

## Financial Literacy, Management Practices of Public Elementary School Teachers: An Input to Teacher Financial Management Plan

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**Abstract:** This study focused on analyzing and scrutinizing the financial literacy, management practices of public elementary teachers. This study also determined it is deemed necessary to study the financial literacy of the teachers because public teachers positioned themselves as one of the largest members of both local and national government and serve as molders and role model of the next generation. The study concise method of analysis. Descriptive research method is a purposeful process of collecting, evaluating, classifying and tabulating data under prevailing conditions, procedures, attitudes, methods, patterns and cause-effect relationships, and making appropriate and reliable analysis of such data with or without the assistance of statistical method. There were 200 teacher respondents from big school and 74 teacher respondents from medium school in the City Schools Division of Cabuyao with the total of 274. The results show that there is no significant difference in the financial literacy of the respondents when they are classified according to the demographic profile. The results show that there is no significant difference in the financial literacy of the respondents when they are classified according to the demographic profile. Hence, the hypothesis was accepted

**Keywords:** financial literacy, financial behavior, invest, credit

### 1. Introduction

Teachers have a big part to play in the society and they play an important part in nation-building. Teaching has often been called the "most prominent of all occupations," but for many teachers the respectable picture of their career has become an illusion. They have come to think of the Filipino teachers over the last three decades as overworked and underpaid professionals. Though the wage standardization law RA 6758 had been passed, there have been teachers who are clamoring to upgrade government teachers' entry level salary grade.

The Department of Education (DepEd) reminded its employees of the "consequences" of applying for loans with lending institutions, as it announced the introduction of the 2019 fiscal year (FY) P5, 000.00 net take home pay (NTHP) (DepEd Order No. 14 s., 2019). The guidelines for the implementation of the P5, 000.00 net take home pay for 2019 is provided in relation to the issuance of the Republic Act No 11260 otherwise known as the General Appropriations Act (GAA) for SY 2019. It emphasized that any financial contribution incurred by any worker will not be deducted from its monthly salary if such deduction reduces its NTHP beyond the P5,000.00 threshold [3]. In today's world, financial literacy is more critical than ever. Financial literacy pertains to knowledge and understanding of financial concepts and risks. It also deals with encouragement and trust to apply knowledge and understanding on finances to make appropriate decisions on the range of financial contexts. Likewise, financial literacy concerns on how to improve the financial well-being of individuals and society; vis-à-vis to encourage economic participation [4]. It is the ability to use knowledge and skills to effectively manage financial resources for financial well-being of a lifetime. Lastly, financial literacy delves on the mechanism by which individuals gain an understanding of their financial situation and learn how to improve it over time by inculcating the financial habits of investing, budgeting, preparing and, ultimately, making the right financial decisions [5]. Secretary of Education Leonor Briones indicated that cooperation between the Department of Education (DepEd) and the Government Service Insurance System (GSIS) is one way for the Department to help hundreds of thousands of its teachers and staff free themselves from the pressure of loans and over spending. He also stated the need for DepEd teachers and other staff to improve their skills in financial literacy. For National Chairperson Benjo Basas of the Teachers' Dignity Coalition (TDC), the issue of teachers' loans and over-borrowing should "not be viewed as a domestic issue but rather as something that the government should look deeper as this has something to do with the socioeconomic status of the teachers that could greatly affect the quality of their work." It, he said, "cannot be addressed by the proposed training in financial management" as DepEd noted [2]. In addition, House Bill 490, better known as the Republic of the Philippines' Financial Literacy Act of 2010 provides funding and grants to higher education institutions and non-profit organizations in the country to provide students with financial literacy courses or components. The act aims at equipping Filipinos with the knowledge to manage their finances properly and to take responsible financial decisions. A lot of people actually have poor understanding of the fundamental concepts of personal finances. Public attitudes toward spending and behavioral improvements are troubling and the ability to perceive the information, rather than just

mere information is missing. Many people also seem unable to understand the potential danger of borrowing at very high interest rates they will be facing. They are making poor decisions without understanding all the circumstances of each case.

### **Objectives of the Study**

This study focused on analyzing and scrutinizing the financial literacy, management practices of public elementary teachers. This study also determined it is deemed necessary to study the financial literacy of the teachers because public teachers positioned themselves as one of the largest members of both local and national government and serve as mold and role model of the next generation.

## **2. Methods**

### **Research Design**

This research employed concise method of analysis. Descriptive research method is a purposeful process of collecting, evaluating, classifying and tabulating data under prevailing conditions, procedures, attitudes, methods, patterns and cause-effect relationships, and making appropriate and reliable analysis of such data with or without the assistance of statistical method.

### **Population and Sample**

The study involved the public elementary schools in the City Schools Division of Cabuyao. The participating schools from big school category includes Southville Elementary School (72 out of 153), Mamatid Elementary School (60 out of 124), Cabuyao Central Elementary School (32 out of 67) and North Marinig Elementary School (36 out of 75). The participating schools from medium school category includes San Isidro Elementary School (45 out of 56), Banlic Elementary School (29 out of 35). A total of two hundred seventy-four (274) teachers was considered as the respondents of the study during the academic year 2019-2020.

### **Research Instrument**

The main tool used in the research was adopted survey questionnaire of [1], in their study entitled Financial Literacy and Employee Financial Management Activities at a Private University and this instrument was considered valid and reliable. The research instrument consists of three parts: demographic profile and financial management methods. According to [6] analysis introduced financial literacy, which are considered valid and accurate. The first part is the demographic profile that includes sex, civil status, educational achievement, age, monthly gross income, sources of income, and financial counseling and information sources. The second part is financial literacy that includes financial conduct, financial knowledge, financial behaviors, budgeting and tax planning, liquidity management, funding large purchases, life and assets security, investing in investments, preparing and retirement assets.

While the third part is the savings, credit, and investment activities consist of financial management practices. That calculated the respondents' actual saving, credit, and investment activities. The method also provides the reasons for saving, borrowing and taking advantage of credit for public elementary school teachers.

## **3. Results and Discussion**

The following are the salient findings of the study: majority of teachers involved were within the age range 30-38 years old. Dominant among the respondents are female and married. It was also discovered in this study that majority of the teacher respondents were Teacher 1 who received the basic salary for the public schoolteachers. As to their educational attainment, dominant among the respondents were Bachelor's degree holder- the basic qualification for educational level to enter public school teaching.

As to their financial literacy, the respondents agreed that they have the basic financial knowledge, time value of money, inflation, diversification of risks, differentiated uses of financial products, and financing costs that help to make successful decisions; they are literate to be focused on having financial goals, preparation, availability, appreciation and alternatives, and financial behavioral control of teachers; they are literate on their expenditure-versus-savings financial views, savings pattern, income, short-term outlook and savings; they are literate in teachers' preparation and spending of money are based on their tax situation, relevant to their income level and type; literate in related liquid assets, emergency funds, debt reduction, teachers' liquidity or cash balance.

The overall mean of 2.82 shows that respondents agreed that teachers are literate in retirement planning and execution, estate planning and execution, and variation in estate value. Among the savings institutions, the respondents saved their surplus to bank, at the very least, in financial institution outside the school. Among the

credit institutions the respondents borrow money from bank, at the very least, in credit card companies. Among the forms of investment, respondents invest more in real estate and, at the very least, in stock market.

As to the significant difference in the financial literacy of teachers when they are grouped according to their demographic profile such as the sex (0.602); Civil Status (0.656); Degree (0.068), Age (0.497), Rank (0.218) and Income (0.358) with their affixed p-value which are all greater than 0.05 were found not significant which led to accept the null hypothesis.

In terms of the relationship between the respondents' financial literacy and financial management practices, it turned out that the Financial Management Practices such as the Savings (0.000), Credit (0.000) and Investment (0.000) with their affixed p-value are significantly related to their financial literacy.

#### 4. Conclusion

The null hypothesis stating that there is no significant difference in the financial literacy of the respondents when they are grouped according to the demographic profile was accepted. The demographic profile of the teachers would not serve as the indicators of their financial literacy. Further, the result also manifest that the teachers on their respective profile would not be judged of having less knowledge or with so much knowledge concerning their financial literacy.

The null hypothesis stating that there is no significant relationship between the financial literacy and the Financial Management practices was rejected. The teachers financial literacy has something to do with their practices in saving money, managing their credits, and take investment as needed. This also tantamount to say that the more literate the teachers in the on their financial status the better the saving, credit, and investment practices they would be taking. The schools are advised to conduct a regular monitoring and evaluation of the teachers' profile and provide the teachers with various training and seminars concerning financial literacy regardless of their profile. The teachers are encouraged to be involved in various workshops and training that would enhance their knowledge on effective financial management. The schools are also advised to invite finance experts every other month of the school year. The school may work hand-in-hand with the finance department of the division to monitor, evaluate, and assist the teachers on their debt and credits. The Proposed Action Plan may be adopted to enhance teachers financial literacy and to improve their financial management practices

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