



Volume: 01 Issue: 04 | Dec 2020

ISSN: 2660-454X

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## FINANCIAL MANAGEMENT PRACTICES, CAPABILITY AND FINANCIAL WELL-BEING OF PUBLIC HIGH SCHOOL TEACHERS

**Jericho D. Ecija, DMT©**

**Email :** jerichoecija26@gmail.com

Received 17<sup>th</sup> Oktober 2020,  
Accepted 25<sup>th</sup> November 2020,  
Online 10<sup>th</sup> December 2020

Department of Education

**ABSTRACT:** The need for teachers to be financially capable and having a prominent financial well-being are imperative at any cost.

The overall intent of this study is to assess the financial management practices, capability and financial well-being among sampled public high school teachers in Quezon City during the school year 2015 – 2016. The descriptive correlational kind of research was utilized in the study. A researcher-made questionnaire, validated by experts, was utilized in gathering data.

The findings of the study were: Budgeting and debt management servicing are the only financial management practices performed by the respondents which denote to be remarkable. On the other hand, sampled public school teachers are poor in investing. With respect to financial well-being, only the availability of funds to meet financial obligation is quite impressive. When it comes to the relationship of financial well-being to financial management practices only two variables show significant relationships. These are the availability of funds to secure financial future and spending; and the availability of funds to enjoy family or love ones and spending practice. Meanwhile, for financial well-being and financial capability, the study demonstrates relationship on availability of funds to meet financial obligation and teaching position; availability of funds to secure financial future and civil status; and availability of funds for educational advancement and civil status.

Financial well-being of one's person does not greatly rely on his practices and financial capability. Individuals value different things income or net worth, while important, do not necessarily or fully capture financial well-being.

**KEYWORDS:** Financial management practices, Capability, Financial well-being, Personal finance, Public school teachers, Quantitative design, Quezon City.

### 1. INTRODUCTION

Today people are required to take increasing responsibility for managing a variety of risks over the life cycle. People who make sound financial decisions and who effectively interact with financial service providers are more likely to achieve their financial goals, edge against financial and economic risks, improved their household's welfare, and

support economic growth. Financial capability has become a policy priority for policy makers seeking to promote beneficial financial inclusion and to ensure financial stability.

Financial capability, as defined by the World Bank (2013), is the capacity to act one's best financial interest, given socio economic and environment conditions. It encompasses knowledge (literacy), attitudes, skills and behaviors of consumers with respect to understanding, selecting and using financial services, and the ability to access financial services that fit their needs.

You have to know your current financial standing. Ask yourself, where you currently stand in terms of current income then make your financial targets. Determine where you want to be, and when. The difference where you are right now, and where you want to be is your financial track that you will have to map out and plan specific activities.

## 2. Conceptual Framework

This study is anchored on the concept of financial management practices, capability and financial well-being of teachers. This pronouncement concludes that teachers are responsible for the betterment of their financial well-being. The emphasis of the study would be on financial management as development. It is because teachers are managers and have the capability to ensure the maximum financial stability.

A school or educational institution may provide the best educational programs, physical plant and other materials for teaching but if the faculty will not perform well in finances of the school, the final product which is student achievement and professional readiness is likely to be of poor quality. Students cannot learn so much if the teacher suffers financial difficulties. On the contrary, if the faculty are dedicated to their work and responsible as regards to having high level of financial stability, then they may even overcome all odds that may impede quality achievement. Thus there should be a great effort making an effective, efficient and financially stable teacher (Hernandez, 2013).

### Review of related literature

#### Financial Management System

Economywatch (2012) clearly elaborates the description of financial management. It says that financial management entails planning for the future of a person or a business enterprise to ensure a positive cash flow. It includes the administration and maintenance of financial assets. Besides, financial management covers the process of identifying and managing risks.

Businessdictionary.com (2012) describes financial management as planning, directing, monitoring, organizing and controlling of the monetary resources of an organization.

FreeMBA.in (2012) defines financial management as a specialized function of general management which is related to the procurement of finance and its effective utilization for the achievement of common goal of the organization.

Financial Management has been defined differently by different scholars. A few of the definitions are being stated below:

Financial Management is an area of financial decision making harmonizing individual motives and enterprise goals (Weston and Brigham 2003). Financial Management is the application of the planning and control functions to the finance function (Howard and Upton, 2002). Financial Management is the operational activity of a business that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations (Joseph and Massie, 2003). From the above definitions, it is clear that financial management is that specialized activity which is responsible for obtaining and effectively utilizing the funds for the efficient functioning of the business and, therefore, it includes financial planning, financial administration and financial control.

Financial management practices are likely to have a marked effect on the financial performance of a corporate enterprise. Therefore sound financial decisions/practices can contribute towards meeting the desired objective of having a profitable operations.

## 3. Statement of the Problem

This study determined and analyzed the financial management practices, capability and financial well – being of public high school teachers in Quezon City.

Specifically, it sought answers to the following questions:

1. What are the financial management practices of the respondents based on:
  - 1.1 saving
  - 1.2 budgeting
  - 1.3 spending
  - 1.4 investing, and
  - 1.5 debt management servicing?
2. What is the financial capability of the sampled teachers in terms of:
  - 2.1 earning capacity
  - 2.2 length of teaching experience in the public high school
  - 2.3 position
  - 2.4 civil status
  - 2.5 number of dependents?
3. How may the teachers' financial well-being be described in terms of:
  - 3.1 availability of funds to meet financial obligations
  - 3.2 availability to secure financial future
  - 3.3 availability of funds to allow enjoyment of life with family or loved ones
  - 3.4 availability of funds for career needs and
  - 3.5 educational advancement?
4. Is there a significant relationship between the financial well-being of the sampled teachers and
  - 4.1 financial management practices, and
  - 4.2 financial capability?
5. How may the results of this study be utilized in designing financial wellness program for public school teachers?

#### **4. Scope and delimitation**

This study emphasized only on the financial management practices, capability and financial well – being of teachers in selected Public High School, District II, Division of Quezon City. The research was conducted in school year 2015 – 2016 that involved all teaching staff from three schools namely; Holy Spirit National High School, Commonwealth High School and Judge Feliciano Belmonte Sr. High School. For financial management practices, this study inquired at their saving, budgeting, spending, investing and debt management servicing. For their financial capability, this included earning capacity, civil status, position, length of teaching experience in the public high school, and their number of dependents. Financial well-being tackled on their availability of funds to meet financial obligation, capability to secure financial future, availability of funds to allow enjoyment of life with family or love ones, accessibility of funds for career needs and educational advancement.

#### **5. Research Methodology**

##### **Research Design**

In this study, the descriptive method through quantitative and qualitative approaches was utilized. Descriptive research was employed since it utilized survey questionnaire. The descriptive method describes and explains the interpretations of what is being described. Calderon and Gonzales (2013) pointed out that “the descriptive method of research is a fact-finding study with adequate and accurate interpretations of the findings”. Descriptive method also describes what actually exists which pertains to current conditions, practices, situations, or any phenomena. It was used in describing teacher's financial management practices, capability and financial well-being.

Descriptive Correlational research was the method utilized in this study since the significant relationship between financial well-being and: 1) financial management practices and 2) financial capability were measured.

**Population and Sample**

The study was conducted in three (3) public secondary high schools in the Division of Quezon City. Specifically, Holy Spirit National High School, Commonwealth High School and Judge Feliciano Belmonte Sr High School.

The respondents were composed of faculty members that are engaged in the teaching-learning process having a direct interaction with the learners. Respondents were chosen by a stratified sampling method of selection.

**Instrumentation**

The main data-gathering instrument of this study was based on the researcher-made questionnaire-checklists that have been presented, evaluated, and approved by the members of the research team. The questionnaire had three parts, First, Financial capability with respect to their monthly take home pay (earning capacity), length of teaching experience in the public high school, position, civil status and number of dependents. Second, The assessment on financial management practices such as saving, budgeting, spending, investing, and debt management servicing and third, Financial well-being supported by the indicators where the respondents can check what describes them.

**PRESENTATION, ANALYSIS, AND INTERPRETATION OF DATA****6. Summary of Findings**

The treatment of data reveals the following essential findings.

**1. Financial Management Practices of the Respondents**

1.1 Saving. The top three saving practices are the following: 1. allocating a portion of income for insurance most specifically health insurance with a weighted mean of 3.11, moderately practiced; 2. saving for emergency with a weighted mean of 3.05, moderately practiced, and 3. showing that the respondents can save 20 percent of their salary with a weighted mean of 2.83, moderately practiced.

1.2 Budgeting. This is the only kind of financial management practice in which the teacher respondents practiced very much on the given indicators with a general weighted mean of 3.92. The topmost budgeting practice are the following: 1. expecting how much bills and utilities to be paid monthly with a weighted mean of 4.41, 2. aware in determining how much money needed in meeting basic needs with a weighted mean of 4.00 and 3. Know boundaries and can set limits for expenses, with a 3.93 weighted mean. All are practiced most of the time.

1.3 Spending. The uppermost spending practice performed by the respondents are: 1) Spend fixed expenses and priority purchases specifically on bills weighted mean of 4.11, practiced most of the time; 2) again under fixed expense and priority purchases – groceries 3.75 weighted mean, practiced most of the time; and 3) having the ability to trace how much money to be spent in a month with a weighted mean of 3.52, practiced most of the time.

1.4 Investing. If budgeting practice is quite remarkable of all the financial practices, then this investing is the complete opposite in which only one indicator displays to be moderately practiced by the respondents and that is putting money on a time deposit with a weighted mean of 2.83 while majority are practiced to a little extent by the respondents. Doing accounting of all assets and liabilities to determine how much money to invest gained a weighted mean of 2.41; buying something with the intent of reselling got a 2.10 weighted mean; allotting a portion of salary for business enterprise obtained a weighted mean of 1.96; doing lending business got a weighted mean of 1.94; putting money on trust funds got a weighted mean of 1.61; participating in the stock market got a 1.55 weighted mean; and putting money on time deposit with a 1.51 weighted mean. At the bottom is putting money on mutual funds in which the teacher respondents do not practice at all with a mean of 1.48.

1.5 Debt Management Servicing. The topmost debt management servicing practice of the respondents are: faithfulness in paying debt, with a weighted mean of 4.26, practice most of the time. However, there is only one indicator interpreted as moderately practiced and that was preferring to empty all savings account to pay debts than stay heavily on debts with a weighted mean of 3.05, moderately practiced.

**2. Financial Capability of the Respondents.**

2.1. Earning Capacity. The top monthly income earned by the respondents is the range of Php15, 001 – 20,000 with a percentage of 31.71 or 78 out 246 which is equated to a salary of a Teacher 1 or salary grade 12.

2.2. Length of Service in the Public School. The highest tallied length of stay of the respondents in the public school is 6 – 10 years, 92 teachers or 37.40 from the total 246 sampled respondents. Those that rendered 20 years and above stay recorded as the lowest with only 19 or 7.72 percent.

2.3. Position. In terms of teaching position, Teacher 1 got the highest frequency totaled to 181 or 73.58. The said position is reflected on earning capacity as their salary range.

2.4. Civil Status. Married teacher respondents obtained the highest rank with 179 respondents or 72.76 percent. Only 3 individuals representing 01. 22 percent are separated.

2.5. Dependents. Majority of the respondents are having 1-2 dependents. They are 119 out of 246 respondents or 48.37 percent.

### 3. Financial Well-being of the Respondents

3.1. Availability of funds to meet financial obligations. There are 89 respondents or 36.18 percent who are capable of securing the aforementioned indicator for financial well-being which is considered to be the highest in terms of frequency. However, there were 16 respondents or 6.50 percent who are constantly struggling.

3.2. Availability of funds in securing financial future. Some 62 respondents or 25.20 percent were tallied that they are making ends meet for the said indicator. On the other hand, there are 30 respondents or 12.20 percent who have said that they are not capable to keep up such funds for their financial future. This result signifies that they have a big problem for their financial security.

3.3. Having sufficient funds to allow enjoyment of life with family or loved ones. A total of 76 respondents or 30.89 percent who got the highest in rank, interpreted “resilient” and only 14 or 5.69 percent who are constantly struggling.

3.4. Availability of funds for career needs. The topmost number of respondents are 61 or 24.80 saying they are constantly struggling. With this, the data imply to be undesirable. Some 31 or 12.60 percent answered expressing their inability to keep up such funds to support for their career needs.

3.5. Availability of funds for educational advancement. The data shows almost the same result with the former indicators. A total of 76 respondents or 30.90 percent who have said to have it “seldom” and only 26 of them or 10.57 percent who answered “very often”. When asked why some teachers did not earn or earning masters’ units or degree, availability of funds could be a major reason.

### 4. Significant Relationship between the Respondents Financial Well-being and

4.1 Financial Management Practices. With the aid of SPSS program using chi-square procedure, there are significant relationships on the following variables: availability of funds for financial future security and spending and availability of funds to allow enjoyment of life with family or loved ones and spending with chi-square value of .010 and .000 respectively.

4.2 Financial Capability. The following correlations tend to have significant relationships: availability of funds to meet financial obligations and teaching position with a chi-square value of .004; availability of funds to secure financial future and civil status, chi-square value of .021; and between availability of funds for educational advancement and civil status with chi-square significance of .006 that paved the way to reject the null hypothesis.

## Conclusions

Based on the findings, the following conclusions are drawn.

1. Budgeting and debt management servicing are the only financial management practices of the respondents which denote to be remarkable. On the other hand, they are poor in investing.

2. Majority of the respondents are married and just earning the salary range of Php 15,001 to 20, 000 equivalent to an entry level position or just the salary grade of a Teacher 1. Correspondingly, they have 1-2 dependents.

3. In terms of their length of service in the public school, the respondents serve for 6-10 years of teaching. From the Four Phases in Life, they are on the third and the most important phase- accumulation phase. While earning, they are expected to start saving and accumulating.

4. With respect to financial well-being, only the availability of funds to meet financial obligation is quite impressive. The rest indicators needs enrichment or improvement so the respondents can attain financial satisfaction.

5. When it comes to the relationship of financial well-being to financial management practices and financial capability, the study shows neither weak nor strong correlation. Truly, financial well-being of one’s person does not

greatly rely on his practices and financial capability. Individuals value different things. Income or net worth, while important, do not necessarily or fully ensure financial well-being.

### Recommendations

In the light of the foregoing conclusions, the following recommendations are hereby offered:

#### A. Public High School Teachers

1. Be conscious on their financial stability. They must improve their financial management practices and reinforce their financial capability. Financial freedom to make choices that allow enjoyment of life is an important measure.
2. Have control over day-to-day, month-to-month finances and being on track to meet financial goals are stepping stones to financial well-being.
3. We can be wealthy. Even if we are not earning hundreds of thousands. We just need to start saving as well as investing even in small amounts. Make a conscious effort to save a certain amount of money and do it consistently for a long time.
4. Have a right mindset. Being rich starts not with how much money a person has in pocket but with his mindset. One formula, the mindset formula – Mindset plus Action equals Results.

#### B. Students

1. They must be financially literate and able to emulate teachers who portray good example in spending, budgeting, saving, investing and debt management servicing.
2. Financial knowledge or literacy is somewhat equated to academics. The earlier, the better.

#### C. School Head

1. Incorporate financial concepts or matters during in service trainings or seminars for teachers.
2. Provide workshops, simulations and studies concerning financial fitness of teachers.
3. Discourage the entry of bank loans companies or even help teachers so as not to engage in loans and stay heavily on debt.
4. Acknowledge teachers who have exemplary performance in financial management.
5. Promote school cooperatives which will help alleviate the conditions of the teachers.

#### D. Administrators

1. Make a resolution concerning the upliftment or betterment of the salary of public school teachers.
2. Administer and promote the existence of financial fitness program designed to help teachers to attain financial freedom.
3. Issue guidelines to the providers of financial services to develop training materials on financial topics.

#### E. Curriculum Developers

1. Design a curriculum incorporating financial literacy in all tracks of K-12 program and adopt the curriculum nationwide. Financial education must be taught early in school.
2. Provide reading materials showcasing teacher's financial state, ideas on handling finances, investment strategies, good credit concept and stories of teachers who became successful entrepreneur and the like.

#### F. Future Researchers.

1. Similar studies maybe conducted focusing on other aspects to the financial state of public school teachers.
2. Follow-up studies should be done on teachers' financial well-being in another research environment.
3. Conduct a research on the following topics:
  - Effectiveness of financial literacy in the K-12 curriculum
  - Financial fitness program of the Department of Education
  - Spending behaviors of public high school teachers

- Job performance of teachers who have loans
- Department of Education policy guidelines on bank loans companies such as
- Comparative study on City Savings bank and East west bank as loan service provider for DepEd employees.

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