

Financial Management Capabilities Among Personnel in a State University in The Philippines

Rosario Clarabel C. Contreras, PhD¹ ✉ Elias C. Olapane, PhD², Magdalena P. Cataluña³ and Liela C. Buenviaje, PhD⁴

¹²³⁴West Visayas State University-Calinog Campus, Calinog, Iloilo, Philippines

✉ **Corresponding Author:** Rosario Clarabel C. Contreras, **E-mail:** rccon63@yahoo.com

ARTICLE INFORMATION

Received: 22 October 2021
Accepted: 16 November 2021
Published: 28 November 2021
DOI: 10.32996/jefas.2021.3.2.16

KEYWORDS

Financial Management, Financial Literacy, Personnel, State University, Philippines

ABSTRACT

Financial management is a key factor in achieving financial autonomy. Like other employees overseas, Filipino employees too are facing financial inadequacy, in one way or another. Thus, this descriptive study was conducted to assess the financial management of the personnel in the West Visayas State University Calinog Campus, Iloilo, Philippines. Using the duly validated and pilot-tested questionnaire, this study examined the three (3) aspects of financial management, namely: financial literacy; financial attitude; and financial management practices. It revealed that the respondents have an average level of financial literacy indicating that employees already possess knowledge in handling personal finances. The financial attitude of the respondents is relatively practical spenders as evident in "comparing prices when shopping for purchases" and "spending less than income". As to financial management practices, most of the respondents put money in the bank in order to cope with the growing expenses of the respondents' children's education. At some point, some employees venture into investments such as livestock and business. Financial management program may be conducted to improve the economic and financial stability of the employees. Emphasis may center on budgeting, expenditure, and saving mechanisms to achieve financial literacy.

1. Introduction

Financial management is simply the efficient and effective management of money or funds in such a manner as to accomplish the objectives. The term typically applies to an organization or company's financial strategy, while personal finance or financial life management refers to an individual's management strategy (Lusardi & Vilsa, 2010). Efficiency is using the least possible resources without sacrificing effectiveness. However, savings take a significant role in maintaining economic growth. People involved in investment and financial management often say that ignorance is the greatest risk in investment and financial management.

Members of the workforce in the West Visayas State University Calinog Campus are no exception to the financial instability mechanism. This scenario would in one way or the other affect their performance output. Awareness of financial literacy and management would be beneficial to both personal lives and workplaces.

Financial management is unique for every individual (Aldovino, 2011). For some, it means taking control of the money earned from work to adequately sustain a quality standard of living. For others, it is more than meeting present needs. Although its role is important at different levels, namely households, companies, and government, the three entities; however, are closely interrelated. Experts also generally agree that people lack the financial literacy necessary to make important personal financial decisions in their own best interests. For instance, if households save too little, they might face financial difficulties in addition to having scarce emergency savings which, in turn, will raise anxiety and lead to serious health problems (Aldovino et. al, 2014).

In current years, financial literacy has gained the interest of a wide range of government agencies, school administrators, community interest groups, and other organizations. Lack of financial literacy can contribute to the making of poor financial choices that can be risky to both individuals and communities.

The financial resource is one of the most important resources in any organization. Sound financial management will redound to a better-managed person and worker in an organization. Good financial management will enable the people in the organization to effectively and efficiently use resources. Therefore, it is vital to have the awareness on factors affecting individuals' saving behavior as it is essential in maintaining the economic growth since it will prepare for long-term financial sustainability among faculty and staff specifically and to West Visayas State University – Calinog Campus in general.

The authors would like to find out the financial management capabilities of the personnel in the university taking into consideration the income, education, length of service, and unit affiliation. Further, it will be discovered if these variables will entail significant differences in the financial management capabilities of the respondents.

In the light of the foregoing statements, this study aimed to ascertain the financial management capabilities based on the financial literacy, financial attitude, and financial management practices among personnel in a state university in the Philippines. Specifically, the study determined the levels of financial literacy, financial attitude, and financial management practices of the members of the faculty and staff of the WVSUCC as a whole and when categorized according to monthly family income, educational attainment, length of service, and unit affiliation. Further, it assessed significant differences in the financial management practices, literacy, and attitude of the members of the faculty and staff of the WVSUCC when categorized according to monthly family income, educational attainment, length of service, and unit affiliation.

2. Literature Review

Financial Management is the practice that concerns every individual who has the capacity to earn and consequently, take control of the earnings. Furthermore, the result of their study revealed that most of their respondents put their savings in the bank and real estate is the most common investment, and their reasons in investing are to maximize the earnings of money and to supplement income (Aldovino, et.al., 2013).

Huston (2010) describes financial literacy as measuring how well an individual can understand and use personal finance-related information. In addition, financial literacy includes the ability and confidence of an individual to use his/her financial knowledge to make financial decisions. Thus, in this study, financial literacy is defined as the understanding and knowledge of basic economic and financial concepts, as well as the ability to use that knowledge to manage financial resources. Shaari et al. (2013) examined the financial literacy among university students from local Universities of Malaysia using a questionnaires survey. The results of their study revealed that the spending habit and year of study have a significant positive relationship with financial literacy, whereby age and gender are negatively associated with financial literacy. It has been concluded that financial literacy can prevent university students from engaging in extensive debt especially credit card debt.

Lusardi et al. (2010) examined financial literacy among the youth in Germany and showed that financial literacy is low; only less than one-third of young adults were found with basic knowledge of interest rates, inflation, and risk diversification. Nidar and Bestari (2012) investigated the level and factors influencing the personal financial literacy of 400 students in Padjadjaran University of Indonesia and found that level of personal financial literacy was within the low category, especially in investment, credit, and insurance.

3. Methodology

This study utilized the descriptive method of research. The respondents of this research endeavor covered the entire population of members of the faculty and staff of West Visayas State University Calinog Campus, Calinog, Iloilo, Philippines.

Table1. Distribution of Respondents

Category	f	%
Entire Group	89	100.0
Monthly Family Income		
below Php38,000 (\$760)	48	53.9
Php38,000 (\$760) and above	41	46.1
Educational Attainment		
Baccalaureate	17	19.1
Master’s Degree	57	64.0
Doctorate Degree	15	16.9
Length of Service		
below 13 yrs	53	59.6
13 yrs and above	36	40.4
Unit Affiliation		
Faculty	57	64.0
Staff	32	36.0

The data in this study were gathered using the revised instrument from Aldovino (2011) and Thapa (2014). This research instrument was duly validated by a panel of experts and pilot tested to the non-participants which eventually obtained a reliability coefficient of 0.86. All statistical computations were computer-processed through the Stata v. 64 software. The statistical tools used were Median, Rank, Mann-Whitney, and Kruskal-Wallis Tests. The significance of the differences was tested at 0.05 level using a two-tailed test.

4. Results and Discussion

Results in Table 2 below reveal that the respondents have an "average" level of financial literacy as an entire group (Md = 11.00) and in all categories of monthly family income, educational attainment, length of service, and unit affiliation.

Table 2. Financial Literacy of the Respondents

Category	Median	Descriptive Interpretation
Entire Group	11.00	Average
Monthly Family Income		
below ₱38,000	10.00	Average
₱38,000 and above	11.00	Average
Educational Attainment		
Baccalaureate	11.00	Average
Master's Degree	10.00	Average
Doctorate Degree	11.00	Average
Length of Service		
below 13 yrs	10.00	Average
13 yrs and over	11.00	Average
Unit Affiliation		
Faculty	11.00	Average
Staff	10.00	Average

Median	Descriptive Interpretation
16.01-20.00	Very High
12.01-16.00	High
8.01-12.00	Average
4.01- 8.00	Low
0.00- 4.00	Very Low

Table 3 reveals the top 3 in the financial attitude of the respondents as an entire group are: "compare prices when shopping for purchases" (Sum = 230), "budget and track spending" (Sum = 198), and "spend less than income" (Sum = 193). Invest in the shares under stock market" ranked last (Sum = 118). As to educational attainment, Table 4 shows significant differences in the following attitudes: "Contribute to a bank saving account regularly" ($p = 0.033$) and "Read to increase financial knowledge" ($p = 0.150$). In terms of length of service, Table 5 shows significant differences in the following attitudes: "Read to increase my financial knowledge" ($p = 0.008$) and "Spend less than income" ($p = 0.035$).

Table 3. Financial Attitude of the Respondents as an entire group

Attitude	Sum	Rank
Compare prices when shopping for purchases	230	1
Budget and track spending	198	2
Spend less than income	193	3
Read to increase financial knowledge	182	4
Contribute to a bank saving account regularly	178	5
Maintain adequate financial records	177	6
Have a life insurance policy	168	7
Plan and implement a regular savings/investment Program	168	8
Maintain adequate insurance coverage	162	9
Invest in the shares under the stock market.	118	10

Table 4. Kruskal-Wallis Test Results for the Differences in Financial Attitude of the Respondents Classified as to Educational Attainment

Financial Attitude	χ^2	Sig.
Budget and track spending	1.514	.469
Contribute to a bank saving account regularly	6.795*	.033
Compare prices when shopping for purchases	1.370	.504
Have a life insurance policy	5.542	.063
Invest in the shares under the stock market	3.576	.167
Read to increase financial knowledge	8.388*	.015
Maintain adequate financial records	2.030	.362
Spend less than income	.630	.730
Maintain adequate insurance coverage	4.640	.098
Plan and implement a regular savings/investment program	1.056	.590

* $p < .05$

Table 5. Mann-Whitney Test Results for the Differences in Financial Attitude of the Respondents Classified as to Length of Service

Financial Attitude	Z	Sig.
Budget and track spending	-.288	.773
Contribute to a bank saving account regularly	-.347	.728
Compare prices when shopping for purchases	-.633	.527
Have a life insurance policy	-1.149	.251
Invest in the shares under the stock market	-.519	.604
Read to increase my financial knowledge	-2.665**	.008
Maintain adequate financial records	-1.499	.134
Spend less than income	-2.110*	.035
Maintain adequate insurance coverage	-.091	.927
Plan and implement a regular savings/investment program	-.460	.645

*p<.05,**p<.01

Table 6 reveals that most of the respondents as an entire group are saving their money in “bank” (Sum= 197). Their top 3 reasons for saving are: “future use” (Sum = 236), “emergency/hospitalization” (Sum = 227), and “contingencies” (Sum = 224). As to educational attainment, Table 7 shows significant differences in putting saving in financial institutions within the university (p=0.025). Their main reasons for saving are for: “enhancement of educational qualifications” (p = 0.027) and “lost of value of money” (p = 0.002). In terms of length of service, Table 8 shows significant differences in putting saving in financial institutions within the university (p=0.029), Their main reasons for saving are for: “education of children” (p = 0.021), “enhancement of educational qualifications” (p = 0.000), and “lost of value of money” (p = 0.000).

Table 6. Savings Practices of the Respondents as an Entire Group

Saving Practices	Sum	Rank
Put saving in		
Bank	197	1
Home	196	2
Financial institutions within the university	164	3
Financial institutions outside the university	151	4
Reason/s for saving		
Future use	236	1
Emergency/ hospitalization	227	2
Contingencies	224	3
Education of children	220	4
Retirement	218	5
Enhancement of educational qualifications	212	6
Purchase of inexpensive items	181	8
Loss of value of money	181	8
Travel/pleasure	171	9

Table 7. Kruskal-Wallis Test Results for the Differences in the Saving Practices of the Respondents Classified as to Educational Attainment

Saving Practices	χ^2	Sig.
Put saving in		
Bank	.804	.669
Financial institutions within the university	7.353*	.025
Financial institutions outside the university	.157	.925
Home	.993	.609
Reason/s for saving		
Emergency/ hospitalization	3.663	.160
Education of children	.213	.899
Retirement	.966	.617
Purchase of inexpensive items	3.967	.138
Travel/pleasure	1.732	.421
Future use	.018	.991
Contingencies	1.885	.390
Enhancement of educational qualifications	7.216*	.027
Loss of value of money	12.617**	.002

*p<.05,**p<.01

Table 8. Mann-Whitney Test Results for the Differences in Saving Practices of the Respondents Classified as to Unit Affiliation

Saving Practices	Z	Sig.
Put saving in		
Bank	-.294	.769
Financial institutions within the university	-2.187*	.029
Financial institutions outside the university	-.500	.617
Home	-.747	.455
Reason/s for saving		
Emergency/ hospitalization	-1.713	.087
Education of children	-2.304*	.021
Retirement	-.192	.847
Purchase of inexpensive items	-1.377	.168
Travel/pleasure	-.455	.649
Future use	-.989	.322
Contingencies	-1.347	.178
Enhancement of educational qualifications	-3.814***	.000
Loss of value of money	-3.770***	.000

*p<.05,***p<.001

Table 9 reveals that most of the respondents as an entire group are crediting their money in "financial institutions within the university" (Sum= 168). Their top 3 reasons for crediting are to: "shoulder big expenses like education of children, house renovation, travel and going on vacation, etc" (Sum = 203), "support the immediate family members" (Sum = 191), and "net income is not enough to shoulder daily needs" (Sum = 180). As to monthly family income, Table 10 shows significant differences in crediting their money in "financial institutions within the university" (p=0.12), and "individual money lenders" (p=0.009). Their main reasons for crediting/borrowing money are to: "shoulder big expenses" (p = 0.044) and "net income is not enough to shoulder daily needs" (p = 0.030), and "support the immediate family members" (p=0.019). In terms of length of service, Table 11 shows significant

differences in crediting the money from “financial institutions within the university (p=0.017). Their main reason for crediting or borrowing money is to: “support the immediate family members” (p = 0.005).

Table 9. Financial Management Practices in terms of Credit Practices of the Respondents as an entire group

Credit Practices	Sum	Rank
CREDIT INSTITUTIONS		
Financial institutions within the university	168	1
Family members and relatives	161	2
Individual Money Lenders	150	3
Financial institutions outside the university	139	4
Credit card companies	121	5
COMMON REASONS FOR BORROWING MONEY		
Shoulder big expenses like education of children, house renovation, travel, going on vacation, etc.	203	1
Support the immediate family members	191	2
Net income is not enough to shoulder daily needs	180	3
Pay for bills or refinance loans previously acquired	179	4
Don't have enough money for emergencies like hospitalization	175	5
Often spend more than what can afford	172	6
Cash on hand is not enough to pay the item wishing to buy	169	7
Business purposes	165	8
Avail of the perks and privileges of using credit cards	146	9

Table 10. Mann-Whitney Test Results for the Differences in the Credit Practices of the Respondents Classified as to Monthly Family Income

Credit Practices	Z	Sig.
CREDIT INSTITUTIONS		
Financial institutions within the university	-2.519	.012
Credit card companies	-1.652	.098
Financial institutions outside the university	-.566	.571
Family members and relatives	-.356	.722
Individual Money Lenders	-2.617**	.009
COMMON REASONS FOR BORROWING MONEY		
Shoulder big expenses like education of children, house renovation, travel, going on vacation, etc.	-2.014*	.044
Cash on hand is not enough to pay the item wishing to buy	-.351	.726
Net income is not enough to shoulder even the daily needs	-2.164*	.030
Pay for bills or refinance loans previously acquired	-1.021	.307
Don't have enough money for emergencies like hospitalization	-1.849	.064
Often spend more than what can afford	-.686	.493
Avail of the perks and privileges of using credit cards	-1.268	.205
Business purposes	-.149	.881
Support the immediate family members	-2.336*	.019

*p<.05,**p<.01

Table 11. Mann-Whitney Test Results for the Differences in the Credit Practices of the Respondents Classified as to Length of Service

Credit Practices	Z	Sig.
CREDIT INSTITUTIONS		
Financial institutions within the university	-2.380*	.017
Credit card companies	-.032	.974
Financial institutions outside the university	-.276	.783
Family members and relatives	-1.085	.278
Individual Money Lenders	-.832	.405
COMMON REASONS FOR BORROWING MONEY		
Shoulder big expenses like education of children, house renovation, travel, going on vacation, etc.	-1.023	.307
Cash on hand is not enough to pay the item wishing to buy	-.829	.407
Net income is not enough to shoulder even the daily needs	-.069	.945
Pay for bills or refinance loans previously acquired	-.983	.326
Don't have enough money for emergencies like hospitalization	-.453	.651
Often spend more than what I can afford	-.938	.348
Avail of the perks and privileges of using credit cards	-.074	.941
Business purposes	-.028	.978
Support the immediate family members	-2.810**	.005

*p<.05,**p<.01

Results in Table 12 reveal that, as an entire group, the top three (30 investment practices of the respondents are for : "livestock" (Sum= 168), "business" (Sum= 152), and "insurance/ education plan" (Sum= 148). The respondents' top three (3) reasons for investing money are: "for security of family members" (Sum= 236), "for emergency" (Sum= 231) and "to save" (Sum= 1230). In terms of educational attainment, Table 13 shows significant differences on the respondents reasons for investing: "for retirement" (p= 0.026), "for security of family members" (p= 0.008), and "to save money" (p= 0.026). As to the length of service, Table 14 shows significant differences in the respondents' reasons for investing : "for emergency" (p= 0.043), and "to save money" (p= 0.036).

Table 12. Investment Practices of the Respondents as an Entire Group

Investment Practices	Sum	Rank
TYPES OF INVESTMENT		
Livestock	168	1
Business	152	2
Insurance/Educational Plan	148	3
Rental houses	140	4
Real Estate	139	5
Mutual funds	135	6
Stocks	133	7
Liquid Investment	132	8
Unit Investment Trust Fund	128	9
Bonds	121	10
REASONS FOR INVESTING		
For the security of family members	236	1
For emergency	231	2
To save	230	3
For children's education	222	4
For future use	218	5
To catch up with inflation	215	6

For retirement	214	7
To supplement income	204	8
To maximize the earnings of my money	196	9

Table 13. Kruskal-Wallis Test Results for the Differences in the Investment Practices of the Respondents Classified as to Educational Attainment

Investment Practices	χ^2	Sig.
TYPES OF INVESTMENT		
Real Estate	.307	.857
Liquid Investment	3.985	.136
Mutual funds	.823	.663
Stocks	.464	.793
Unit Investment Trust Fund	1.765	.414
Business	2.314	.314
Insurance/Educational Plan	1.822	.402
Bonds	1.258	.533
Rental houses	2.168	.338
Livestock	2.969	.227
REASONS FOR INVESTING		
To maximize the earnings of my money	.678	.712
To supplement income	2.752	.253
To catch up with inflation	1.391	.499
For future use	1.923	.382
For retirement	7.296*	.026
For children's education	1.381	.501
For emergency	1.910	.385
For the security of family members	9.607**	.008
To save	7.315*	.026

*p<.05,**p<.01

Table 14. Mann-Whitney Test Results for the Differences in the Investment Practices of the Respondents Classified as to Length of Service

Investment Practices	Z	Sig.
TYPES OF INVESTMENT		
Real Estate	-.009	.993
Liquid Investment	-.202	.840
Mutual funds	-.441	.659
Stocks	-.716	.474
Unit Investment Trust Fund	-.092	.927
Business	-.683	.494
Insurance/Educational Plan	-.645	.519
Bonds	-.419	.675
Rental houses	-1.710	.087
Livestock	-1.065	.287
REASONS FOR INVESTING		

To maximize the earnings of my money	-.639	.523
To supplement income	-.353	.724
To catch up with inflation	-.871	.384
For future use	-.528	.598
For retirement	-1.199	.230
For children's education	-1.420	.156
For emergency	-2.023*	.043
For the security of family members	-.594	.552
To save	-2.096*	.036

*p<.05

5. Conclusion

Generally, the entire faculty and staff of the West Visayas State University Calinog Campus have an average level of financial literacy. This indicates that the employees already possess knowledge on how to handle personal finances; however, there is still a need to have further education on financial matters.

The financial attitude of the respondents seems to be a practical spender because mostly they "compare prices when shopping for purchases"; they "budget and track spending" and they "spend less than income". The least they do is invest in the shares under stock market". These imply that they really value the hard-earned money that they get from their salaries.

As to their savings and credit practices, the majority of the respondents put their money in the financial institutions inside the university. This may be due to the fact that credit cooperative is the most accessible lending institution to them and they consider repaying money owed on due time. This will redound to a better credit line for them. The major reason for borrowing an amount of money is to shoulder big expenses like education of children, house renovation, and travel.

In terms of top investment practices, on the other hand, employees venture into investments such as livestock and business. This may be due to the fact that these are easy to implement projects. Further, the top reasons for investing are "for the security of family members", "for emergency" and "to save".

Thus, it is suggested to the administration to regularly conduct financial management programs to help its employees raise awareness and strengthen their financial literacy.

Funding: This research was funded by the West Visayas State University-University Research and Development Center (WVSU-URDC) and WVSU- Calinog Campus.

Acknowledgments: The authors would like to express gratitude to their university research evaluators, respondents of the study, and all significant others who helped in the success of this undertaking.

Conflicts of Interest: The authors declare no conflict of interest.

ORCID

Rosario Clarabel C. Contreras: <https://orcid.org/0000-0002-7817-951X>

Elias C. Olapane : <https://orcid.org/0000-0002-3381-150X>

References

- [1] Agarwalla, S. K., Barua, S. K., Jacob, J., and J. R. Varma (2013). Financial Literacy among Working Young in Urban India. Indian Institute of Management Ahmedabad, *Working Paper*.
- [2] Aldovino, Carmen, A. Pangiligan, A., and Bermudez, R. (2014). Financial Literacy and Financial Management Practices. MSEUF Research Journal.
- [3] Fatoki, O. (2014) The Financial Literacy of Non-Business University Students in South Africa. *International Journal of Education and Science*.
- [4] Heenkenda, S. (2014) Inequalities in the Financial Inclusion in Sri Lanka: *An Assessment of the Functional Financial Literacy*.
- [5] Hilgert, M. A., Jeanne, M., Hogarth, and S.G. Beverly (2003). Household Financial Management: The Connection between Knowledge and Behavior. *Federal Reserve Bulletin*.
- [6] Huston, S. J. (2010). Measuring Financial Literacy. *Journal of Consumer Affairs*.
- [7] Ibrahim, H. Harun, R., Z. Isa (2009). A Study on Financial Literacy of Malaysian Degree Students. *Cross-Cultural Communications*.
- [8] Jorgensen, B. L. (2007) Financial Literacy of College Students: Parental and Peer Influences. *Master of Science in Human Development*. Blacksburg, Virginia.
- [9] Kreitner, R. & Angelo K. (2004). *Organizational Behavior*, 6th ed. U.S.A.: McGraw Hill.

- [10] Lusardi, A., Olivia M.S., and Vilsa,C. (2010). Financial Literacy among the Young: Evidence and Implications for Consumer Policy. *CFS Working Paper* 2010.
- [11] Nidar, S. R., and Bestari S. (2012). Personal Financial Literacy among University Students: Case Study at Padjadjaran University Students, Bandung, Indonesia. *World Journal of Social Sciences*.
- [12] Ramasawmy, D., Thapermall, S., Dowlut, S.A., and M. Ramen (2013). A Study of the Level of Awareness of Financial Literacy among Management Undergraduates. *Proceedings of 3rd Asia Pacific Business Research Conference, Kuala Lumpur, Malaysia*.
- [13] Shaari, N. A., Hasan, N. A., Mohamed, R. K. M and M. A. Sabri (2013). Financial Literacy: A Study Among University Students. *Interdisciplinary Journal of Contemporary Research in Business*.
- [14] Thapa, and Bharat S (2007). Financial Literacy in Nepal: A Survey Analysis from College Students. https://theses.lib.vt.edu/theses/available/etd-10162007-143627/unrestricted/CSFLC_Survey.pdf.