

# **CYCLES**

## **CHILD AND YOUTH CARETAKERS FINANCIAL LITERACY AND ENTREPRENEURSHIP SKILLS**



### ***IO1 – Gap analysis***

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## 1. FINANCIAL LITERACY AND ENTREPRENEURSHIP IN BASIC AND FURTHER EDUCATION OF CYCPS

For child and youth care practitioners (CYCPs) education on economics is virtually non-existent. In the education of future counselors, coordinators, family assistants, social workers enormous emphasis is placed on pedagogical knowledge and skills, psychology, sociology, therapeutic knowledge, law, family studies, etc. No thought is given to financial literacy and entrepreneurship as an important part of education for young care leavers and that they can guarantee independence and the ability to cope in adult life. At the same time, entrepreneurship classes exist in the Polish educational system, albeit much limited after the recent reform. There is a textbook dedicated to this subject. As Desk Research has shown, university courses on how to conduct entrepreneurship classes are available. Theoretically, care practitioners could get additional education if only they were willing to do so.

As far as entrepreneurship education is concerned, the most interesting option is offered by non-governmental organizations which invite students to cooperate with teachers. If there were willing educators, I think that it would not be a problem to include them and their students in, for example, the mini enterprise program. Each program of this type, apart from teaching the youth, offers training for the staff as well.

In addition, companies and organizations that offer financial literacy and entrepreneurship programs operate on the training market. In the present situation, whether a given group of employees from a facility will receive an appropriate training depends solely on the staff and board of that facility.

Research on the state of knowledge and economic awareness carried out by the NBP (National Bank of Poland) in 2015 ([https://www.nbportal.pl/\\_data/assets/pdf\\_file/0006/54528/Diagnoza-stanu-wiedzy-i-swiadomosci-ekonomicznej-Polakow-2015.pdf](https://www.nbportal.pl/_data/assets/pdf_file/0006/54528/Diagnoza-stanu-wiedzy-i-swiadomosci-ekonomicznej-Polakow-2015.pdf)) shows that over half the Poles believe that they have little knowledge of economics, finance and the economy. To change this, the authors of the report recommend supporting the role of teachers, parents and guardians. Teachers, instead of just transferring their knowledge, should choose more attractive practical classes (games, simulations, use of internet, competitions). Whereas parents and guardians should discuss economics with children as much as possible, encourage them to earn and save, manage their small budget, and make older teenagers part of the banking system. Research shows that the economic competence of students is influenced by the cultural capital of the family home, the mother's education, conversations about finances (<https://www.nbportal.pl/edukacja-w-nbp/badania> - Economic and financial competences of children and youth in 2014). Children and youth from foster care, being unable to draw from the positive economic experience of parents, are at risk of having

the biggest deficits in this area. Therefore, the development of these competences depends to a large extent on the initiative of the care practitioners (CYCPs).

## 2. TRAININGS ON FINANCIAL LITERACY AND ENTREPRENEURSHIP FOR CHILDREN AND YOUTH IN CARE/YOUNG CARE LEAVER

The participants of the focus meeting pointed out that personal experience allowing educators and other care practitioners to become a mentor (expert) is key to the way in which they pass on their knowledge. Currently, there is no one ready product on the market to support this task (the CYCLES project is supposed to change this). There are many different courses and/or publications that one can use to learn from. In addition to ensuring professional development, these materials have the advantage of supporting the student's financial viability, which makes them attractive in themselves. Desk research and our interlocutors indicate at least 4 possible directions of education:

- The path of entrepreneurship-class teacher - a proposal for teachers who want to gain the right to teach entrepreneurship classes as well as the right to become a vocational counselor. The post-graduate course offered by the renowned SGH (Warsaw School of Economics) is an interesting proposition on account of the extensive practical part of the course, as well as its duration and price.
- The path of an NGO associate - an offer for those seeking innovative solutions and alliances with socially engaged experts. Time availability and commitment, not money, are the key to this path. The programs assume that the employee will learn and conduct classes at the same time. This proposal can be particularly interesting for educators working in closed institutions (youth educational centers, youth psychotherapy centers), providing on-site teaching. The programs of the Center for Citizenship Education, the Youth Enterprise Foundation or the Robinson Crusoe Foundation are highly recommended.
- The path of a financial advisor - it is the most expensive, but also the most comprehensive and professional way to acquire competences. It is worth turning to the well-recognized brand of the European Federation of Financial Advisors who run the course included in the Integrated Qualification System.
- The path of a self-taught experimenter - This path can be combined with the ones mentioned above. There are many experts who share their economic knowledge for free. It is, to a large extent, learning on specific cases, on the assumption that this will lead to mastering specific tools. One can start with reading blogs and online publications. The following are recommended: Maciej Samcik, Michał Szafranski and Andrzej Fesnak.

### 3. FINANCIAL LITERACY AND ENTREPRENEURSHIP IN THE DAILY WORK WITH CHILDREN AND YOUTH IN CARE/YOUNG CARE LEAVER

Unfortunately, we do not have data on foster care, but we can rely on the study of the Social Innovation and Research Group "Shipyard" and the IQS Group for the Department of Education and Publications of the National Bank of Poland. The 2014 report on the financial activity of children and youth in Poland (<https://www.nbportal.pl/edukacja-w-nbp/badania>), takes into account the following financial behaviors: obtaining income, saving, owning a bank account, using online banking, payment card, online shopping, indebting oneself and lending. It turns out that 75% of youth have some money (in most cases from pocket money, but one out of five earns the money him/herself), 33% have savings, an average of about 500 PLN (about 120 EUR), 25% have a bank account and generally also use banking even though not mobile access (one fifth of account holders). Every fourth respondent uses a payment card, which does not translate into the advantage of using a card over cash. Among card holders, cash or both payment methods are more popular. Half of the respondents happened to borrow money from their parents, ¼ from siblings, friends or colleagues. Only 33% never have problems with paying their debts, and every sixth has regular problems with it. Most people lend money to friends and colleagues (40%), less often siblings (20%). Every tenth subject borrows from or lends to people whom they do not know well.

As far as economic education is concerned, the knowledge test showed that young people are most familiar with the pension system, not bad at banking and taxes, slightly less good with the stock market and the foreign exchange market, and the worst at macroeconomic issues. In addition, the youth are good at using money and budget planning, not so good when it comes to risk assessment (insurance) and their understanding of the deposit offer as well as the ability to calculate the interest on a loan is very poor. Youth financial activity grows rapidly with age, however, in the case of young people approaching the age of independence, only one third shows medium to high activity. Considering that the activity is primarily influenced by the mother's situation (work, education), family income, school grades, economic education, it is clear that the youth from care cannot count on the same stimulation of activity as their peers.

### 4. SUMMARY OF KNOWLEDGE, SKILLS AND COMPETENCES NEEDS OF (FUTURE) YOUNG CARE LEAVER IDENTIFIED

According to our experts and the NBP reports, the youth needs to understand what the following are: money, currencies, prices, financial institutions, financial services, enterprise, marketing, source of consumer needs, personal resources, predispositions, market, state, economy. The program of entrepreneurship classes mostly discusses these topics. It would be useful to create a financing plan for after becoming of age and

leaving care, as well as to know how not to fall into the spiral of debt. However, teaching entrepreneurship can be approached from a different angle – in a way where the goal is to practice financial intelligence, or an instinctive use of resources for their multiplication, as well as understanding the consequences of one's actions (Andrzej Fesnak mentions it in his book "Personal Finance"). Both approaches can be successfully combined thanks to the use of game methodologies, simulations, competitions, information available online, group work and peer coaching. The lack of attractive, interactive methods that emphasize practice and experience condemns entrepreneurship classes to failure. Fortunately, there are some teachers - enthusiasts as well as non-governmental organizations that develop the right methodology.

## 5. SUMMARY OF KNOWLEDGE, SKILLS AND COMPETENCES NEEDS OF CYCPS IDENTIFIED

First of all, CYCPS need to have the right methodology. In working with young people, they will play the role of mentor, tutor, coach, and sometimes also trainer and animator (active techniques).

Secondly, they must gain practice in running their own finances by mastering the following:

- Keeping the household budget
- Expense monitoring
- Effective saving
- Cash handling
- Using the bank
- Using payment cards
- Using a loan / credit
- Good understanding of the banking system
- Knowledge of consumer rights
- Online shopping
- Knowledge of marketing strategies

Thirdly, they need to know the answers to basic questions young people have: how to get money, how to manage it, how to avoid debt or get out of it?

Fourthly, they should take advantage of one or several forms of training on financial literacy and entrepreneurship: (path of entrepreneurship teacher, associate of non-governmental organizations, financial advisor, self-taught experimenter).



So equipped they will not only pass on important knowledge and encourage young people to be active, but they will learn how to better manage their own finances.

## 6. GAP ANALYSIS: CONTENT AND METHODS OF TRAINING FOR CYCPS

In general, the gap between the existing education system and the needs in the field of financial literacy and entrepreneurship training for CYCPs is enormous. Research on youth activity and the specificity of this activity shows the importance of the role CYCPs can play. At the same time, the results of the study of the Poles' knowledge and awareness shows that even in people with higher education, entrepreneurship and running one's own business are very poorly understood themes. One of the reasons for this is a very abstract way of teaching mathematics at school - in complete isolation from the world of finance and economics. This is shown in the study of textbooks commissioned by the NBP (<https://www.nbportal.pl/edukacja-w-nbp/badania>). At the same time, both paid and free formal and informal education paths are available on the market, which CYCPs could use. For this to happen, it is necessary to raise awareness of this need in individuals but also in boards of institutions, and finally in those responsible for the curriculum at schools and universities. Such changes are, of course, very slow. The fastest way to respond to these needs is through the non-governmental sector and business, organizing appropriate training and promoting benefits resulting from the development of financial competences for both professionals and care leavers. Of course, it is worth lobbying for changes in the approach to teaching these subjects at universities and among decision makers. At the same time, it is important to be aware that economic education of care practitioners will not be an easy task. One has to face the cultural barrier (resistance and misunderstanding of the financial world) as well as time restrictions. Gaining acceptance from institution leaders is crucial to the success of the project. Another suitable action plan for the development of financial competences in care may be seeking out experts, who have been through appropriate training in institutions, willing to work or volunteer on such projects with young people and educators. Instead of inviting employees (CYCPs) to external training, one can try to come to them and support them with new methods. It should be a long-term action, allowing for the gradual transfer of methodology and inclusion in increasingly advanced programs. Such a method respects the cultural specificity of Poland, which highly values humanism, understood as selfless social involvement, concern for relations, and distrustfulness of materialism where wealth is a value in itself (the theory of Pawel Boski described in the book "Cultural Framework of Social Behavior" 2010).