



CHALLENGES IN ECONOMIC EDUCATION IN POLAND

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Abstract

This article presents the results of research on the knowledge and awareness of young adults related to making the first autonomous financial decisions, both in the short and long term. The survey was carried out during the project financed by the National Bank of Poland (NBP) for activities related to economic education. The project was carried out for 6 months (October 2021 –

March 2022), and the surveyed sample included 458 young adults who were beneficiaries of the project and lived in the Warmia-Masuria Province in Poland. The aim of the article was to verify the knowledge and skills acquired during the project implementation based on the “after” self-assessment questionnaire together with a retrospective “before” assessment, being the basic tool for project evaluation. The results indicate the advisability of undertaking actions in the field of economic education in the face of the still unsatisfactory economic awareness observed especially among young people.

WYZWANIA EDUKACJI EKONOMICZNEJ W POLSCE

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Słowa kluczowe: edukacja ekonomiczna, projekt edukacyjny, młodzi dorośli, finanse osobiste.

Abstrakt

W artykule zaprezentowano wyniki badań nad wiedzą i świadomością młodych dorosłych, które były związane z podejmowaniem pierwszych autonomicznych decyzji finansowych, zarówno w krótkiej, jak i w długiej perspektywie. Badanie przeprowadzono podczas realizacji projektu finansowanego ze środków Narodowego Banku Polskiego (NBP) na działalność związaną z edukacją ekonomiczną. Projekt był realizowany przez sześć miesięcy (10.2021-03.2022). Próbę stanowiło 458 osób młodych dorosłych będących beneficjentami projektu, zamieszkujących województwo warmińsko-mazurskie w Polsce. Celem artykułu była weryfikacja wiedzy i umiejętności zdobytych w trakcie realizacji projektu, na podstawie kwestionariusza samooceny „po” wraz z retrospektywną oceną „przed”, podstawowego narzędzia ewaluacji projektów. Wyniki wskazują na zasadność działań z zakresu edukacji ekonomicznej wobec stale niesatysfakcjonującej świadomości ekonomicznej, zwłaszcza młodych ludzi.

Introduction

Making rational economic decisions, including the financial ones, is a typical feature of the societies of knowledge-based economies. The largest deficits in this area are due to insufficient financial education and its implementation (Webley & Nyhus, 2006). Financially aware consumers use financial products designed for their needs more responsibly, understanding the importance of savings and the threats of impulsive purchase (*The importance of financial education*, 2006). The components of financial awareness provided in literature include knowledge,

skills, attitudes and behaviors (Mundy, 2011). Polish surveys indicate unsatisfactory results regarding conscious management of the household budget and using external financing with methods of repayment unclear to those interested. Such choices are prevailing in groups relatively most often at risk of poverty and social exclusion with an unsatisfactory amount of disposable income (see, inter alia, Potocki & Opolski, 2016; Maison *et al.*, 2018). Moreover, according to G20 leaders, financial illiteracy is a problem especially for the group defined as young adults, who are exposed to long-term adverse effects of decisions made as a result of insufficient financial awareness (Lejman-Gąska & Ogórek, 2019). Data from the Register of Debtors shows that the first serious financial decisions ended in problems for over 0.5 million people aged 18-34. These problems did not only concern long-term liabilities, but also delays or disregard of current, systematic payments, e.g. for mobile devices (*Życie finansowe młodych Polaków*, 2017; Maison & Furman, 2017). B. Świecka (2018) has proved that initiatives undertaken and a few financial education programs implemented in Poland were not yet systematized and universal, and those that exist remained ineffective due to their sporadic and marginal nature. At the same time, the share of banking entities undertaking educational activities increases every year (Kowzan, 2013; Cichowicz, 2016). Bearing the above in mind, it seems necessary to diagnose the need for undertaking continuous and consistent actions to increase the financial awareness of young adults.

Characteristics of the study and research sample

Given the above, the concept of an economic education program for last-year high school students was developed, which included workshops devoted to making conscious financial decisions. This project was accomplished in collaboration with the National Bank of Poland, whose activities involve economic education. Ultimately, the program called “Young adult – a conscious participant of the financial market” was approved and financed by the National Bank of Poland and was implemented from October 2021 till March 2022 in the Warmia-Masuria Province. The authors of this article, from the Faculty of Economic Sciences of the University of Warmia and Mazury in Olsztyn, were among the authors of the concept, and then the project’s implementers. Ultimately, the project was attended by 458 final beneficiaries who participated in a total of 23 meetings in the form of games and workshops.

The uniqueness of the project consisted in the multi-faceted approach to various problems as it merged insufficient financial awareness of young adults with the main reason for their long-term indebtedness, i.e. the desire to become independent and buy a flat. The Polish housing situation is one of the most unfavorable among the EU Member States (*Housing Statistics*, 2019).

The ratio of the number of households to the number of flats indicates a constantly present deficit of flats (Cesarski, 2013; 2016). Therefore – according to the data aggregated by the European Commission – Polish flats are relatively small and overcrowded. The housing problem (of various origins) affects mainly two social groups: young adults entering the labor market after graduating from education and seniors. According to Eurostat data from 2019, nearly 45% of young adults live with their parents. The reasons for this state of affairs include, i.a., the ratio of the average monthly salary (approx. 4.3 thousand PLN gross in the Warmia-Masuria Province in 2020, compared to a little over 5 thousand PLN gross in Olsztyn and an average of 5.2 thousand PLN gross in Poland) to the price of one m² of usable space (according to the NBP data for the fourth quarter of 2020, the average price per m² of usable floor space in Olsztyn on the primary and secondary market was approx. 6.4 thousand PLN and 5.7 thousand PLN, respectively), which becomes a significant obstacle to becoming independent. A study carried out in 2010 by the University of Łódź for the Notus Credit House confirmed this relationship, indicating that more than half (54%) of young married couples live with their parents or rent a flat. According to the research of M. Janusz (2021), a similar percentage was recorded in the Warmia-Masuria Province. The willingness to collect funds for the purchase of a flat was also one of the main determinants of migration trips, mainly abroad (Janusz, 2017; Organiściak-Krzykowska & Machnis-Walasek, 2017). Therefore, making strategic, long-term financial decisions related to becoming independent was one of the fundamental challenges faced by people ending education in the compulsory education model. Therefore, the aim of the project was also to provide reliable information about the housing situation of the young generation, while at the same time indicating the availability of financial instruments dedicated to young adults. The last issue that was important in this context was the awareness of the specificity of the residential real estate market. This is mainly related to consumer decisions, which are sometimes made on the basis of an analysis of the business cycle or as a result of external pressure (e.g. economic bubbles). Behavioral economics tries to explain consumer decisions. The final specific goal of the project was, therefore, to provide in-depth knowledge of consumer behaviors in the real estate market based on an interpretation outside the mainstream economy (Wiśniewski & Brzezicka, 2014).

Results and discussion

As a consequence, three thematic blocks were offered to the participants. The first one concerned the confirmation of the state of the limited resources (including financial ones) in the context of the unlimited needs. This problem can also be transferred to the field of economic activity, i.e., not only natural

persons but also business entities. In this case, the beneficiaries were offered to participate in a simulation game that allowed them to make transactions on the international market at a floating exchange rate. As Tkaczyk (2012) notes, it is worth using games in education as they reward effort through the pleasure of discovering a new reality; allow for making mistakes (there are no penalties for making mistakes in the game) and build commitment by stating a goal, player autonomy and a sense of mastery. Moreover Balcerak (2001) indicates that the simulation game represents a dynamic model of a real or hypothetical system, having the following elements: a response simulator; a scenario with descriptions of roles, rules and goals; and finally actors (game participants) playing the roles. Successive states of the simulated model depend on participants' decisions, and these – in turn – on the information about the previous state (i.e., about the initial state at the beginning of the game). The positive impact of this form of education has already been emphasized in the second half of the 20th century. For example, Walaszek (1976) has noticed that a game is understood as a simulation of an economic and social environment in which players' task is to make managing and administrative decisions at successive time intervals. Decisions already made trigger changes in the environmental conditions, which in turn determine further decisions. The process of changing the environment *per se* is driven by the interaction of decisions made by players with certain features inherent in the simulated environment. Hence, the players exert only an indirect impact on the overall process.

To assess this form of classes and the level of current knowledge, a self-assessment test was performed “after” the classes with a retrospective assessment of the “before” state, being one of the basic evaluation techniques dedicated to soft skills projects (Kowalewska, 2015). The results of this analysis were optimistic. As the classes concerned, i.a., exchange rate differences, after their accomplishment, the respondents were asked about the awareness of the difference between the buying rate and the selling rate, which may be of fundamental importance when incurring long-term liabilities in a foreign currency. As shown in Figure 1 and 2, the classes significantly contributed to the increase in respondents' knowledge in this area.

While before the classes, the respondents indicated moderate recognition of this issue, participation in the classes clearly deepened this knowledge. After the classes, the distribution of answers (Fig. 1) was only dichotomous and was almost 2/3 to 1/3, with the greater part of respondents indicating an excellent understanding of this difference, and approx. 30% replying “I understand well”. Before the classes, as many as 36.7% of the respondents indicated a poor understanding of this issue, and 26.7% were not able to provide an unambiguous answer to this question (Fig. 2). There were also nearly 1/3 of all answers that indicated the correct understanding of this problem. There is no doubt, however, that the distribution of answers indicated the achievement of the assumed goal.

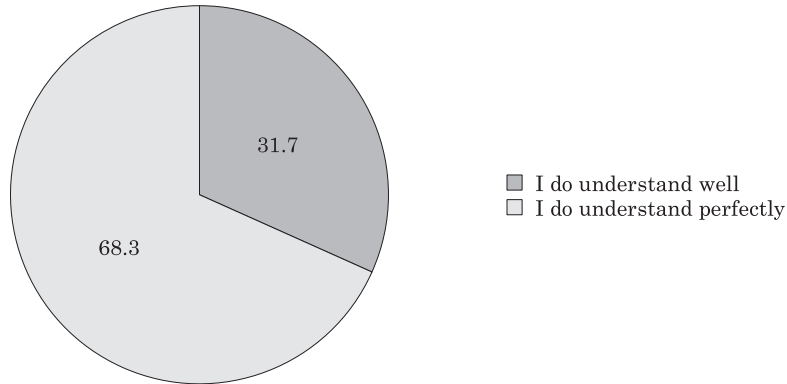


Fig. 1. Distribution of answers to the question about understanding the difference between the buying rate and the selling rate after the classes [%]

Source: own study.

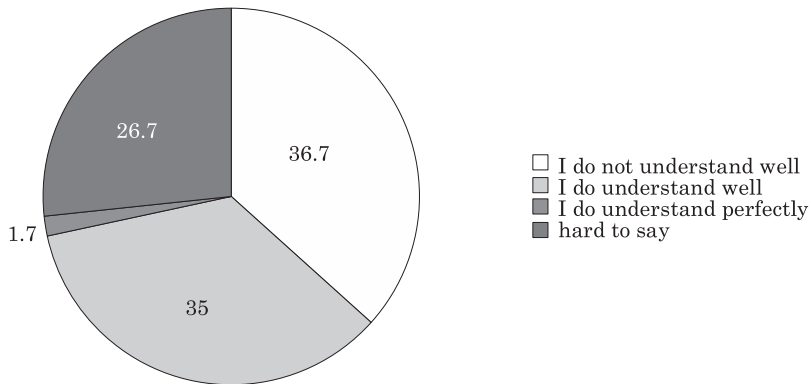


Fig. 2. Distribution of answers to the question about understanding the difference between the buying rate and the selling rate before the classes [%]

Source: own study.

In turn, the second round of classes was devoted to investing financial surpluses and self-assessment of the propensity to take risks. In this case, the classes were also based on an educational game, which entailed investing financial resources in a specific socio-economic reality. The ultimate financial outcome depended on the strategy adopted. In the first place, it made it possible to identify various attitudes towards risk that could, at worst, eliminate from further participation. The respondents confirmed that they had acquired knowledge in this field. Before the classes, 18.3% of the surveyed did not associate individual inclinations to make decisions on the financial market with the ultimate settlements on the market (Fig. 3). In turn, over 15% of the respondents were unable to define the level of their knowledge on this subject. Most often, however, the respondents indicated their poor understanding of this issue.

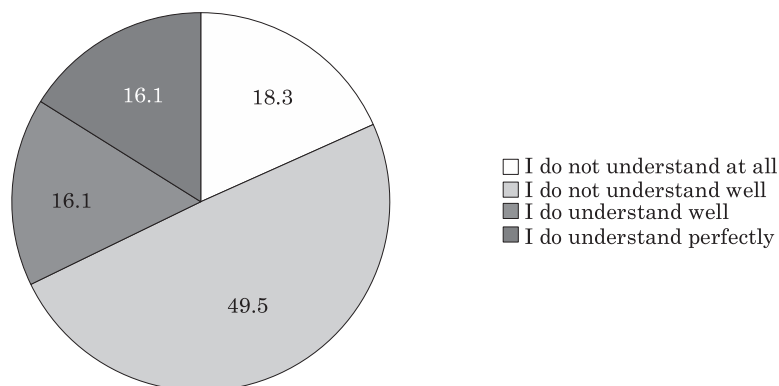


Fig. 3. Distribution of answers regarding the recognition and understanding of various attitudes towards risk before the classes [%]

Source: own study.

Only 16% of participants declared their appropriate knowledge in this area. The situation has substantially changed after the classes. As in the case of Figure 1, the distribution of answers was almost dichotomous, and over 60% of the respondents identified their knowledge as good, while 35.5% clearly improved their knowledge (Fig. 4). Once again, these answers allowed speculating about to the achievement of the planned goals of the project.

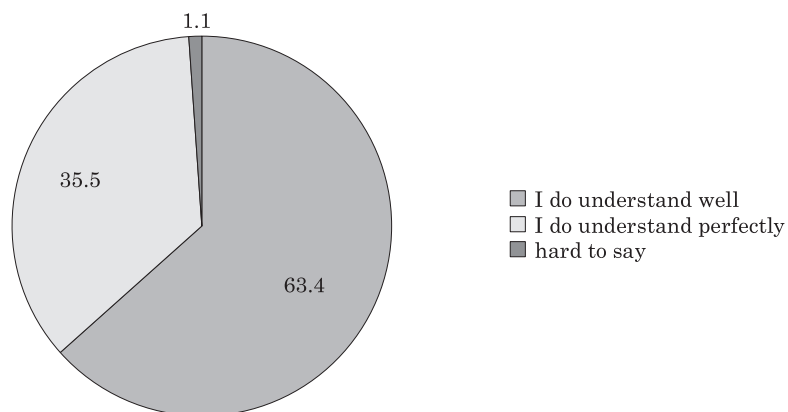


Fig. 4. Distribution of answers regarding the recognition and understanding of various attitudes towards risk after the classes [%]

Source: own study.

The classes on investing financial surplus were also intended to make young people, who often expect high rates of return on investment, aware that capital markets usually do not guarantee high returns with little risk. For this reason, the simulation game focused on drawing their attention to the uncertainty and unpredictability of this form of multiplying wealth. Additionally, this message

was reinforced with case studies that looked at both investors and specific listed companies. As a result, the respondents again declared a significant increase in their knowledge in this matter, as evidenced by the results presented in the figures below (Fig. 5, 6).

As mentioned earlier, the scope of the financial issues encompassed by the project, which is the source of data for this article, also included issues related to long-term incurring liabilities. One of the reasons behind such actions was the desire to become independent and one of the symptoms was an attempt to live independently. In the current socio-economic situation, the possibility of buying a flat from one's own resources, without using a mortgage loan, was feasible

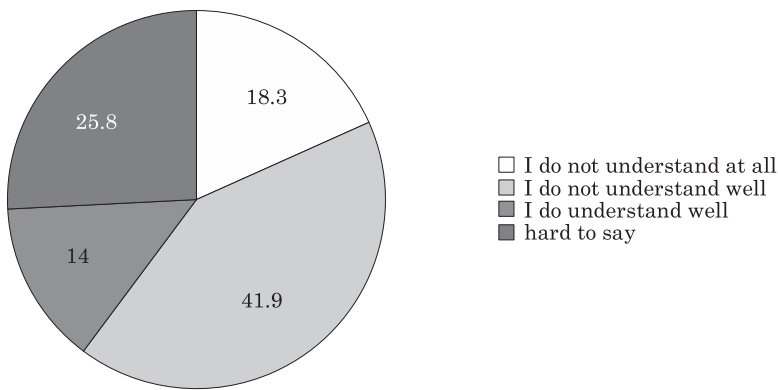


Fig. 5. Distribution of answers regarding the understanding of the limited predictability of investments before the workshop [%]
Source: own study.

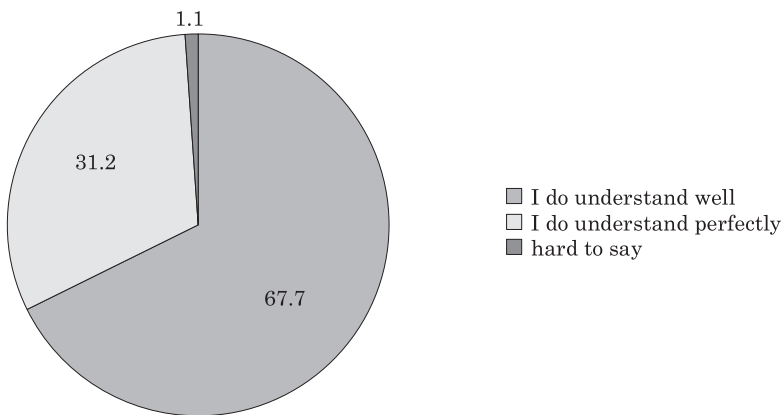


Fig. 6. Distribution of answers regarding the understanding of limited investment predictability after the workshop [%]
Source: own study.

only to a fraction of the population. In view of the difficulties with financing the purchase, it seemed important to provide reliable information related to alternative forms of getting own flat, i.e., forms that were not limited to buying it. The Polish housing policy envisages (however, still unsatisfactory in terms of its scale) other forms of housing, with social housing at the forefront.

For this reason, emphasis was put during project implementation on the differences between private resources (often impossible to acquire) and social resources (including those remaining in the resources of social housing associations). As shown below (Fig. 7), the knowledge of this subject was negligible before the workshop. Every fifth respondent was not aware of the existence of such resources at all, and nearly 2/3 of all respondents had a poor understanding of the proposed topic.

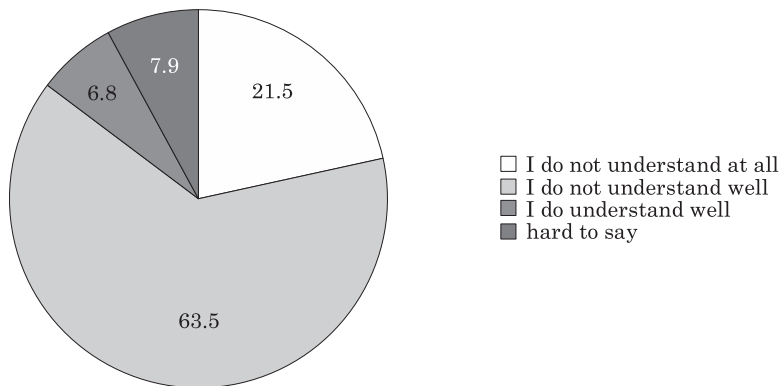


Fig. 7. Distribution of answers to the question about understanding the difference between private and social resources before the classes

Source: own study.

Of course, the workshop itself concerned the housing policy implemented in Poland; hence, the issue of multiple ways of satisfying housing needs was one of the undertaken subjects. Therefore, the declarations of the respondents after the completed workshop were definitely different (Fig. 8). The distribution of answers was once again almost dichotomous and included answers “I understand well” and “I perfectly understand” expressed by 44% and almost 54% of the respondents, respectively. In this case, the established project’s goal can also be deemed accomplished.

The last area undertaken in the project was to identify non-economic determinants of the decisions made, in a way standing in opposition to *homo oeconomicus*, i.e. a reasonable and rational person. The issues of behaviorism and attempts of explaining everyday behavior were unknown to the respondents. This was evidenced by answers provided by them after the workshop with

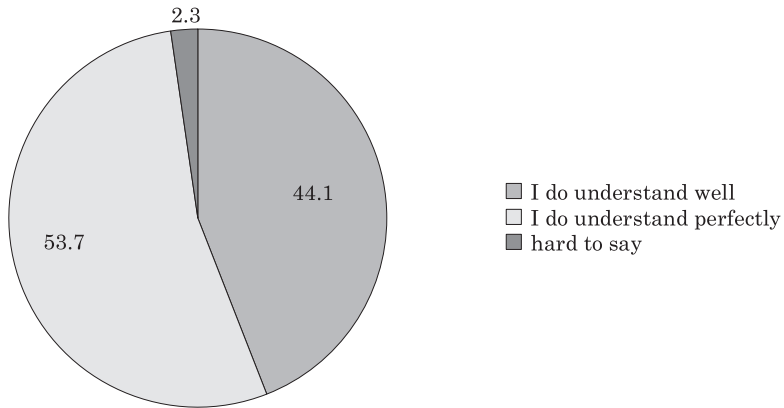


Fig. 8. Distribution of answers to the question about understanding the difference between private and social resources after completing the classes

Source: own study.

a retrospective assessment made before. Before the classes, the differences between behavioral economics and mainstream economics were not understood at all by approximately 68% of the respondents, while poor recognition of the issue was declared by 32% of the surveyed (Fig. 9). In the opinion of the participants, this condition clearly improved after the workshop. Consequently, 57% of the respondents perfectly understood the discussed differences, and 43% indicated a satisfactory distinction between these concepts (Fig. 10).

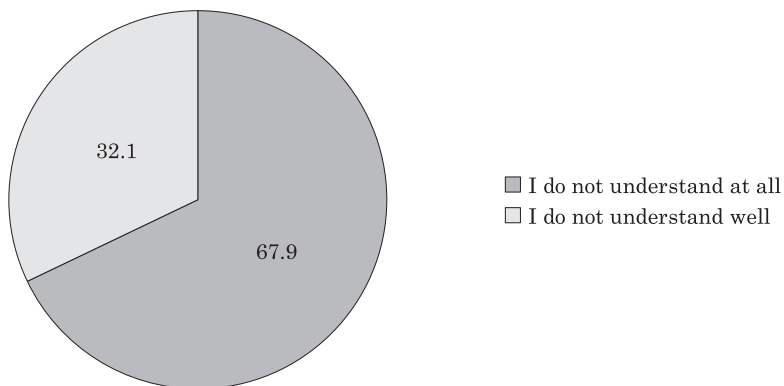


Fig. 9. Distribution of answers regarding the difference between behavioral and mainstream economics before the workshop [%]

Source: own study.

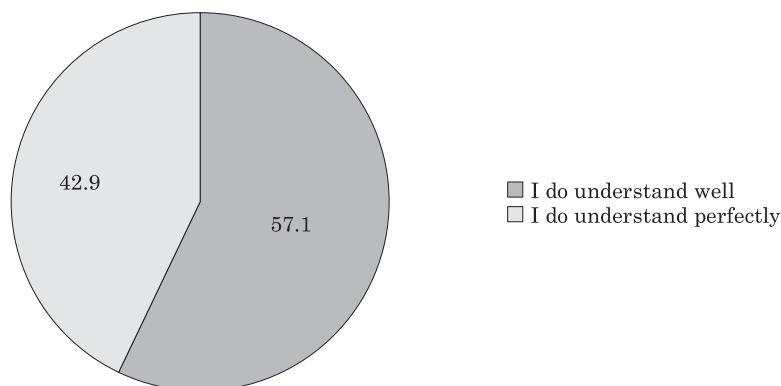


Fig. 10. Distribution of answers regarding the difference between behavioral and mainstream economics after the workshop [%]

Source: own study.

Conclusions and final remarks

The presented results allow concluding that the educational actions undertaken in the framework of the project contributed to the increase of financial awareness of young adults and to their knowledge in this field. In each case, the acquisition of new knowledge was noted through self-assessment following the conducted games and workshops. For this reason, the success of actions related to the improvement of financial awareness will depend on their universality and cyclic character. The achieved results allow for a positive assessment of activities aimed at a long-term contact with people from the group of young adults. However, the survey also has certain limitation, namely: measuring effects based on self-assessment poses some risk of simplifying judgments. The respondents may then succumb to specific pressure and provide answers in line with the organizers' expectations. However, it does not change the fact that the self-assessment of the participants is one of the most common and popular methods of project evaluation.

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