

THE ROLE OF FINANCIAL LITERACY IN SHAPING PERSONAL INVESTMENT CHOICES: A COMPARATIVE ANALYSIS OF MANAGEMENT AND NON-MANAGEMENT UNDERGRADUATES AT RAJARATA UNIVERSITY OF SRI LANKA

W.M.R.C.K. Welivita^{1, *} and J.S. Kumari²

^{1,2}Department of Accountancy & Finance, Faculty of Management Studies, Rajarata University of Sri Lanka

* Corresponding author (Email: ac2020414@mgt.rjt.ac.lk)

ABSTRACT

This study investigates the role of financial literacy in shaping the personal investment choices of management and non-management undergraduates at Rajarata University of Sri Lanka. This study focuses on the differences in financial literacy levels between undergraduate management and non-management students. Even though undergraduates have no fixed income, it is essential to assess their financial literacy and tendency or attitude towards investments because they are the parties who determine the future economy and investment markets. Financial knowledge, skills, attitudes, and behaviors measure financial literacy. A sample of 367 undergraduates from Rajarata University, comprising both management and non-management undergraduates, was randomly selected for the survey. Quantitative research was undertaken; hence, the findings were analyzed statistically using SPSS v.25 software. Reliability and validity tests were performed to assess the adequacy and reliability of the sample. Further data analysis was performed using descriptive statistics, correlation analysis, an independent sample T-test, ANOVA, and multiple regression analysis. The analysis reveals that financial literacy and the dimensions used in this study, namely, financial knowledge, financial skills, financial attitudes, and financial behavior, strongly impact undergraduates' personal investment decision-making. Furthermore, it was found that there is a substantial difference between the financial literacy levels of management and non-management undergraduates, where financial literacy is higher among management undergraduate students than among non-management undergraduates. Demographic factors such as gender, residence, academic year, and work experience were found to have no differentiated impact on financial literacy. In contrast, only educational qualifications (other diploma levels, except for a particular degree) significantly affected financial literacy. This study addressed the existing gap in assessing management and non-management undergraduates' financial literacy and their impact on investment decision-making after the research was conducted in 2020. This study was restricted to one university, and future researchers can use other universities and other qualitative factors. Given the observed disparities in financial literacy levels between management and non-management undergraduates, this study recommends that university administrations enhance financial literacy programs for all undergraduates to promote equitable financial literacy and preparedness.

Keywords: Financial literacy, financial attitude, financial knowledge, financial skills, financial behavior, personal investment decision-making.