



Benefit of Financial Quotient In financial statements, Accounts, Business Administration in development authority of Rajasthan(ADA).

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Abstract: *This study is done with the aim to indicate the value of Financial Intelligence in Government departments and Development Authorities with specific reference to Ajmer Development Authorities situated in Ajmer Rajasthan. This is totally a new and creative concept for government sector in Rajasthan to combine financial quotient approach with traditional approach. In it we tried to find out the awareness of FQ in the employees and officials working in the organization. We also tried to indicate that employees can use the financial intelligence as a tool to enhance their working capacity. For leaders and senior officials in the department it's very important to connect with their employees in fair psychological manner in order to utilize their working capacity, productivity in favorable manner for the organization. We also tried to connect the effect of financial quotient on financial accounts and business administration process of the organization. It is generally seen that most of the government departments are still working with old traditional approach as a result they are lagging behind in modern business scenario. As a result government is moving towards privatization of various PSU. Hence modern business administration concepts with quotient approach need to be studied in depth by the government sector officials.*

In this organization we find that Majority of the worker was aware of their financial strength but no additional training was provided to them to enhance their outcomes by utilizing this approach. They were also in favor of the view which represents that leaders with good FQ can provide much better results by doing maximum utilization of concept in comparison to normal leader. Knowledge about Financial quotient not only affects individual capacity but also affects the financial reports, records and outcomes of organization as it is directly based on the mindset of the employee who is preparing them. An financially motivated employee can do much better in comparison to employee with low financial quotient approach and not aware of financial goals which are favourable for the organization .

Keywords: *Financial Statement, Accounts, Business Administration, Financial Intelligence, financial Quotient (FQ).*

1. INTRODUCTION :

Financial Quotient (FQ),

1.1 Financial Quotient (FQ), sometimes also referred as financial intelligence (FI), financial intelligence quotient (FiQ) or financial IQ, is the ability to obtain and manage one's wealth by understanding how money works. Like financial quotient (FQ), FQ derived its name from IQ (intelligence quotient).



1.2 Expert perspectives on why financial literacy is important

- Paul Goebel, Director, Student Money Management Center at the University of North Texas

“I think if people truly understand the way that financial systems work at an early age, or even later on in life—if they’ve made poor decisions but learn how they can go back and fix them and start planning for the future—they can then encompass that and take the steps to make a better life for themselves.”

- Cherry Dale, Director of Financial Education, Virginia Credit Union

“Finances inherently—whether or not it’s incredibly short-term in just buying lunch for that day or long-term saving for retirement—help you accomplish whatever your goals are. And **financial literacy is important because if you learn about it, it’s going to teach you how to be efficient with your finances in such a way that you can accomplish more goals, and the goals that you do have, faster.**

2. Objectives of the study:

To study the contribution of Financial Quotient in Accounts, Financial Statement, Business administration of Ajmer Development Authority in Rajasthan Government.

3. Literature Review:

- 3.1 A study of financial quotient among information technology professionals in India-2017 by Rajput Gaurav
- 3.2 Antecedents of financial intelligence and its impact on financial stress among the managerial executives in selected sectors of Tamil Nadu.-2020 by Aiswryya E.

4. Financial Intelligence:

4.1 Financial intelligence (otherwise known as Financial quotient or FQ) is the ability to understand, use, and manage own wealth in a positive ways to get maximum return. It works as a tool of wealth creation. It helps an individual or an entity in ascertaining maximum possible level of earning which can be generated by roer lanning.

4.2 Role of Financial Intelligence

Financial intelligence can lead us on the path to a fulfilled and happy life by providing a framework through which to apply standards of intelligence to the field of finance and understand that these responses may be logically consistent or inconsistent with particular beliefs about Finance.

4.3 Six Categories & factors affecting Financial Intelligence (FI/FQ)



Image 1.1



- a. **SAVING HABBITS** : the ability to save the money plays most important role in raising financial quotient of any individual. Saving not only works as a contingent fund for future liability but also provide safety from future risk.
- b. **FINANCIAL PLANNING**: Setting future targets in relation to financial requirement by any individual or organization plays an important role in wealth creation of any entity.
- c. **LOAN AND ADVANCES**: the ability to take loan and advances and habit of repaying it directly affects the financial quotient .It also affect CIBIL score of any entity. Loan and its interest factor must be calculated separately then it shall be compared with the expected return to find out plan was favorable or unfavorable.
- d. **INVESTMENT**: the ability to recognize and understand how others are feeling and consider those feelings before responding in social situations. Empathy also allows an individual to understand the dynamics that influence relationships, both personal and in the workplace.
- e. **RISK TAKING HABBITS**: the ability to take and manage various risk factors related to the finance plays an important role in financial quotient. Higher the risk higher the reward but actuality it higher risk without proper planning and back up plan brings only destruction. So taking limited risk with well-planned financial objective is very important for financial quotient.
- f. **SPENDING HABBITS**: the ability to spend money in roper ratio to the income creates an impact on financial planning and quotient. If one is making expenses in higher ratio with no saving it simply will create a negative impact on the net worth of that person in future. So its very important to plan and then make expenses.

4.4 Benefits of financial intelligence at workplace

It's common for some workplaces to give employees personality tests to help determine what roles they might be best suited for. But personality tests don't measure FQ. Knowing the financial intelligence of employees can help organizations understand, to some degree, how an employee might manage their finance and stress, as well as interact with co-workers and clients and how an employee can provide maximum output to the organization.

4.5 Financial intelligence and leadership

Similarly to success, there are many positive traits that might be attributed to effective leadership, like clear communication and confidence. A high FQ may also be beneficial in leadership roles, especially when working with others or on teams. For senior officials, leaders and managers, FQ can be essential for:

- Understanding communicating with co-workers by providing them accurate measure for financial target of the organisations.
- motivating employees and teammates to achieve financial goals.
- ensuring co-workers and employees are engaged and interested in the work

4.6 How to cultivate financial intelligence

Financial intelligence might come naturally to some people, but that isn't always the case for every personality type. There are many strategies that can help strengthen FQ. With work and knowledge of finance, cultivating a higher FQ may be possible. You may have to try different things before you notice a change in yourself. For many people, a combination of several methods can be most effective in improving FQ. When upsetting or stressful situations arise, pay attention and recognize the financial up and down you are facing.

Be aware of how you typically react in financial situations. No matter how upset you may be, it's often helpful to wait before immediately reacting.

4.7 Does Financial Intelligence Matter More Than IQ?

Whatever official activity we human do its final outcome is directly or indirectly related with finance. Without finance no activity and achievement is possible. Human need IQ to enhance their net worth and understand financial matters.



The IQ which can not generate proper financial quotient are limited to certain aspect. IQ which leads to enhancement of FQ is highly beneficial for any organization or individual in achieving their mission, vision or objectives.

4.8 Benefit of applying these concepts in the office-

There are many benefits to Financial intelligence, but here are just a few...

1. It allows for better team work

Teams with members who are having high financial quotient are great at working together. They have good communication, trust each other, and value each other's input. When someone makes a suggestion, they're able to respond in a positive and productive way.

2. You can deal with change

Not many people like change, but Financial intelligence gives you the tools you need to deal with any change that comes your way. In the workplace, many people often face change with a negative attitude and crossed arms; but an financially intelligent person will be much more positive and can inspire other team members to feel the same way.

3. You can handle those tough conversations

Whether it's an angry customer or an upset employee, difficult conversations can stir up all sorts of finance. If you have the right skills, you can handle those conversations by financially connecting with the other person before finding a resolution.

4. It's an essential people skill

Financial intelligence allows you to quickly build trust with people, as well as a rapport. You'll be able to understand their feelings and empathise with them – fantastic for any role that involves working in teams!

5. It's a key feature of a strong leader

Great leaders understand people; they know how they work, how to influence them, and how to inspire them. Financial intelligence will help you to achieve this understanding in order to be a brilliant leader and guide your team in the right direction

4.9 Various key points regarding Financial Intelligence are as follows-

- Financial intelligence works as a tool, it depends on any individual how his instinct provide any one a particular direction for their progress.
- It increases the intensity of work or task performed by any individual employee hence, it works as a key tool in performing any activity or task if an employee is aware of financial benefit of his act then he can focus better and provide favorable outcome.
- Its various effects on employee working has been several times. If any employee is positively happy then the happiness will be indicated in his working style.

4.10 Financial Quotient for leaders and employees in Development Authority

Financial Quotient is an important tool for leaders in order to enhance productivity of employees. It assists them not only in generating interest and dedication of employees towards work but also it increases the positive outcomes. It helps in fulfilling managerial expectation from subordinate staff.

It helps in reduction of conflicts in financial goals in the office. It converts workforce mindset as per financial mission, vision and objectives of the organization as employee's starts taking more interest in their work. Employee's starts thinking that they have an important role and value for the organization. Their concern and issued is listen and resolve



by the top management , it generate a feeling in the employee that they have safe future and growth opportunities in the organization as a result they put more effort in achieving their individual goals and task allotted to him by their leaders as the financial goals of the organisation are clear so it creates a favorable impact on employee. If leader is paying appropriate attention on various financial issues of the employee clarify their financial delimita if any than he will be having stronger bonding with his subordinate in comparison to the leader those are not financially connected with their subordinates. Those employees who are having higher age in comparison to their co employees or having a senior or team leader younger in comparison to them generally suffers from various psychological factors and mindset related to finance. It has been seen that those leaders who are directly connected with their employees making them understand the finaancial goals of the organisation comparatively have more influence and control over their employees in comparison to other leader who communicate lesser with their subordinates. The case in which employees are more connected with their leaders or senior as they trust them that their leader is leading them in correct direction having deep knowledge and understanding of financial goals. Employees with good work experience related to finance not only save time and effort but also provide favorable measures and support in achieving goals for the organization. A leader who is not equipped with the core competencies of financial intelligence is just like a leader without goal. Hence we can understand the requirement of financial quotient knowledge in office.

5. Methodology:

Employees were asked various questions over financial quotient and its effect on preparation of financial statement ,business administration procedure ,and human resource in the organisation. With close ended questionnaire it was asked from 396 current and Ex employees worked in development authorities specially in Ajmer on govt./contract basis that in which manner the importance of financial quotient in office affect their working , following responses received:-

SR. No.	Particular	% BASED ON RESPONSE RECEIVED		
		Favorable	Unfavorable	Neutral
1	Leaders in Development Authorities are well equipped with FQ	70.4	25.1	4.5
2	FQ works as a outcome booster in my work	95.2	4.8	nil
3	Human resource management is indirectly affected by aspects of financial quotient.	69.6	20.1	10.3
4	FQ affects the mindset and outcomes of an employee who is working on preparation of any financial report and statement.	72.2	19.6	8.2
5	Are you aware of importance of financial quotient in office work.	55.3	34.4	10.3
6	Senior officials with good financial knowledge can easily get connected with the employees.	75.7	14.6	9.8
7	I am aware of financial aspects of office.	70.4	23.0	6.6
8	I can easily do self management in the office.	90.5	5.0	4.5
9	I am financially aware and participants various FQ booster activity nearby me.	65.1	25.1	9.8
10	I know how to utilize my financial knowledge in business administration.	60.1	39.9	nil

6. Discussion, Analysis and Findings:

It was seen that in Rajasthan Development Authorities most of the participants in above analysis were aware of financial quotient and their effect on various reports in the organization. Approx seventy percent of employees think that their leader are aware about FQ and remaining employee were not clear about the concept connectivity with leader. Most of them were agree with the fact that they can do Self financial Management in the office and they need not the efforts of others. Approx ninety five percent participant were agree that FQ works as outcome booster and they like to make contribution in various activities around them these types of employee are contributor to office as they are financially aware of their act, they can contribute more than other. Some of them were not in favor of the concept that FQ work as outcome booster. This category of employees generally restricts their surroundings, they easily don't accept the changes



in the office and they often feel difficulty in their work management. Approx sixty nine percent were in the favor that FQ not only affect direct financial activities but also affect human resource activities in indirect manner. Maximum of them accepted the fact that financial knowledge affect the financial statement preparation process. Fifty five percent was aware of the use of FQ at workplace while other was not able to connect financial intelligence with their office work. Financial intelligence can be used as self motivator in the work, seventy five percent told that seniors with good financial knowledge creates a better impact on employee and can get easily connected with them. They also told that no additional training has been provided to them about the use of financial intelligence in the office. Ninety percent agreed that they can easily do self management at workplace. sixty five percent were agree that they are aware of the concept and also participate the FQ booster activities around them but only sixty percent told that they are aware of the manner in which their financial knowledge can be used in business administration.. Most of the employee was agree that financial outbreak directly affects their working. Hence we can understand that financial quotient is an effective tool to provide favorable working condition in the office. When employee is given with financial support than that employee can provide better results and outcomes. It was also seen that employee who did not get any support from seniors comparatively perform lesser than those employee who get financial support from there seniors. Senior authority dealing plays an important role how they are tackling their subordinates.

7. Results:

correlation coefficient between favorable, unfavorable and neutral FQ response		
favorable and unfavorable FQ	favorable and neutral FQ	unfavorable and neutral FQ
-0.945995184	-0.42466241	0.108231

A correlation coefficient of zero indicates that no linear relationship exists between two continuous variables, and a correlation coefficient of -1 or +1 indicates a perfect linear relationship. Coefficient of correlation was found between favorable, unfavorable and neutral FQ response is correlated with each other.

Case Processing Summary

		N	%
Cases	Valid	386	97.5
	Excluded	10	2.5
	Total	396	100.0

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.832	.836	10

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
37.70	32.808	5.728	10

In the above stake we can analyses the line trends for various favorable and unfavorable response of the employees. Favorableness of financial quotient row in above linear presentation indicates that financial quotient not only beneficial for employee in person but also it gives advantage to employees in preparation of their records and official work.



8. Recommendations:

- 8.1 Above research analysis is limited to development authorities of Rajasthan government so analysis can be done in other sectors including private and public sectors.
- 8.2 Above analysis can be done on larger scale in other type of organization using survey method.

9. Conclusion and summary :

In above study we find that Financial quotient is directly associated with preparation of the financial statement and any other type of record, file etc. Humans are directly associated with the finance and mindset, so when an employee is working his working manner will be decided by his own mood finance and mindset. In preparation of budget employee needs to be focused about various circular, if mindset is not focused he will not be able to create error free accounts which comply with all type of legal requirements. As a result, in future many defaults may occur in the records. Any official while doing business administration can easily get affected by his own finance or by the finance of various workers and trade unions in the office. Financially well-equipped and financially balanced leader can face any difficulty with easy approach, which provides stability to the organization. Above study states that if employee will be trained about the value of financial quotient they can perform in better manner and can provide better outcome to their organization. Financially equipped and balance employee are stable and more focused to the work allotted to them. If they are trained in proper manner about the importance of financial quotient in the work, they can do much better. On behalf of these response we can conclude that leaders and seniors officials must handle their subordinated with positive approach. Rather than discussing the financial matter at top level an organization needs to inform their subordinates about their financial goals clearly so that they can evaluate themselves that they are moving in favorable direction to achieve their financial goals. Without a strong team even a leader can't get positive results. Each and every employee is importance adverse performance of one directly affects other. Financially equipped leader can utilize their employee in much better manner in comparison to other normal leader. Hence financial quotient not only affects leaders, financial statement preparation procedure in ADA but also the business administration of this organization so it must be utilized in fair manner to provide maximum outcomes and desired results.

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Paper is prepared by Prashant Bhardwaj under guidance of Prof. Dr. Jatin Yadav of faculty of commerce Bhagwant University Ajmer. He is Research Scholar in Bhagwant university Ajmer. His topic is related to Commerce. Author has studied and Qualified various exams of company secretary from Institute of Company Secretary of India, Chartered Accountancy professional examination, he has done MBA specialization in finance from LPU and MBA in HR and marketing from RTU kota . He has done his masters in commerce from VMOU kota and graduation from MDSU Ajmer. Other than this he received Dan-1 title from kukkiwon South Korea. Author is 2 times international champion represented country in international games and 4 time national champion in Taekwondo martial art.