

Economic Literacy Among Tertiary Students in Ghana: Evidence from the University of Cape Coast

By

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Introduction

- Economics is about understanding choices and making trade-offs among scarce resources (Dahl, 1998).
- According to Buchholz (1998), economics is about finding a job, surviving a recession, battling inflation, saving for retirement, and investing in a mutual fund or playing the stock market.
- In a democratic country also, intelligent policies would be implausible to materialize if a large fraction of voters suffered from economic illiteracy (Caplan, 2001 & 2002)

The Issues

- Even though Ghana's reading and numeracy levels has increased significantly over the past decade (about 72% according to the 2010 Census), it's financial and economic literacy levels are still low.
- How will you describe someone with basic education who ask whether inflation is a commodity?
- What about someone with higher educational background who do not know that governments can control inflation by reducing its expenditure?
- Two basic questions as a baseline study are examined: What is the level of economic literacy among tertiary students in Ghana? What factors influence a student's economic literacy score?

Literature Review

- Gable (1971) and Barlow and Kaufman (1975) found that top-managers had better understanding of economic concepts than lower-level managers.
- Walstad and Allgood (1999) and Walstad and Rebeck (2001), argued that students who completed a separate course in high-school economics did show better knowledge of economics than those who did not.
- Caplan (2001 & 2002) also found that males are generally more economically literate than females.

What Was Done

- The study adopted stratified sampling technique to select 1,468 (10%) out of 14,675 undergraduate students of the university.
- 1,366 of the total questionnaire were completed and returned.

Faculty/School	No. of Students	Selected Students	Level			
			100	200	300	400
Agriculture	462	46	12	11	11	12
Arts	1,269	127	32	31	32	32
Education	4,920	492	123	123	123	123
Biological Sciences	1,601	160	40	40	40	40
Physical Sciences	1,949	195	48	49	49	49
Medical Sciences	236	24	6	6	6	6
Social sciences	2,265	227	57	57	57	56
Business	1,973	197	49	50	49	49
Total	14,675	1,468	367	367	367	367

Variables	Measurement
Age (AGE)	Actual age of respondent in years
Programme (PROG)	=1, if the programme is business or economics; =0, if otherwise
Level (LEV)	Actual years of study in the university
SHS elective (ECO)	=1, if SHS elective includes economics; =0, if otherwise
Conference (BCON)	=1, if economic or business related; =0, if otherwise
Politics (POL)	=1, if respondent is interested in politics, =0, if otherwise
Work Experience (EXP)	Number of years worked
Cumulative Grade Point Average (CGPA)	Actual grade point average a student obtained

General Information

- 882 were males (64.6 percent) and 484 were females (35.4 percent)
- 639 (46.8 percent) had studied economics in senior high school
- 631 (46.2 percent) out of 1,366 respondents had work experience 168
- 168 are in student politics while 817 are seriously attach to a political party

	Economy of Ghana			General Economics			Economic literacy
	Correct answer	Wrong answer	Don't know	Correct answer	Wrong answer	Don't know	Correct answers
Mean	3.27	3.82	2.87	6.27	2.40	1.35	9.53
Median	3.00	4.00	3.00	7.00	2.00	1.00	10.00
Mode	3	3	3	8	2	0	12
Std. Deviation	1.617	1.683	1.992	2.388	1.711	1.891	3.314

Variable	Coefficient	<i>t</i> -ratio	Sig.
Age	0.120	0.687	0.492
Programme	-0.040	-1.390	0.165
Level	2.020***	3.963	0.000
SHS Elective	10.751***	8.635	0.000
Business/Economic Conference	3.139***	3.104	0.002
Politics	1.329***	4.866	0.000
Work Experience	-0.195	-0.178	0.859
Cum. Grade Point Average	1.858**	2.292	0.022
Constant	27.676***	5.515	0.000
Number of observations	1,366		
R-squared	0.278		

Observations

- Level of tertiary student has significantly impact on the level of individual economic literacy rate. The higher the level the more economic literate the person becomes.
- Taken economics as an elective in SHS can significantly improves economic literacy rate
- Changes in the CGPA of a tertiary student contribute positively or directly to changes in economic literacy rate.
- High Interest or greater passion in Politics increases ones' economic literacy