# Financial Management Literacy In Education: Teachers Decisiveness To Strengthen Investment And Sustainability

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*Abstract* — This study determined the level of financial management literacy of teachers. Specifically, it sought to measure the level of awareness, understanding and application of financial management literacy in education and their decision making among Teachers emphasizing areas such as resource allocation and budget management, risk assessment and mitigation, and personal growth and development. In the survey, data were collected through questionnaires distributed among teachers. Results showed that the majority of educators shows confidence in financial literacy in education, but not the least, results also showed that demographic profile such as gender, age, marital status, number of dependents, current position, school settings, monthly take home pay and retirement fund is a big factor influencing the importance of financial management literacy among teachers. The absence of a retirement fund among respondents raises concerns about long-term financial planning. The findings suggest potential areas for improvement in financial preparedness and highlight the need for enhanced financial education initiatives for educators. This study also emphasizes the need for comprehensive education for teachers to ensure that individuals are not only familiar with new technologies but also possess a deep understanding of fundamental financial concepts. This understanding can help them make informed decisions in budgeting, investing, and managing their financial sustainability.

***Keywords* — *Financial, Literacy, Investment, Sustainability, Decision making, financial awareness, understanding, application and challenges***

## I. Introduction

Financial literacy is one of the most important skills among educators to possess, and therefore personal finance should be required education. Having financial literacy equips individuals with the necessary knowledge to make financially sound decisions that have a significant impact on their lives. (Kenton, 2019; Zucchi, 2018). A good record-keeping positively impacts financial management and decision-making (Mwebesa et al, 2018) and financial satisfaction (Asebedo & Payne, 2019).

Financial education also impacts financial behavior, though it is less significant. It is evident from this literature that financial knowledge has a positive impact on both the knowledge and behavior of individuals (Carpena et al., 2019). Management literacy involves possessing both the knowledge and comprehension of concepts and strategic risks, along with the skills, motivation, and self-confidence required to effectively apply this knowledge and understanding in decision-making. (Lusardi, Annamaria, 2019).

Educators agree that providing financial education may not be sufficient for the improvement of financial capability (Fan & Chatterjee, 2018; Mudzingiri et al., 2018), while behavioral economists believe that education and information alone are not enough to bring behavioral change (Mudzingiri et al., 2019; Noor et al., 2020). Self-efficacy provides facilitation in effort investment, goal setting, persistence in the face of barriers as well as recovery from a setback. Self-efficacy can be considered a positive resistance resource factor. Self-efficacy is similar and linked to behavior and motivation and thus, is relevant to behavior change and making effective financial decisions.

Individuals with financial knowledge are more likely to invest wisely than those without it, creating a gap among the levels of knowledge between the financially literate and the financially illiterate, leading to wealth inequality. (Grohmann et al., 2018; Lusardi et al., 2018). In the same way, when they looked at how schools teach about money, they found that it's connected to people knowing more about money. This is like how learning in different subjects works. This connection isn't only important for each person's money situation, but it also matters for groups like schools and other organizations. It has a big impact. So, making sure your money is handled properly is really important for each person. When you can manage your finances well, it helps you have a stable and secure life. Plus, it allows you to take care of yourself and the people around you, making sure everyone is okay and doing well. Financial literacy affects not only a person's quality of life but also financial sustainability.

Moreover, Mudzingiri et al. (2019) highlighted that there is a need to discover reasons why some people manage personal finances very well while others not with parallel economic characteristics.

Risk is a significant component of real and financial investments. While making real and individual investment decisions, both individual and institutional investors consider the possible rate of return and riskiness of the investment. In this context, the financial risk tolerance of individual investors emerges as an important factor influencing the choice of financial investments and the use of savings in financial markets. Therefore, this aspect is a really key factor when managing your money and improving your investment choices. The financial market is very dynamic and requires constant updating of knowledge and activities. (Świecka, 2018). Financial education is aimed at increasing financial knowledge and skills, rationalizing financial decisions, efficiency of personal finance management, and implementation of assumed financial and non-financial goals. It is a process that can begin at every stage of life and last a lifetime. The process of acquiring financial competences starts with acquiring knowledge, which may or may not lead to improved skills. It is possible for the process to conclude with the acquisition of knowledge without influencing financial behavior. Knowledge pertains to what one understands, attitude influences behavioral choices, and behavior is linked to decision-making. Added this component to financial literacy consisting of financial knowledge (financial knowledge), Financial skills (financial skills), Financial attitudes (financial attitudes), and financial behavior (financial behavior). (Swiecka, 2019).

Financial literacy is a concept that involves educators, administrators, and institutions in making informed and prudent financial decisions. Educational institutions play a vital role in shaping the future of individuals and societies, especially teachers. They require substantial financial resources to provide high-quality education, maintain infrastructure, and support various educational programs. The effective management of finances is pivotal to the sustainability and success of educational institutions to influence teachers managing their finances. Teachers are at the core of educational institutions. They not only deliver educational content but also influence the learning environment and educational outcomes. Moreover, teachers are often directly or indirectly involved in financial decision-making. They might consider the importance of Budget Allocation and Management, Risk Management and Mitigation and Personal Growth and Development to attain sustainability.

Investment encompasses a wide range of financial decisions of a teacher's, including spending on daily expenses, foods, utilities, and budget. These investments are critical for maintaining and improving the quality of life. However, the effectiveness of these investments can vary widely depending on the financial literacy of those making these decisions while, Sustainability is a growing concern of every teacher aiming to have a better life. It involves practices that ensure the long-term viability. This can encompass financial sustainability, maintaining a balance between short-term financial goals and long-term life objectives.

The challenges of financial management literacy of an educator are widely acknowledged, but there is always a gap regarding the role of teachers' financial literacy in strengthening investment and sustainability. It's really important to know how well teachers understand and apply managing money because it affects their choices and what is in return.

**Literature Review**

Financial literacy is universally recognized as a crucial component for both economic stability and development on a global scale. Current trends underscore the increasing worldwide emphasis on financial literacy as a fundamental life skill. Individuals with higher financial literacy exhibit the capability to effectively manage their finances, engage in stock market activities, and demonstrate a greater propensity for investment. Additionally, those who have greater financial knowledge are more likely to accumulate higher amounts of wealth. Financial literacy encompasses a wide-ranging concept, with research focusing on analyzing the outcomes related to financial literacy, the evaluation of levels within diverse population groups, factors influencing financial literacy, and the effects of financial education on enhancing financial literacy. (Goyal & Kumar, 2020).

Financial literacy encompasses a combination of knowledge and skills that empower individuals to comprehend and effectively manage their finances. It enables them to make informed decisions regarding the selection and utilization of various financial services, ensuring their personal financial stability and sustainability. Financial skills represent a collection of knowledge and competencies essential for individuals to independently secure their financial well-being and actively participate in the financial products and services market (Skagerlund et al., 2018).

One of the most important factors to consider in financial planning is goal setting. According to Hollenbeck and Klein (1987). Being good with money involves knowing the terms, understanding concepts, and handling your own finances. Financial literacy means being able to handle your resources wisely. It's a mix of being aware, knowing things, having skills, the right attitude, and doing things to be financially successful. Knowing how to handle money is crucial for families. It helps them plan their spending, manage their income, save, and invest wisely, while also avoiding scams. As financial markets get more complicated and households take on more responsibility for money choices, especially in retirement savings, it's important to have people who understand finances. These financially educated individuals are needed to make sure that investors and consumers are protected, and that both the financial markets and the overall economy run smoothly.

It underscores the significance of decision-making, emphasizing the application of knowledge and skills in real-life situations, with the intended outcome of enhancing one's financial well-being. A theoretical construct gained prominence through the efforts of the Jumpstart Coalition for Personal Financial Literacy in their inaugural 1997 study, which was defined as "the ability to use knowledge and skills to manage one’s financial resources effectively for lifetime financial security." This marked a significant step in shaping the understanding of financial literacy as a comprehensive skill set essential for making informed financial decisions and ensuring long-term financial well-being." Financial literacy refers to one’s capacity to manage and navigate resources carefully and meaningfully Furthermore, it is the combination of awareness, understanding, knowledge, skills, and personal behavior to achieve financial sustainability.

## II. Methodology

The researchers combined both quantitative and qualitative research techniques that required good decision making.

As the study involves participants were characterized into survey respondents among teachers with less than five years in service, classified as single or married and both public and private school settings. There were 16 teacher respondents who answered the survey, and are currently taking master's degrees this semester 2022-2023.

The researchers gathered the data given the answers of the respondents. For the survey to be both reliable and valid, questions were constructed and verified by experts. In the survey questionnaires, the data were organized, recorded in real time. The collected data analyzed financial management literacy among teachers. We conducted this study at the Urdaneta City University last November 2023. Data collection was done through the use of questionnaires. To clear all doubts and make the questions simple and understandable for our respondents, we had in-depth questionnaires used for data collection covering information relating to their demographic profile, financial literacy awareness, understanding and application, and alternative variables necessary to help us achieve the aim of the study.

We treated the data by identifying Problem No.1, we used percentages (%) to determine the profile among teachers. For Problem No.2, we analyzed the mean to determine the levels of awareness, understanding and application among teachers for Problem No.3, we again used the mean and standard deviation to determine the Challenges of Financial Management Literacy.

## III. Results and Discussion

In order to determine the demographic percentages among teachers, level of their awareness, understanding and application and challenges in financial management literacy in terms of Budget Allocation and Management, Risk Management and Mitigation, Personal Growth and Development the results, analysis, and interpretation of data related to the questions posed are presented in this chapter.

**Table 1. Demographic Details of the Respondents**

| Variable | Category | Percentage |
|---|---|---|
| Sex | Female | 64.29% |
| | Male | 35.71% |
| Age | 20-30 | 7.14% |
| | 31-40 | 42.86% |
| Take home pay | below 10,000 | 21.43% |
| | 10,000-20,000 | 42.86% |
| | 20,000-30,000 | 35.71% |
| Number of Household Family | 1 to 2 | 7.14% |
| | 3 to 5 | 71.43% |
| | 6 to 10 | 21.43% |
| Status | Married | 50.00% |
| | Single | 50.00% |
| Years of Experience | Below 5 years | 71.43% |
| | 6-10 years | 14.29% |
| Assets | Car | 28.57% |
| | Emergency Fund | 21.43% |
| | House | 7.14% |
| | House and Lot | 35.71% |
| | Insurance | 57.14% |
| | Investment | 21.43% |
| | Lot | 7.14% |
| | Retirement Fund | 0% |

The percentages in each category indicate the proportion of respondents falling into that specific variable. The data provides an overview of this research sheds light on the critical importance of financial literacy and management literacy among educators. The study emphasized the profound impact that financial knowledge can have on decision-making, personal finance, and overall well-being. Through a detailed examination of teachers' demographic profiles and financial literacy skills, the research aimed to uncover insights that could contribute to the enhancement of financial education initiatives for educators.

The findings revealed a diverse demographic profile among teachers, with variations, including their age, sex, financial status, family size, status, years' experience, ownership of various assets and retirement fund. The information is valuable for understanding the composition of the surveyed population and can be used for further analysis or comparison in the context of the study. The fact that none of the respondents have a retirement fund suggests a potential lack of awareness or planning for retirement among the surveyed individuals. This could be a cause for concern, as it may indicate that respondents are not adequately preparing for their future financial well-being. Recent research studies have found that financial self-efficacy assumes a significant function in making better financial decisions, like retirement planning (Topa et al., 2018). Moreover, Mudzingiri et al. (2019) highlighted that there is a need to discover reasons why some people manage personal finances very well while others not with parallel economic characteristics.

**Knowledge Levels of Financial Management Literacy in Education**

In the context of Awareness Level, the majority of respondents seem to have a high level of awareness across various financial literacy aspects. The self-rated awareness aligns with the specific areas of financial literacy assessed, with respondents generally expressing confidence in their awareness. One variation exists in awareness levels, particularly in the categories of financial management tools/including financial software and apps for personal finance topics, but it is crucial for the understanding of risks and commitments that arise when people have to deal with more complicated financial decisions. Additionally, mobile pay-ment users display lower levels of financial literacy (Lusardi, de Bassa Scheresberg, and Avery, 2018). The rapid growth in financial application tools around the world, can be helped to track the expenses and give individual financial behavior means that more attention must be paid to the impact of mobile payments on financial behavior. It is also important to determine not only the level of awareness of this financial literacy, but also their deep understanding. The use and integration of technology that causes them more money to invest. (Vatanartiran and Karadeniz. 2020).

The majority of respondents strongly agree that they make informed financial decisions. This indicates a high level of confidence and understanding among participants in their ability to make well-informed choices in financial matters. The positive responses suggest that these individuals are proactive in considering various factors, risks, and long-term implications when making financial decisions. Moreover, in the level of application, the majority of respondents strongly agree that they are competent in implementing strong decision making when it comes to different types of investments, financial planning, sustainability, etc. It found out that the participants are expressing confidence in their financial awareness, understanding and application when decision-making skills and actively applying financial knowledge in various aspects of their lives. Everyone needs to be financially literate (Johan, Rowlingson, & Appleyard, 2021). Financially literate individuals in educational institutions are better able to develop sound financial habits and deal with any situations that may arise (Setyawati, 2022). It is believed to moderate the core relationship between financial literacy and financial service participation (Ankrah Twumasi, Jiang, Osei Danquah, et al., 2020).

**Challenges of Financial Management Literacy**

Budgeting is a financial behavior that helps individuals and their households to understand how much money they will make and spend in a given period. Budgeting plays a critical role in allowing individuals and their households to establish a long-term financial plan (Schwab-

Pomerantz, 2018). Budgeting also allows individuals to see where adjustments may need to be made in order to reach their future financial goals (Pant, 2019).

The majority of respondents perceive that aligning investment decisions with sustainability significantly or moderately enhances their personal growth. Synergistic or moderately aligned relationship between their investment decisions and sustainability commitment. Strategies employed to improve alignment primarily involve incorporating sustainability goals into investment planning, demonstrating a proactive and holistic approach to decision-making.

Financial education serves as a vital groundwork for enhancing financial literacy and enlightening personal growth and development of the upcoming generations of consumers, teachers, and citizens. Despite ongoing efforts in various countries to integrate and offer financial education in schools, colleges, and workplaces, the persistently low levels of financial literacy globally suggest that a crucial element is still absent. An essential takeaway for everyone is that a universal approach is not suitable when it comes to offering financial education.

Overall, challenges in financial literacy affect everything day-to-day from Budget Allocation and Management, Risk Management and Mitigation, Personal Growth and Development financial decisions, and this has implications among individuals and their sustainability.

## IV. Conclusion

The study aimed to assess Financial Management Literacy in Education among teachers, focusing on decision-making to investment and sustainability. The demographic profile of teachers, particularly in retirement planning at Urdaneta City University, revealed a lack of awareness or planning for retirement, emphasizing the necessity for targeted financial education programs. The study highlighted the importance of improving financial self-efficacy for better decision-making, suggesting increased financial literacy education in schools. Teachers face financial challenges influenced by local costs and budgeting, with diverse situations and varying perceptions of salary sufficiency. Decision-making involves a mix of analysis and intuition, with an awareness of risk factors. Aligning investment decisions with sustainability is viewed positively, contributing to personal growth. The study underscores the global need for enhanced financial education. Encouraging open conversations about money at home, in schools, and workplaces is crucial, with a recommendation to create a culture where financial literacy discussions are a regular part of everyday life. The challenges in financial literacy have implications for budget allocation, risk management, personal growth, and overall financial decisions, emphasizing the need for targeted interventions to make financial education practical and accessible for everyone.

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