

Financial Management and the Private School Teacher's Lifestyle

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Abstract: The study primarily determined the influence of the teachers' personal financial management, which involves financial literacy, financial well-being, and financial concerns to their lifestyle among the selected faculty members of Cagayan de Oro College - PHINMA and Southern De Oro Philippines College, Cagayan de Oro City Misamis Oriental. It specifically determined the 1.) profile of the teachers-respondents personal financial management in terms of: financial literacy, financial well-being, and financial concerns 2.) teachers' lifestyle in terms of: fatalism and materialism.

Keywords: Financial Management, emergency financial needs, financial literacy.

1. INTRODUCTION

The importance of financial management skills in personal and work life has increased and researches in this area have become the point of interest. Financial well-being and financial concerns are two important factors determining the quality of life and has been investigated in several studies according to Taft, Hosein, Mehrizi & Roshan (2013). In the study about financial literacy among elementary teachers, Deng, Chi, Teng, Tang, and Chen (2013) declared that experts in investment and financial management often say that ignorance is the greatest risk in investment and financial management. The authors also stated that it is a general agreement that many people lack the financial literacy necessary to make important personal financial decisions in their own best interests (Deng, et. al., (2013).

Bayocot (2014) continues to assert that teacher's academic advancement, capabilities, and professional upgrading activities contribute to an enjoyable and productive teaching. However, financial worries sometimes form part of the teacher's failure in doing their best in the teaching arena. In some instances, teachers' struggle to get out of their own to perform better on their job and achieve the desired goal, but there are times when teacher's job performance can be affected by quite a lot of conflict in their profession and financial difficulties (Bayocot, 2014).

The teachers are capable to teach and to influence is not an issue. However, whether they have sufficient capabilities to manage a wholesome living, especially their finances and or livelihood becomes more of the concern. There is a need for teachers to live a balanced life in order to inspire others as teachers (Hereford, 2007). A balanced life includes among all others 'knowing how to set priorities.' Hereford (2007) asserts that balance requires examining ones values and decides what are important to be able to consciously set boundaries, implying that an individual to have a balanced life knows how to live within their means.

The Civil Service Commission (CSC) reminds government employees to live within their means - to live simply, so they will not be buried in debts especially from loansharks. Adams D. Torres, Civil Service Commission Regional Director for Northern Mindanao said that the government is doing developmental programs aimed at improving the lots of its employees especially in financial management so that they will not live beyond their means expressing the need for financial literacy among government employees (Enerio, 2014).

This brings the financial lifestyle of private school teachers to the fore. To what extent are teachers financially literate to be able to cope with whatever earnings they have? In spite of good teaching qualities and leadership potentials, many teachers are struggling to cope with their finances. Varied approaches are resorted to which takes their time to what is supposed to be for lesson preparations or for their family (International Conference on Financial Education, 2008).

According to Senator Paolo Benigno “Bam” Aquino IV, despite being hailed as modern-day heroes for inspiring and shaping the youth to become productive citizens of the country, many teachers still experience financial woes because of their meager salaries and small take-home-pay or perhaps their incapability to manage their finances (Aquino, 2014). Aquino said many teachers find creative means to augment their meager take-home pay by selling meat, beauty and health products, among others. Torrevillas (2013) reports that private and public school teachers resort to many forms of “moonlighting.” This includes selling insurance policies, garments, umbrellas, slippers, make-up kits; even hamburger and “bibingka” they painstakingly prepare at home at night to supplement their finances.

The author cites “as if doing such an unseemly task of vending is not enough, they lament not being paid on time by their *suki* where most of their customers are lowly-paid who can hardly make both ends meet.” Torrevillas (2013) further said that what makes things worse is that they take out loans against their salaries, or resort to 5-6 “bombays” who charge usurious interests.

“How can these critical players in nation building impact the next generation if they are bombarded with financial woes” he emphasized. Given the present salaries, how do public school teachers manage their finances? What could be their perspectives on lifestyles?

Guigona (2008) in his book “Fight for Filipinos” narrated the many attempts that legislation established to address the vicious cycle of public school teachers’ borrowings from lending agencies with usurious rates. It is sad to see how teachers succumb into borrowing more money from loan sharks to pay off debts they had incurred at exorbitant interest rates.

The Department of Education in February 2013 reopened the accreditation of Private Lending Institutions (PLIs) that can offer more alternative credit windows with better terms and lower financial charges on loans. The teachers and personnel can avail the loans. Secretary of Education Br. Armin A. Luistro, FSC, said there is a need to widen the field some more so that public school teachers and non-teaching personnel can choose which ones have the best offer. “This is part of our on-going reform to prevent our teachers from falling prey to loan sharks.”

Is the provision of external structures such as helping them to access loans and financial assistance for teachers to cope with their present debts, the answer to their present financial woes?

The focus of this study lies on contributing to the deeper understanding of the private school teachers’ financial literacy, financial well-being, financial concerns, and their lifestyles. It intended to determine if the knowledge of the private school teachers in managing their personal finances would influence to their lifestyle.

2. CONCEPTUAL FRAMEWORK

This Personal Financial Management and Lifestyle study is anchored on the following theories, namely the Financial Literacy Theory as discussed by Widdowson and Hailwood (2007) as well as that of Garman and Fogue (2000) is part of the theoretical basis of the study. Elder’s Theory of Fatalism (1966), Kasser’s (1993) Theory of Materialistic Consumerism. This study assumed that personal financial management which involves financial literacy, financial well-being, and financial concerns influence to the public school teachers’ lifestyle. Likewise, lifestyle in this study is studied using fatalism, and materialism as perspective of the teachers.

Personal financial management in this study refers to how teachers deal with their salary and other income. A few studies (DeVaney, Gorham, Bechman & Haldeman, 1995, 1996 Jeries & Allen, 1991; Ttus, Fanslow & Hira, 1989; Varcoe & 1989) have shown the positive effects of using selected financial management practices. Effective financial management as defined by Schnittgrund and Baker (1983) combines financial management practices and outcome results such as the type of budget used, the frequency of saving, and the outcome results such as the type of budget used, the frequency of saving, and the frequency of financial management problems in the family. Research shows that consumers believe financial management practices like budgeting and saving are valuable (Davis, 1987; Godwin & Carroll, 1986; Mullis & Schnittgrund, 1982; Schnittgrund & Baker, 1983).

Financial Literacy: According to Remund (2010), financial literacy is a person's ability to understand and use financial matters. Huston (2010) considers financial literacy including awareness and knowledge and financial instruments and their application in business and personal life. In general, these definitions show that financial literacy includes the ability to balance a bank account, budget preparation, save for the future and learn strategies to manage debt. A person is known as financial literate if he/she is able to manage his/her personal finance in life and changing society in order to which he/she must achieve necessary perception, develop his/her skills in this area and be able to understand the impact of individual's financial decisions on his/her own, others and the environment (Remund, 2010).

Financial Well-being: The term well-being has many definitions. According to Praag, Frijters, & Carbonell (2003), well being expresses an individual's satisfaction in six areas: business, finance, home, leisure, health and environmental. Supporting this definition is McGregor and Goldsmith (1998) who recognize well-being to include economic, physical, social, emotional, environmental aspects, political and spritual factors. As mentioned in both references, material well-being is one of the aspects of welfare and convenience.

Financial Concerns: In the study of Taft, Hosein, Mehrizi & Roshan (2013), financial concern appears when one cannot meet his financial needs or his assessment of financial status is not good (Friedman, 1991). Financial concerns usually consist of emotions like fear and anxiety which an negatively affect the human and make positive changes such as finding new jobs and improve the ability to manage the financial issues (Tedeschi & Calhoun, 2004). Financial concerns are associated with increased human physical and mental health issues. There is a strong relationship between financial concerns and referral to psychological institutions, depression and suicide (Turkington, 1985). Peirce, Frone, Rusell, & Cooper (2002) in their two-year study on 756 unemployed Americans looking for job found that financial concerns and pressure cause reducing physical health rank. They also found that financial concerns may increase the risk of depression and loss of control. Lange and Byrd (1998) achieved similar results in their study on New Zealand students. They have reported that financial problems can make a person feel depressed and concerned and his physical health used up. The effects of financial concerns in the workplace have been proven in several studies. Studies have shown that financial concerns can result in lost productivity, reduced quality, quantity, and efficiency of worker and increased work-related accidents, absenteeism, and chance of losing job.

The word "fatalism" is commonly used to refer to an attitude of resignation in the face of some future event or events, which are though to be inevitable, philosophers usually, use the word to refer to the view that one is powerless to do anything other than what one can actually do (Stanford Encyclopedia of Philosophy, 2014). Wildman (2011) cited three categories of fatalism described by Elder theological fatalism, or the belief that God or some other order control man's destiny and the outcomes of his actions; empirical fatalism, or the belief that phenomena occur for no discernible reason and that outcomes cannot be controlled; and social fatalism, or the belief that one's general position in life is fixed and cannot be changed. Rice (2006) further postulates that people are determined by fate. Fatalism is a belief that a person has to accept the outcome of events, and that he/she cannot do anything that will change the outcome, because events are determined to stay in their service even if their salary is not enough to cope with their needs. They are to a certain extent fatalist and oftentimes the "Bahala Na" is the common wind for survival. In the study of Bernard, Derton, and Tafasse (2011), they considered fatalism as pervasive, not the least within many poor communities.

Materialism is the belief that material possessions can lead to greatest source of satisfaction in life is causing societal and ethical problems (Muncy and Eastman 1998; Belk, 1985). Research findings suggested that materialistic consumerism tendencies are related with reduced well-being such as lack of affection to others (Kasser, 2002; Kasser and Ryan, 2001). Rudmin and Richins (1992) argued that materialistic consumerism is questionable from an ethical perspective. Barrett (1992) associated certain types of unethical behaviour with greater amounts of materialistic consumerism. Belk (1988) related greater materialistic consumerism to an inevitable loss of a sense of community, which might in turn make people less sensitive to behavior that might negatively affect others and make them less willing to share their possessions with charity, friends or family (Richin and Dawson, 1992).

In the Business Dictionary.com., lifestyle is expressed in both work and leisure behavior patterns and (on an individual basis) in activities, attitudes, interests, opinions, values, and allocation of income. It also reflects people's self image or self concept; the way they see themselves and believe they are seen by the others. Lifestyle is a composite of motivations,

needs and wants and is influenced by factors such as culture, family, reference groups, and social class. The analysis of consumer life styles (called psychographics) is an important factor in determining how consumers make their purchase decisions. This proposed study assumed that teachers' lifestyle can be defined with fatalism and materialistic consumerism. It further argues that lifestyle of a teacher has bearing on his/her financial management orientation since lifestyle is also expressed in behavior patterns. In this regard, this study tries to look into the relation between financial management which involves financial literacy, financial well-being, and financial concerns that influence to their lifestyle.

From the above discussions, this study intends to determine the teacher's personal financial management based on their: financial literacy, financial well-being, and financial concerns. How these could be influential to their lifestyles is the very focus of this study.

Figure on the next page summarizes the model that this study intended to investigate.

Schema of the Study

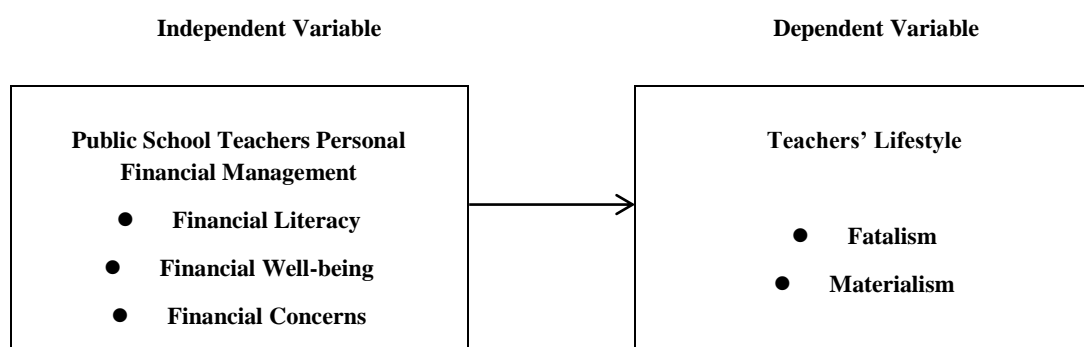


Figure 1: Schematic Presentation Showing the Interplay of Variables in the Study

3. STATEMENT OF THE PROBLEM

This study aims to determine the influence of the teachers' financial management, which involves financial literacy, financial well-being, and financial concerns to their lifestyle. Specifically it seeks to answer the following questions:

1. What is the profile of the teachers-respondents financial management in in:
 - 1.1 financial literacy;
 - 1.2 financial well-being; and
 - 1.3 financial concerns?
2. What is the lifestyle of the teachers in terms of:
 - 2.1 fatalism; and
 - 2.2 materialism
3. Is their a significant difference between the teachers' personal financial management and their lifestyle?

Hypothesis:

There is no significant relationship between the teachers' personal financial management and their lifestyle?

4. RESEARCH METHODOLOGY

The respondents consisted of 91 private school teachers of the above-mentioned schools. Five questionnaires were adopted from 1. Financial Well-Being Scale from Garman (2009), 2. Financial Literacy Survey designed by the World Bank, and implemented in Russia in June 2008, 3. Financial Concern Survey Questionnaire adopted form the study Taft, Hosein, Mehrizi & Roshan (2008), 4. Fatalism had adopted from Cinches (2012), and 5. Measure of Materialism has designed from the study of Hirsh and Dolderman (2007).

5. FINDINGS

The result of the teachers' profile in personal financial management which involves financial literacy, financial well-being and financial concern show that: In financial, the overall mean result of ninety-one (91) respondents in term of their financial literacy is 2.20, with a description of Very Rarely. This means that the respondents are Slightly Literate in financial literacy. The overall mean result in financial well being-being is 3.36, with a description of High Stress. This means that the respondents are suffering difficulties in their current financial situation. In financial concern is 1.93, with a description of Low. This implies that the respondents do not have much concern about their future financial situation.

In teachers' lifestyle, involved fatalism and materialism. Fatalism is a belief of a person who depends the intervention of God in times of difficulties. It found out that statements related to being dependent to God show the overall mean of 3.73, with a descriptive value of Strongly Agree. This means that the teachers/respondents depend their financial difficulties in God's intervention. Materialism is the attitude of a person of acquiring material things. The responses of the respondents in statements related to this show that overall mean is 3.34 with a descriptive value of OFTENTIMES true to me. This means that teachers/respondents acquired or enjoy material things even beyond their means.

The test of significant difference of the teachers/respondents' profile in personal financial management and their lifestyle showed the following facts;

1. The Financial Literacy has computed chi-square value (8.05); Financial Well Being has computed chi-square value (6.18), and Financial Concern has computed chi-square value (9.53). They are all less than the critical value of 19.68. It means that they are significant at .05 levels with df equals 12.
2. The teachers' lifestyle that involves fatalism and materialism show that the chi-square computed value in terms of Fatalism is 9.84; and Materialism is 17.65. They are all less than the critical value of 19.68. It means that they are insignificant at .05 levels with df equals 12.

With these illustrations of heterogeneity of the respondents' personal financial management and their influence of their lifestyle, the null hypothesis is accepted.

6. CONCLUSIONS

1. Selected Private School Teachers are Slightly Literate in financial literacy.
2. Teachers/respondents have High Stress in their financial well-being.
3. Private School Teachers are Low in their financial concern.
4. Teachers/respondents Strongly Agree that God's intervention is part of their lives.
5. Teachers/respondents are very fond of acquiring material things even beyond their means

Recommendations: On the bases of the above-cited findings and conclusions, this study recommends the following:

1. The authorities of Private schools should keep series of trainings, seminars, workshops about personal financial management to the teachers so that they will become financial literate.
2. Employees cooperative will be organized intended to give financial for assistance for teachers in case of emergency financial needs with very low interest to protect the teachers from usurpers.
3. Encourage the teachers to live by their means.

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