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A Transcendental Phenomenological Analysis on the Financial Literacy among Senior High School Teachers in Carrascal National High School, Philippines

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Abstract:
Financial literacy is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Unfortunately, many people have a weak grasp of basic personal finance principles. Inadequate financial literacy among salaried workers and teachers, particularly on how to save and invest, the kind of financial products to choose, and how to prepare for retirement, is a major concern in the Philippines, especially among teachers. The researcher undertakes the study to assess how financially literate teachers are and also offers valuable recommendations to improve their level of financial literacy and the nation in general. This study employed a Transcendental Phenomenological qualitative research design developed by Moustakas. The study revealed that the level of financial literacy among teachers is inadequate. In the long run, this lack of adequate financial knowledge has far-reaching consequences on the teacher as it is observed that teachers' knowledge of insurance and investment is not good and encouraging, which in the long term will limit participants' financial decisions and planning. Financial illiteracy and its resultant consequences on the teachers could potentially hinder their productivity since the teachers' performance can be seriously affected as they will always have financial worries and challenges to think about.

Keywords: *Financial literacy, Personal finance, financial resources*

1. Introduction

Lack of financial literacy is found to be a widespread phenomenon at a global level and is also clearly evident in developing economies. This means that many individuals who lack financial literacy have been deterred from embracing innovative financial products, making sound financial planning decisions, and giving serious consideration and commitment to their financial plans (Blue, Grootenboer, & Brimble, 2014). Therefore financial literacy helps for better financial planning.

Teachers are some of the most influential people in our society. Beyond academics, they have the ability to affect many aspects of our lives positively. Having financial literacy and managing personal finance properly can become a role model to their students and help to develop fiscally and socially responsible citizens. Unfortunately, many teachers are still in the dark about managing their finances. Some still have trouble understanding interest, loan terms, why it is so vital to pay credit cards on time, etc.

Research has shown that financial literacy positively impacts personal financial management (Loibl, 2008; Way and Holden, 2009; and Otter, 2010). An individual with good financial sense may better plan his/her personal finance, particularly teachers who are key contributors to society's development. In this connection, an attempt is being made by Sullivan, Mousley, & Jorgensen (2009) to examine the existence of financial literacy and personal financial planning among the teachers of higher education and to find out critical factors of select variables concerning financial literacy and financial planning.

However, the inadequacy of research relating specifically to financial literacy among salaried workers and teachers, particularly on how to save and invest, the kind of financial products to choose, and how to prepare for retirement, is an issue of major concern in the Philippines, especially among teachers. Therefore, the above problem has prompted the researcher to undertake the study to assess how financially literate teachers are and also offer useful recommendations to improve their level of financial literacy and the nation in general.

1.1. Research Objectives

The study attempts to explore and understand the level of financial literacy as experienced by the senior high school teachers in Carrascal National High School. Specifically, it seeks to:

- Examine their existence of financial literacy, and
- Study whether financial planning is used as a tool for financial optimization.

1.2. Assumption

The study assumes that the senior high school teachers in Carrascal National High School have low financial literacy and lack financial planning as a tool for their financial optimization.

1.3. Significance of the Study

This study is significant for teachers to constitute a sizeable portion of government workers found in every nook and cranny of this country. Therefore, the issues to be considered could serve as a yardstick for the government to measure and formulate policies that would improve financial literacy in the country in general. To this end, the study seeks to bring out teachers' understanding of pertinent issues in finance, such as money management, savings and borrowing, investments and insurance, and retirement planning. In a society where people can manage their financial affairs properly, the burden on the government to provide social benefits to the citizens after retirement is considerably reduced, since some of these facilities are provided by insurance companies.

Moreover, information from this study could guide the Department of Education in fashioning out in-service training programmes to enhance teachers' knowledge and how to conduct their financial affairs. Also, results from this study will be used to improve the financial decisions teachers make in the area of savings and investment, effective preparation for retirement, and how to avoid accumulating unnecessary debts during their active working life.

Lastly, to society, teachers are the people who come into regular contact with children who are the most appropriate agents of social change. Therefore, the success or failure of any policy on financial education largely depends on those who are entrusted with the mandate of educating the populace. As a result, their financial position should be very sound.

2. Theoretical/Conceptual Background

2.1. Theoretical Background

2.1.1. Cash, Deposits, and Loans of Households

In deciding when and how much to save, households usually consider several factors: the level of income, the intended target savings, and anticipated income that will be collected in the form of savings (which means the propensity to save). It applies in general that the volume of household savings increases with the rise of an income. Families and individuals with higher incomes tend to have relatively higher savings and lower consumption in comparison with their total income than families with lower incomes (Agarwal, 2010).

The process of creating savings cannot be precisely defined since, in addition to economic factors (economic growth, income, prices, interest), uneconomic factors (psychological, social, subjective – taste, fashion, expectations, traditions) are also involved. In contrast, a range of contradictory factors simultaneously operates in this process. Potential possibilities for creating savings in the economy can be expressed through the formal saving function:

$Sx = f(E, I, Pc, I', T, F)$ (1)

Where: Sx – savings, E – level of economy, I – income of economic operator, Pc – the price level and its dynamics, I – interest rate, T – subjective factors (for example, tastes, preferences, fashion, expectations, traditions), F – other factors, for example, psychological factors (Suman, 2009).

The issue of motives of indebtedness of households is not studied in detail in the literature. Henn & McCormick (2009) defines two characteristics of consumer loans: they are sensitive to the economic cycle and are inelastic to interest rates. According to the author, the level of educational attainment is an essential factor that significantly affects the tendency to indebtedness, notwithstanding that more educated people tend to keep lending at a reasonable balance concerning their income.

The causes of using external resources to finance the needs of individual clients can be seen in the following areas. The objective necessity of men in the first place is to secure their own biological needs, especially the need for housing. Due to the high price of real estate, it is virtually impossible for certain income groups to save up the required amount within a reasonable time, so this is why they are taking out a mortgage or another loan from the banks. There is a time discrepancy between the subjective feeling of necessity to satisfy their needs and current income. Household needs are determined by various subjective, social, and psychological factors. It is obvious that individual needs are growing faster than their financing possibilities, resulting in a high interest in loan financing practically worldwide. Positive expectations of their own incomes in the future may increase the level of optimism of an individual client who decides to increase their current consumption by using a bank loan. Experience shows that customers are willing to borrow at a favourable stage of the economic cycle because they believe that their income is high and stable (a crisis can dramatically impact their standard of living).

Personal characteristics of the individual – in their way of living, some people express a greater tendency to be indebted than others. In this context, the importance of financial literacy in households, which largely determines the quality of financial decisions of the client, individual preferences of the customers, and a high degree of personal responsibility, is obvious. Marketing activities of commercial banks (intensive offer of eye-catching products and business conditions) can encourage clients to flesh out their inhibitions and to consume today what they can earn up tomorrow by using the bank loan (Jappelli, 2009). Advertising can convince a man that without a new phone or a new plasma television, he is not a full member of society and that the debts are safe, friendly, and actually almost essential for a successful life. How people manage their money determines the quality of their life, happiness, satisfaction, and security. In this context, financial literacy is a very topical issue.

3. Methodology

3.1. Research Design

This study employs a Transcendental Phenomenological qualitative research design developed by Moustakas (1994). According to Creswell (2007), transcendental or psychological phenomenology is focused less on the researcher's interpretations and more on a description of the participant's experiences. Phenomenology is a type of qualitative research involving lengthy and sometimes repeated interviews and discussions with participants to understand their experiences with specific incidents and events. This type of qualitative study allows for an in-depth, unbiased view of the phenomenon.

Transcendental phenomenological studies aid the researcher in finding the essence of an experience and an individual's experiences and views about a specific situation or event. After hearing the participants' individual experiences, the researcher then evaluates the participants' responses and establishes a pattern or pattern. The identified patterns then become the main point of discussion, as they are the universal experiences of people in similar circumstances. These universal experiences become the basis for drawing conclusions and recommendations (Heppner, Wampold, & Kivlighan, 2008). With this knowledge from the participants, a better and deeper understanding of the teachers' financial literacy phenomenon can help steer education and institutions of learning in the direction needed to help teachers.

3.2. Research Participants

The participants of this study are the senior high school teachers assigned to the Carrascal National High School. This study uses purposive sampling with a size of 10 participants. For quality assurance purposes, inclusion criteria are adopted in choosing the actual participants. The participants should (a) be 30-50 years old, (b) have 10 years of teaching experience, and (c) have existing loans.

3.3. Research Instrument

In this study, a semi-structured interview style is used. Cohen and Crabtree (2006) said that a semi-structured interview not only allows for the ability to have a formal set of questions that each participant is asked but also allows for a more fluid interview process. The semi-structured interview style also allows the researcher to tailor questions using the participant's personal story and documentation submissions, thus creating more in-depth information regarding the phenomenon's essence (Patton, 2002). The interviews are recorded to allow for future review as the analysis continues and the themes are identified. Two recording methods, a tape recording on a cassette tape recorder and a voice recording program via smartphone, are necessary to ensure that no information is lost or corrupted. Notes are also handwritten as a way to reference during the listening of the recordings.

3.4. Data Gathering Procedure

The following procedures are undertaken to gather the necessary data for the study. The first step is to obtain approval from the higher authorities on the conduct of the study. Once approved, the researcher sends an approved communication to the participants prior to agreeing to the study for the willingness to be a part of the study. Upon their commitment, the researcher will briefly ask the participants about their age, years of teaching experience, and their existing loans. These questions help to ensure that the participants meet the qualifications. The researcher also includes a disclosure form to ensure they fully understand their participation and ability to stop at any time. Participants write two personal stories surrounding specific topics given to them by writing prompts. Once the stories are collected and reviewed, the participants are scheduled for their interviews.

During the interview, the researcher will discuss with the participants the request for any financial documentation or financial literacy documentation that the participant is willing to disclose. Financial documentation may include a bank loan statement, credit card bill and other bills, bills, or anything else the participants feel are relevant. The researcher uses Moustakas' (1994) data analysis procedures for all the information collected, precisely, Moustakas' modification of the Stevick Colaizzi-Keen method of analysis.

3.5. Data Analysis

When the participants complete the personal stories and interviews, they are asked to submit any financial documentation that they feel is relevant to their financial literacy story. This information helps to determine the teachers' level of financial literacy prior to acquiring loan debt and the effects the loans may have had on the participants' quality of life. The documentation essentially is like an affidavit to the study. Once the personal stories and documentation are collected, analysis begins to search for themes. The documentation analysis adds texture and structure to the phenomenon. Document analysis refers to the systematic process of evaluating and reviewing documents (print and electronic) to gain a background concerning a research topic, gain insights, or have a theoretical background to help guide primary research (Bowen, 2009). It gives the ability to 'create fullness in understanding the essences of a phenomenon or experience' (Moustakas, 1994, p. 79). Without this ability, aspects could be missing in understanding the impact of loan debt and financial literacy.

4. Results and Discussion

From the 10 participants involved in the study, it has been found that most senior high school teachers have low financial literacy. Findings suggest and imply that the knowledge of the teachers is inadequate. Teachers were able to read and compute the basic numeracy problem correctly; however, they failed to understand, process, and assess the given information effectively. Most teachers have heard investment terms such as stocks, bonds, mutual funds, stock market, and inflation, but they really do not know how these work. They lacked the ability to comprehend the complexity of these financial products and evaluate and apply it accordingly. This means that they have limited knowledge and understanding of basic financial ideas on numeracy, compound interest, inflation, time value of money, money illusion and functions of the stock market, and how it is applied in the financial market. This implies that their education and training did not equip them to understand and apply basic financial computations. Similar findings are noted by Rychwalski that the overall level of financial literacy of Polish was relatively low and how financial markets work was not well understood. Lack of financial literacy can hamper the ability of individuals to make well-informed financial decisions (Lusardi, A. Mitchell, O.S. & Curto, V., 2010). Likewise, teachers do not have the ability to interpret and apply the given information to their day-to-day experiences, and therefore, they do not take risks. According to Willis, most consumers have great difficulty dealing with and understanding numbers and terms when the amounts substantially exceed their daily experience. The teachers in the Philippines need the greatest support to improve their abilities to fully understand this range of financial services in order to fully participate in economic life. World Bank has conceptualized an essential move from financial literacy (with its focus on knowledge and skills) to capability (with its focus on behaviour and results) through financial education.

The low level of financial literacy was attributed mainly to the systematic lack of sound personal financial planning and budgetary preparation. It has been found that the majority of them are not aware of their financial planning. Most of the teachers did not plan their finances adequately, which does affect their expenses and savings habits negatively. Knowledge of savings has a direct effect on individuals' future financial status. Those highly knowledgeable and more disciplined at savings are more likely to be financially sound and avoid unnecessary borrowing. The study revealed that the majority of the teachers are a little bit knowledgeable about the issue of savings and borrowing because most of them rely on savings as a form of a precautionary motive of holding cash. They also depend on loans and overdrafts to meet their short-term financing and, as a result, learn more about these issues. People with a low level of financial literacy often fail to plan for retirement, borrow at high-interest rates, and are less likely to participate in the financial system (Shawn Cole et al., 2009).

It has been found out also that teachers fall into the group of people who are taught to have a lack of understanding of investment issues. This study concludes that teachers' knowledge of investment is not enough. Respondents were also asked about issues on teachers' knowledge of insurance, and the majority responded that they have inadequate knowledge about insurance. Teachers have very limited knowledge of company stocks and bonds. They cannot tell the relationship between interest rates and bonds nor identify these funds' high returns. The fact that teachers cannot explain financial risk is evident that they have not taken a risk in investing their money in stocks or bonds. In other words, the majority of the teachers are not financially sophisticated. This finding implies that teachers have not invested in these types of products which generally allow people to make their fortune grow, and they never took advantage of the prospective higher returns offered by the securities market.

The result also proved that the participants were unaware of the growing range of financial products and services available in the market. As a result, they failed to maximize the uses of these financial services in making sound financial decisions and planning for their future. This financial illiteracy has critical implications on how teachers manage their income, use credit effectively, secure their financial well-being, and make sound financial decisions. These teachers are busy with their work, have not attended financial seminars and training, and have inadequate income to participate in the market's sophisticated financial products and services. Reuters Surveys (2015) revealed that the sub-index measured overall knowledge about financial products, services, and concepts, as well as the ability to plan for long-term financial needs dropped in the Philippines, Indonesia, and Myanmar.

Moreover, studies have shown that domestic workers' salaries have not increased substantially since 1994. This is quite disturbing since these professional teachers have been in the profession for 10 to 20 years, almost near retirement, and yet, have not gained financial freedom. This might also be true for other professions in the country. Lusardi and Wallace (2010) recognized financial literacy as a necessary skill to successfully navigate today's complex economic society. The teachers in the Philippines need the greatest support to improve their abilities to fully understand this range of financial services in order to fully participate in economic life. World Bank has conceptualized an essential move from financial literacy (with its focus on knowledge and skills) to capability (with its focus on behaviour and results) through financial education.

5. Conclusion

This study focused on examining the existence of financial literacy and financial planning among selected senior high school teachers in Carrascal National High School. The study found that the level of financial literacy among teachers is inadequate. In the long run, this lack of adequate financial knowledge has far-reaching consequences on the teacher as it is observed that teachers' knowledge of insurance and investment is not good and encouraging, which, in the long term, will limit participants' financial decisions and planning. Therefore, financial illiteracy and its resultant consequences on the teachers could potentially hinder their productivity since the teachers' performance can be seriously affected as they will always have financial worries and challenges to think about.

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