

FINANCIAL COMPETENCE: ITS RELATION TO SAVING AND SPENDING BEHAVIOR AMONG DEPED HIGH SCHOOL TEACHERS

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ABSTRACT

Financial competence is a crucial skill that impacts the individual's ability to manage finances effectively. This study measured the level of financial competence of DepEd high school teachers of Borongan City Division and linked its relationship to their saving and spending behavior. A descriptive-correlational research design was employed in this study of which 196 teacher-respondents were surveyed using an adapted and modified questionnaire. Results revealed that the level of cognitive (financial knowledge) and non-cognitive (financial attitude) financial competence of teachers in terms of money and money transactions, planning and managing finances, as well as risk and risk management is high. Furthermore, the level of financial behavior in terms of their saving behavior is sometimes practiced while their spending behavior is also practiced sometimes. The test on the relationship between financial competence and their financial behavior in terms of saving and spending showed a significant relationship with a p-value of 0.000, making a decision to reject the null hypothesis. The findings indicate that higher levels of financial competence are significantly associated with more prudent saving behaviors and more controlled spending habits among teachers.

Keywords: Financial Competence, Financial Behavior, Saving, Spending

INTRODUCTION

The dynamic nature of society's financial landscape necessitates a nuanced comprehension of fundamental financial ideas such as budgeting, management, and wealth. These shifts underscore the prominence of possessing adequate financial literacy to navigate evolving economic scenarios effectively. Scholars such as Kumar and Pattnaik (2014) assert that proficiency in financial matters is indispensable for success across professions. Indeed, research by Gonçalves et al. (2021) suggests that individuals deemed financially literate demonstrate a propensity for making informed and prudent financial decisions, thereby enhancing their economic security and overall well-being.

Due to lack of revenue and insufficient financial management, many instructors take out loans every year. Rising expenses and an ineffective pay system make it difficult for many Filipino teachers to make ends meet even with a set monthly salary. The entire financial obligation of public-school teachers ranges to at least P319 billion, up to P18 billion in less than two years, according to the Department of Education (DepEd) (2017). Furthermore, the P319 billion figure may be much higher because, based on an article by Reysio-Cruz of INQUIRER.NET (2019), the data only included debts that the DepEd paid for automatically each month from teachers' paychecks. According to Perculeza et al., (2016), a study on the the financial mismanagement and excessive spending of teaching staff members in Asian universities has a significant effect on their spending patterns. Adding to this, mismanagement of funds may have a negative impact to their saving behavior.

In a study conducted by Ferrer (2017), the financial capacity of teachers in public schools was found to be significantly below the desired level, mirroring a broader decline in their ability to pay observed both domestically and globally. This deficiency in financial capability among teachers can be attributed to several factors, including inadequate talents in managing finances, a low frequency of financial preparation, and a lack of understanding about fundamental financial ideas, as evidenced by their poor ability to use financial literacy assessments.

To address these shortcomings and empower teachers to ensure a better, more affluent future for their children, integrating financial education into both pre-service teacher education curricula and in-service training programs is essential. By incorporating financial education into teacher training, not only can the academic preparation of future educators be enriched, but they can also be equipped with the abilities and understanding required to pilot their personal finances effectively.

Through a thorough examination of teachers' financial competence and behaviors related to saving and spending, this research aspires to offer valuable insights that can inform policy initiatives and interventions aimed at improving teachers' financial security. By understanding the dynamics between financial competence and behavior, policymakers and education authorities can develop targeted

strategies to support teachers in managing their finances more effectively, ultimately contributing to their overall financial empowerment and security.

RESEARCH PROBLEM:

This study aimed to explore the connection between financial competence and financial behavior in terms of saving and spending behavior among DepEd High School teachers of the Schools Division of Borongan City.

OBJECTIVES OF THE STUDY:

The study sought information relative to the following:

1. To determine the profile of the respondents in terms of:
 - 1.1 Age
 - 1.2 Sex
 - 1.3 Civil Status
 - 1.4 Highest Educational Attainment
 - 1.5 Monthly Income
 - 1.6 Net Take-Home Pay
 - 1.7 Length of service
2. To assess the level of financial competence of respondents in terms of:
 - 2.1 Cognitive (Financial Knowledge)
 - 2.2 Non-Cognitive (Financial Attitude)
3. To assess the financial behavior of the respondents in terms of:
 - 3.1 Saving Behavior
 - 3.1.1 Personal Wealth
 - 3.1.2 Individual Needs and Dependencies
 - 3.1.3 Anticipatory
 - 3.1.4 Psychological and Social
 - 3.1.5 Profits to be gained
 - 3.1.6 Self-obligation
 - 3.2 Spending Behavior
 - 3.2.1 Loyalty
 - 3.2.2 Diversity
 - 3.2.3 Overspending

4. To determine if there is a significant relationship between the financial competence and financial behavior of DepEd teachers in terms of saving and spending among DepEd high school teachers.

METHODS:

This study aimed to determine the financial competence of DepEd High School teachers and its relation to their saving and spending behavior. A purely quantitative methodology focusing on descriptive-correlational approach was employed to explore the relationship between levels of financial competence by utilizing the OECD framework in measuring cognitive and non-cognitive indicators and the financial behavior by assessing the saving and spending behavior of High School teachers in the City Division of Borongan.

The respondents for this study comprised both junior high school and senior high school teachers within the Schools Division of Borongan City. Specifically, these teachers are currently serving or employed in pre-identified high schools during the school year 2023-2024.

The study made use of a structured and established survey questionnaire, and a researcher-made questionnaire for saving habits designed based on the collected literature. The first part utilized a researcher-made questionnaire which collected data describing the characteristics of the respondents based on the respondents' profiles in terms of age, sex, civil status, highest educational attainment, monthly income, net take-home pay, and length of service. Data gathered on profile was not utilized for the inferential statistics but merely described the profile of the teachers. The second part of the questionnaire was an established instrument, adapted and modified based on the OECD (2022) Framework in measuring financial competence. The questionnaire was divided into two parts: the first one assessed the level of competence in terms of their cognitive (financial knowledge) while the second part aimed to evaluate their level of competence on their non-cognitive (financial attitude). A 5-point Likert scale was used to measure to measure their level of competence. The third part of the questionnaire measured financial behavior based on saving and spending behavior. A researcher-made questionnaire was utilized for measuring saving behavior. The carefully curated list of statements was based on the literature on saving behavior with indicators solely based on a meta-synthesis conducted by Jumena et al. (2022) with the following six (6) indicators that was studied extensively, as to this topic was concerned. These factors included: personal wealth, individual needs and dependencies, anticipatory, psychological and social, profits to be gained, and self-obligation. To test the validity of the instrument, a pre-test was administered to 10 respondents. The questionnaire on spending behavior was adapted and modified from Marasigan et al., (2022) "Money Attitude and Teachers' Spending Behavior" with the three determinants of spending behavior among teachers that included: loyalty, diversity, and overspending.

RESULTS:

Profile of the Respondents

Less than half of the respondents are aged 31-40 years old, comprising 38.27% of the sample. More than half of the respondents are female with a percentage of 68.88%. Most of the respondents are married, with 58.67% and more than half of the respondents have earned master’s degree units, also at 58.67%. Less than half of the respondents earn a monthly income of 27,001 – 29,000 Php with a percentage of 28.57%. Nearest half of the respondents earn a net take home pay of 5,001 – 10,000 Php with a percentage of 44.39%. A significant percentage of the respondents are on their 1-10 years have been in service for a percentage of 63.78%. The profile of the respondents was used to describe the characteristics of the respondents in terms of the said indicators.

Table 1. Profile of the Respondents

Profile of the Respondents	Frequency (n=196)	Percent (%)
Age		
30 years old and below	48	24.49
31 – 40 years old	75	38.27
41- 50 years	41	20.92
51 – 60 years old	31	15.81
Above 60 years old	1	0.51
Sex		
Male	61	31.12
Female	135	68.88
Civil Status		
Single	73	37.24
Married	115	58.67
Widow/Widower	4	2.04
Separated	4	2.04
Highest Educational Attainment		
College Graduate	38	19.39
Earned Master’s Degree	115	58.67

Units

Master’s Degree Graduate	27	13.78
Earned Doctorate Degree	0	0%
units		
Doctoral Degree Holder	15	7.65%
Post-Graduate Degree	1	0.51%

Monthly Income

25,00 and below	14	7.14%
25,001 – 27,000	41	20.92%
27,001 – 29,000	56	28.57%
29,001 – 45,000	71	36.22%
45,001 – 49,000	6	3.06%
49,001 and above	8	4.08%

Net Take-Home Pay

Below 5,000	8	4.08%
5,001 – 10,000	87	44.39%
10,001 – 20,000	60	30.61%
Above 20,000	41	20.92%

Years in Service

1 – 10 years	125	63.78%
11- 20 years	49	25.00%
21 – 30 years	17	8.67%
Above 30 years	5	2.55%

Cognitive Level of Financial Competence (Financial Knowledge)

The level of cognitive financial competence of the respondents (financial knowledge) in terms of money and transactions generated an overall mean of 3.901 interpreted as “high”. The level of cognitive financial competence of the respondents (financial knowledge) in terms of planning and managing finances is 3.753 also interpreted as “high”. The level of cognitive financial competence of the respondents (financial knowledge) in terms of risk and risk management is 3.534 interpreted as “high”. Overall, the grand mean for cognitive financial competence was 3.729, interpreted as “high” indicating that the teachers have high financial competence in terms of financial knowledge.

Non-Cognitive Level of Financial Competence (Financial Attitude)

The level of non-cognitive financial competence of the respondents (financial attitude) in terms of planning and managing finances is 3.628, interpreted as “high”. The level of non-cognitive financial competence of the respondents (financial attitude) in terms of risk and risk management is 3.574, interpreted as “high”. Overall, the grand mean for non-cognitive financial competence was 3.612, interpreted as “high”, suggesting that the respondents have a high financial competence in terms of financial attitude.

Table 2. Summary table on level of Cognitive and Non-Cognitive Financial Competence of Respondents

Parameter	Cognitive	Non-cognitive	Interpretation
Money and Transactions	3.901	3.634	High
Planning and Managing Finances	3.753	3.628	High
Risk and Risk Management	3.534	3.574	High
Grand Mean	3.729	3.612	High

Financial Behavior in terms of Savings

The overall mean for saving behavior in terms of personal wealth is 3.578, interpreted as “often”; while the overall mean for saving behavior in terms of individual needs and dependencies is 3.437 interpreted as “often”. In addition, the overall mean for saving behavior in terms of anticipatory needs is 3.220 interpreted as “sometimes”, while the overall mean for saving behavior in terms of psychological and social needs is 3.270 interpreted as “sometimes”. Moreover, the overall mean for saving behavior in terms of profits to be gained is 2.901 interpreted as “sometimes” while the overall mean for saving behavior in terms of self-obligation is 3.540 interpreted as “often”. The grand mean for saving behavior is 3.324 interpreted as “sometimes”. Therefore, from the findings, the respondents tend to save sometimes.

Table 3. Financial Behavior of the Respondents in terms of Saving Behavior

Indicator	Mean	Interpretation
Personal Wealth	3.578	Often
Individual Needs and Dependencies	3.437	Often
Anticipatory	3.220	Sometimes
Psychological & Social	3.270	Sometimes
Profits To Be Gained	2.901	Sometimes
Self-Obligation	3.540	Often
Grand Mean	3.324	Sometimes

Financial Behavior in terms of Spending

The overall mean for spending behavior in terms of loyalty is 3.585 interpreted as “often” while the overall mean for spending behavior in terms of diversity is 3.240 interpreted as “sometimes”. In addition, the overall mean for spending behavior in terms of overspending is 3.243 interpreted as “sometimes”. The grand mean for spending behavior is 3.356, interpreted as “sometimes”. This result shows that the teachers tend to spend sometimes.

Table 4. Financial Behavior of the Respondents in terms of Spending Behavior

Indicator	Mean	Interpretation
Loyalty	3.585	Often
Diversity	3.240	Sometimes
Overspending	3.243	Sometimes
Grand Mean	3.356	Sometimes

Relationship Between Financial Competence and Financial Behavior in terms of Saving and Spending

The results showed that there is a significant relationship between financial knowledge and financial behavior in terms of saving and spending. Moreover, there is also a significant relationship between financial attitude and financial behavior in terms of saving and spending. These findings show that financial competence has a significant relationship with financial behavior in terms of saving and spending.

Table 5. Test on significant relationship between the financial competence and financial behavior among DepEd high School teachers

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Level of significance set at 0.05

CONCLUSION:

Based on the results of the study, the research therefore concludes the following:

1. In terms of the profile of the respondents, data reveals valuable information about their characteristics and provide relevant insights into how the findings of the study may be applicable to a certain group of teachers. The profile of the respondents was beneficial to describe the teachers' characteristics in terms of different indicators. The findings revealed that the respondents are on their mid-career, mostly female teachers, married, highly educated, earning a monthly income of 27,001-29,000 Php, and earn a net take-home pay of 5,001-10,000 Php with 1-10 years in service.
2. The financial competence of the respondents in terms of its cognitive aspect is characterized as "high". Additionally, the financial competence of the respondents in terms of non-cognitive aspect is also characterized as "high".
3. While the respondents have a high financial competence both cognitively and non-cognitively, the financial behavior of the respondents in terms of saving is only observed sometimes.
4. While the respondents have a high financial competence both cognitively and non-cognitively, the financial behavior of the respondents in terms of spending is only observed sometimes.
5. Considering the results of the data, there is a significant relationship between the financial competence of the respondents and financial behavior in terms of saving and spending.

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