Transport Logistics students in 2016 and 2021, we can see that the costs in this group decreased as much as 32 percent. The majority of students' expenditures were in this group in 2016.

- From EUR 231 to EUR 440 a month.

In 2021, student spending in this spending group increased by only 4 percent compared to 2016. In 2021 the expenditure was 36 percent, in 2016 – 32 percent.

- More than EUR 441 a month.

The expenditure of most students in 2021 belonged to this group. Expenditures increased by 28 percent between 2021 and 2016

The results revealed that the costs incurred in 2021 will exceed €440 by 28 % higher than in 2016. This was due to higher prices of goods, inflation, unstable economic situation due to the Covid-19 pandemic.

Personal financial management essence is the revenue and cost analysis. Regarding the analysis (Valickas et al., 2015; Čečkauskaitė & Kviklienė 2014), the recorded numbers can be measured in terms of key criteria such as exactly how much money is spent and where, what the cost trends are and what the categories of expenses are.

- Thus, according to the theory, table 1, grouping of expenses the evaluation of scientific findings: the table shows the expense areas according to which the respondents were given the grouping of the expenses in 2016 and 2021 researches data. The distribution is presented in Figure 2.

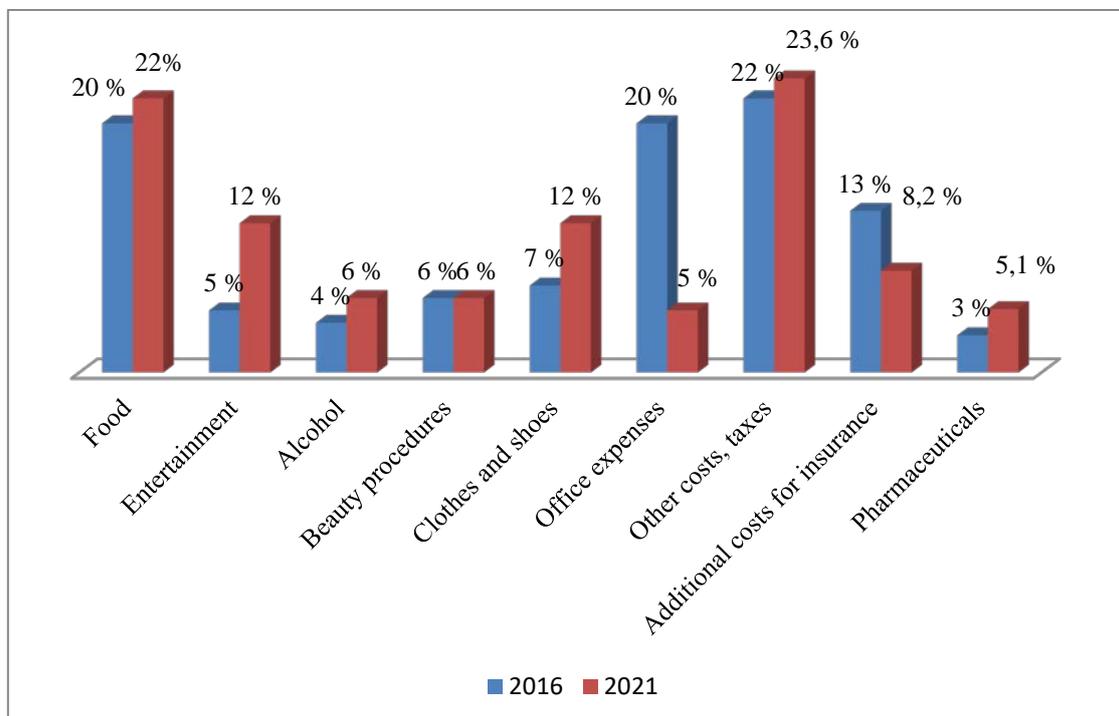


Figure 2 *Transport logistics students' costs grouping 2016 and 2021* (created by authors)

Figure 1 shows that in 2021, spending increased by 7 per cent on entertainment (may have been affected by Covid-vaccinated students or those with covid-19) and 5 per cent on clothing and footwear. A slight increase in 2021

for medicines (2.1 percent), food expenses (2 percent), alcohol (2 percent), and other taxes, expenses (1.6 percent). Expenditure groups such as office costs (15%) and additional insurance costs decreased (4.8%). This may have been influenced by the unstable economic situation Covid-19 pandemic, rising food prices, alcohol.

Financial planning is important to personal financial management (Gitman et al., 2013) A person must have a goal and a plan to assess all possible risks. (Barkauskaitė & Eglinskaitė, 2016.).

The analysis of the results showed that in 2021, respondents saved 31.7 percent less than in 2016. Also, in 2021, they save 18.1 percent more irregularly than in 2016. Since more than half of the respondents mentioned that they had a saving plan, they were asked to indicate the amounts which they managed to put aside every month:

- Less than EUR 50 – 2016 years 39 percent of the students, 2021 years more 14,1 percent
- EUR 51 to 100 – 2016 years 16 percent of the students, 2021 years more 7,5 percent

Summing up, it can be said that Transport logistics students know what personal finance management is and how it is important in their lives.

According to surveys, the majority of respondents control their personal finances and their expenses never exceed their income (46%) analyse their personal finances and draw up a monthly budget (28.4%).

Like the majority of Lithuanian residents, transport logistic students seek not a basic personal finance management goal - to accumulate as much money as possible for retirement, but they have short-term goals –at a profitable period to accumulate resources for periods when revenues are not sufficient.

According to the survey, it can be stated that in Lithuania there is a positive trend in the personal finance management sphere, transport logistic students assume personal responsibility for their financial situation.

Conclusions

The study of personal finance of Transport Logistics students in 2016 and 2021 revealed:

- During 2016, the student employment rate in 2016 was only 46.5 percent of students, and in 2021, 40.7 percent of students studied and worked full-time. It is obvious that in 2021 more students are employed than in 2016.
- In 2021, student income mainly belongs to the group from 230 to 440 EUR, while in 2016 student income in the group was less than 230 EUR.
- In 2016, 31.7 percent more respondents save regularly than in 2021. However, in 2021, they save 18.1 percent more than in 2016.

- In 2021, most students' expenses in the group were more than 441 euros, while in 2016 students' expenses in the group were less than 230 euros.
- In 2016 and 2021, respondents spend on food and beauty treatments.
- In 2021, more spent 7 percent on entertainment, 2 percent on alcohol, 5 percent on clothing and 1.6 percent on taxes, and 2.1 percent on office spending. Decreased office costs and increases affected by Covid-19 pandemic, telecommuting.

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