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Research Article

The Traditional Way of Saving Money Versus the Modern Style of Investment: The Financial Management Styles of Sorsogon State University (Sorsu) Bulan Campus Faculty Members

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ABSTRACT

This research was conducted to identify the practices employed by the SorSU Faculty members towards saving money as well as discover the problems encountered by them in handling their finances. A total of 40 faculty members of Sorsogon State University Bulan Campus participated in this study. The mixed designed was used in this research which employed survey and focus group discussions.

This study concludes that the faculty members of SorSU Bulan Campus adopt both the traditional way of saving money and the modern style of investment as modes of saving their finances which include budgeting, joining in "paluwagan", using piggy bank, maintaining bank accounts and deposits and purchasing investment instruments. Increasing cost of utilities and unexpected day-to-day expenses; lack of financial literacy; poor debt management; and low and delayed salaries were the problems encountered by the faculty participants in handling their monetary resources. From the results of the study, this highly recommends the adoption of the **Bongalonta's Financial Model for SorSU Bulan Campus Faculty Members** designed by the researcher as a guide or model for saving money. It is likewise recommended that seminars and trainings on financial literacy may be conducted.

Keywords: *Financial management, Financial management styles and saving money*

Introduction

Financial management is the practice of handling a company's finances in a way that allows it to be successful and compliant with regulations (netsuite, 2022). This is the business function concerned with profitability, expenses, cash and credit, so that the organization may have the means to carry out its objective as satisfactorily as possible; the latter often defined as maximizing the value of the firm for

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stockholders. Financial management encompasses four major areas namely planning, budgeting, managing and accessing risk and procedures. Money management is one of the concepts under the umbrella of financial management. Harms (2022) defined money management as a process of analyzing, planning, and executing all aspects of a person's finances which encompass investment, banking, budgeting, and saving goals. Relatedly, Chen (2022) defines money management as the processes of budgeting, saving, investing, spending, or otherwise overseeing the capital usage of an individual or group. The term can also refer more narrowly to investment management and portfolio management. The predominant use of the phrase in financial markets is that of an investment professional making investment decisions for large pools of funds, such as mutual funds or pension plans. Money management recognizes personal risk tolerance and provide a guide and timeframe for money management that is based on the available resources and methodologies executed for asset stewardship and maximization of return on investments (Roze, 2014). Saving money has been a common practice among people for centuries. In the past, individuals would save their cash in a piggy bank, while in contemporary times, one can invest money in various types of financial instruments.

Every individual saves money for various reasons. Wolinsky (2018) gave seven reasons that a person may consider to save namely: stress-free retirement, better education, cushion in case of emergencies, planned risks, overcoming impulsive spending, investment purposes, and a debt-free life. It is a common reason to save for emergency purposes, but from what has been given by Wolinsky, it can be inferred that saving money is more than that. Different people save for different reasons and knowing a culture particular to this subject may give evidence to these motives. While saving is affected by one's personal purpose, people face hindrances that prevent the practice of saving. Pinola (2014) mentioned in her article about common belief that poor saving behavior of people is due to weak self-control. It is scarcity of attention that causes people not to save. It was further stated that the ultimate purpose of saving is disturbed by urgent current expenses because it is more pressing than one's future priorities. Hence, the sudden occurrence of destabilizing situations negatively impacts the willingness and capacity of a person to save.

Related to the above cited literatures, an individual may save money either using the traditional way of investment or may opt to adopt the modern financial management styles for such purpose. The traditional way of saving money is characterized by its simplicity and low levels of risk. According to Overton (2019), this method provides an option for people who do not want to take any risks and who simply want to save their money for a rainy day. The advantage of this method is that individuals have easy access to their money when they need it. However, the disadvantage is that it doesn't offer any potential for growth as the money does not earn interest and may be subject to inflation. Modern style investment, in contrast, involves a much higher level of risk. According to Schwab (2021), people make investments to grow their money, but in doing so, they must risk losing that money. Modern investment options include stocks, bonds, real estate, mutual funds, and other forms of investment that can provide high potential returns but come with associated risks. Studies show that modern investment may yield higher returns than traditional savings in the long run. Proponents of the modern style of investment, like Christensen (2018), argue that traditional savings fail to keep pace with inflation and hence do not offer a convenient option. On the other hand, modern investment tools provide an opportunity for individuals to grow their money at a faster rate. But for novice investors, there is a higher risk level associated with modern investment. These pieces of literature simply show that both methods have advantages and disadvantages, making their suitability depend on the investor's financial goals and risk tolerance level. Sullivan (2019) explains that the stock market historically provides higher returns than savings accounts, even after accounting for stock market crashes and recessions. However, modern financial instruments like stocks and mutual funds can be volatile, subject to market movements and economic factors.

Accordingly, based from the results of previous researches, it was found out that the traditional way of saving money typically involves storing cash in a savings account or physical storage, such as a box. According to Hubbert and Ziegler (2017), saving money this way is like leaving money under a mattress. The advantage of this method is that the individual has instant access to cash anytime. However, the drawback of this method is the risk of losing money due to theft and inflation. On the other hand, modern financial management styles of investment include stocks, bonds, and mutual funds. According to Snow (2019), modern investment offers more diversified options and professional management of the funds. Moreover, modern financial instruments offer the potential for higher returns than traditional savings, but also come with higher risk and associated costs. Alghalith (2018) studied the returns of traditional savings versus modern investment over a ten-year period. The research found that modern investment provides a higher average net return than traditional savings. Additionally, the study also suggests that incorporating modern investment could enhance the ability to achieve financial goals and reduce overall risk. Focardi, Fabozzi, and Mitov (2016) argue that diversification, a crucial component of modern investment, reduces the risk of losing all savings on a single investment. Adequate knowledge and understanding of the investment options available is also emphasized to avoid potential losses. According to a study by Meredith, Thorne, & Zaima (2016), savings accounts come in handy since they offer a sense of security, ease of access, and provide a moderate return on investment to its holders. Another way of saving money is through budgeting. Budgeting involves tracking expenses and establishing a goal on how much one intends to spend within a given period. Budgeting helps individuals to track expenses and avoid impulse buying. One of the traditional ways of saving money is through the use of savings accounts. Savings accounts are the most common method of storing money in banks. With this method, individuals can deposit money into their bank accounts, with the bank paying them an interest rate on the total amount they have saved. According to Miller and Harley (2018), budgeting assists in developing a plan, prioritizing expenses and sticking to one's financial goals. Avoiding debts is another optimal way of saving money. Incurring debts means paying extra interests and other fees that can significantly deplete one's finances. According to Gabaix and Laibson (2020), avoiding debts should be a top priority for those looking to save money as it reduces financial strain and keeps one financially stable. Other traditional methods of saving include bargaining for better prices and cutting unnecessary expenses such as subscriptions and other hidden fees. According to a study by Brown and Greer (2019), negotiating for a better price and cutting unnecessary expenses are effective traditional methods of saving money that help individuals cut costs and stay financially stable.

On one hand, researches disclosed modern styles of investment, highlighting their characteristics, advantages, and limitations. These include Passive Investing, Active Investing, Factor-Based Investing and Socially Responsible Investing (SRI). Passive investing, also known as index investing or buy-and-hold strategy, involves constructing a portfolio to mirror a particular market index. The aim is to replicate the index's performance rather than actively making investment decisions. Passive investing is characterized by low costs, reduced portfolio turnover, and broad diversification (Bogle, 2005). This strategy has gained popularity due to the success of exchange-traded funds (ETFs) and index funds (Hsu, Myers, & Whitby, 2020). On the other hand, active investing involves making investment decisions based on research, analysis, and market forecasts. Active investors actively manage their portfolios, aiming to outperform the market. This style allows for greater flexibility and customization but is associated with higher costs and the possibility of underperforming (Fama & French, 2010). Efficient market hypothesis challenges the effectiveness of active investing strategies (Malkiel, 2003), while behavioral finance explores the impact of human biases on active investment decision-making (Kahneman & Tversky, 1979).

Factor-based investing, also known as smart beta or alternative risk premium investing, focuses on various factors (e.g., value, size, momentum) that drive asset returns. This investment style combines elements of both passive and active investing (Ang, Chen, & Xing, 2006). Research suggests that factor-based portfolios have the potential to outperform traditional market-cap weighted portfolios (Frazzini & Pedersen, 2014). However, challenges exist in selecting the most robust factors and managing timing risks associated with factor rotation (Arnott, Harvey, Kalesnik, & Linnainmaa, 2019). Finally, the socially responsible investing aims to generate financial returns while incorporating environmental, social, and governance (ESG) criteria into investment decisions. SRI considers non-financial factors such as sustainability, ethical practices, and corporate governance (Galema, Plantinga, & Scholtens, 2008). Research suggests that SRI can promote a positive environmental and social impact without sacrificing financial performance (Goss, Lee, & Masulis, 2018). However, challenges arise in the lack of standardized ESG metrics, inconsistent reporting, and difficulties in quantifying the impact of SRI on financial returns (Cremers, Pareek, & Sautner, 2020).

According to Brown et al. (2020), financial management styles and traditional ways of saving money have a significant impact on personal financial outcomes. While adopting an effective financial management style can help individuals achieve financial stability, traditional ways of saving money such as savings accounts, budgeting, avoiding debts, and cutting unnecessary expenses can also go a long way in helping individuals achieve their financial goals. Studies have compared financial management styles and traditional ways of saving money in terms of their effectiveness in achieving financial stability. Several studies have looked into factors that influence individuals to adopt specific financial management styles or traditional ways of saving money. According to a study by Kim, Braun, and Robb (2019), individuals with higher levels of financial literacy, financial confidence, and a higher income tend to adopt a planner financial management style. Bui et al. (2019) found that demographic factors such as age, gender, and educational level influence the adoption of traditional ways of saving money. According to a study by Chen and Volpe (2018), individuals classified as planners tend to have higher levels of savings, better retirement planning, and lower levels of financial stress compared to avoiders, worriers, and strivers. Moreover, individuals who adopt traditional ways of saving money such as saving through a savings account, budgeting, and cutting expenses tend to have higher levels of savings and financial stability.

There is empirical evidence that show that faculty members have difficulty in saving their finances. Several studies highlight the financial challenges faced by faculty members. In a study by Gage et al. (2020), it was found that a significant proportion of faculty members reported experiencing financial insecurity and difficulties in paying bills and meeting financial obligations. Additionally, a study by Padilla et al. (2018) revealed that faculty members face salary disparities, which makes it challenging for faculty to maintain their financial stability. A lack of financial literacy is another challenge faced by faculty members. According to a study by Chinn et al. (2019), the majority of faculty members lack basic financial knowledge, such as understanding credit card interest rates and how to manage debt. Additionally, faculty members are often not trained in financial management and investing, which can lead to poor money management practices. Besides, the level of debt carried by faculty members is also a significant challenge. Faculty members may incur student loan debt to obtain advanced degrees, which can significantly impact their financial well-being. In a study by Goldrick-Rab & Kendall (2016), it was found that part-time faculty members are more likely to have higher levels of student loan debt, and this often leads to financial instability. Finally, retirement savings are another challenge faced by faculty members. In a study by Grawe and Chung (2020), it was found that faculty members are increasingly concerned about saving for retirement. Limited retirement benefits offered by colleges and universities can make it challenging for faculty members to build retirement savings.

College faculty members are responsible for educating students and conducting research, but they may face various financial difficulties. Saving money is crucial for faculty members to ensure their financial stability.

One of the significant issues that faculty members face is the relatively low salaries that they receive. A study by Jones and Maxey (2020) found that many faculty members struggle to make ends meet due to low salaries, lack of job security, and inadequate benefits. Low salaries make it difficult for faculty members to save money, especially for those who have dependents or many financial obligations. Many faculty members also face high debt, which makes it challenging to save money. According to a study by Coomer and Clune (2018), higher education institutions' rising costs have led to increased debt for faculty members. Additionally, many faculty members have student loan debts from their graduate school education. High debt can significantly impact faculty members' ability to save, especially for those with high monthly payments. Healthcare is another significant challenge that faculty members encounter. The cost of healthcare is rising, and many higher education institutions do not offer affordable healthcare coverage. According to a study by O'Connell and Armistead (2018), healthcare costs can significantly affect faculty members' financial stability, especially for those without spousal healthcare coverage. High healthcare costs can make it difficult for faculty members to save money, and they may have to prioritize healthcare costs over saving. Faculty members may also lack financial literacy or knowledge about effectively managing their finances. According to a study by Hill et al. (2019), many faculty members lack knowledge about retirement savings and investments. Additionally, faculty members may also lack knowledge about budgeting, debt management, and saving strategies. This lack of financial literacy can hinder faculty members' ability to save money. The financial management of faculty members is a complex area, and several challenges impact their ability to maintain financial stability. From a lack of financial literacy to challenges with debt management and retirement savings, faculty members face several obstacles. Addressing these issues may require institutional support, including financial education programs and more comprehensive retirement benefits.

As observed, some of the faculty members of Sorsogon State University Bulan Campus are experiencing difficulty in handling their finances despite their high salaries from the Government. Most of the faculty members often resort to long term borrowings from Government Service Insurance System, Land bank of the Philippines and other banking and lending institutions as a mode of financing during scarcity of budget. Such mode of managing finances often results to insolvency on the part of some faculty members of the University due to higher borrowing costs that they have to pay for a long period of time which unfavorably affect the supposed amount intended for their savings. Based from the empirical data, the researchers felt the need of conducting the study entitled "**THE TRADITIONAL WAY OF SAVING MONEY VERSUS THE MODERN STYLE OF INVESTMENT: THE FINANCIAL MANAGEMENT STYLE OF SORSOGON STATE UNIVERSITY (SorSU) BULAN CAMPUS FACULTY MEMBERS**" so as to know the financial management practices of the target respondents and consequently address some apparent issues anent financial management styles of SorSU Faculty members. This is directed towards formulation of financial management model that will cater to the needs of the SorSU Bulan Campus Faculty members that will enhance their money saving capacity.

Objectives of the Study

This research determined the financial management styles of faculty members of Sorsogon State University (SorSU) Bulan Campus in handling their finances.

Specifically, it seeks to:

1. Determine the profile of SorSU Bulan Campus Faculty members in terms of age, gender, number of years in service, salary grade, average monthly income, average monthly expenses, status of appointment, percentage of savings over income, modality of saving money.
2. Identify the practices employed by the SorSU Faculty members towards saving money.
3. Discover the problems encountered by SorSU Faculty members in handling their finances.

4. Formulate financial management model to enhance the manner of saving money among SorSU Faculty members.

Methodology

This study used Mixed design. This was used to determine the financial management practices of SorSU Faculty members. There were forty (40) SorSU Faculty members who participated in this study. The quantitative portion of the research design was employed to determine the profile of SorSU Bulan Campus Faculty members in terms of age, gender, number of years in service, salary grade, average monthly income, average monthly expenses, percentage of savings over income, modality of saving money as well as identify the practices being employed by the SorSU Faculty members towards saving money. Qualitative research design was used to discover the financial management practices being employed by the faculty respondents and explore the problems encountered by them in handling their finances. From the data, financial management model was formulated. Interview guide questions were used to facilitate the conduct of the focus group discussions to secure information from the respondents. Data gathered from the FGDs were transcribed and coded to determine the emergent patterns or themes with regard to financial management practices being employed by the SorSU Faculty members and the factors that influence their decision in saving money.

Results and Discussion

This part presents the interpretation and analysis of the data obtained from the survey and FGDs. It begins with a brief discussion of the profiles of the SorSU Bulan Campus Faculty members in terms of age, gender, number of years in service, salary grade, average monthly income, average monthly expenses, status of appointment, percentage of savings over income, modality of saving money.

It then attempts to provide evidence on the practices employed by the SorSU Faculty members towards saving money, the problems they commonly in handling their finances and the factors that influence the decision of respondents in saving money.

A. Profile of SorSU Bulan Campus faculty members

This portion shows the profile of the faculty members of the subject faculty members. This aimed to give bird's eye-view picture of the present composition of the faculty members of the Sorsogon State University Bulan Campus, Bulan Sorsogon who were the respondents of this undertaking.

A. 1. Age and Gender

Figure 1 presents the profile of the respondents in terms of their age and gender.

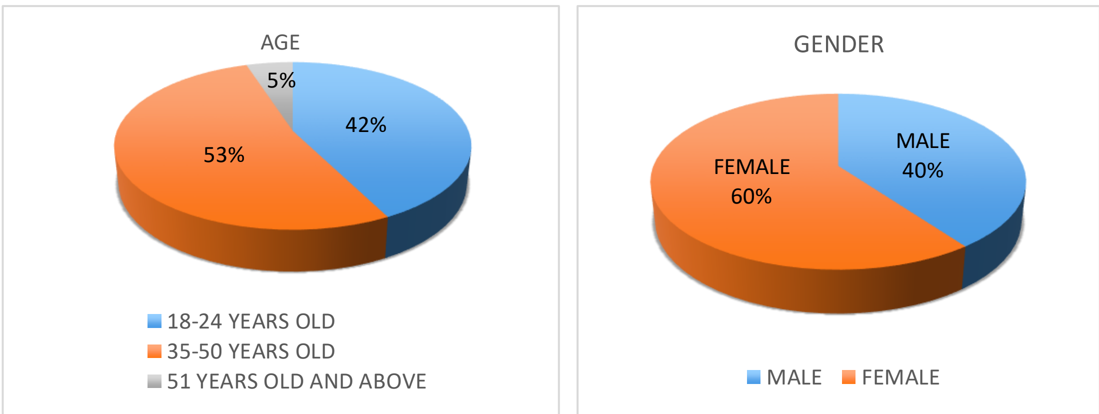

Figure 1. Age and Gender of the Respondents

The results revealed that out of forty (40) faculty members who participated in the survey, 60% were females and 40% were males. More than majority (53%) of the respondents were between 35 to 50 years old and 42% were between 18 to 24 years old while only 5% belongs to senior age.

The results imply that Sorsogon State University faculty profile is equally represented in terms of gender. This further shows that majority of the respondents were in the middle age.

A.2. Number of years in services

The profile of the respondents with respect to number of years in service is presented in Chart 1.

Based from the figure, majority (60%) or 24 out of the forty (40) faculty members reported to have been teaching in SorSU for less than 10 years, while the rest were found to have been in service for 10 years to 30 years and 21 years to 30 years.

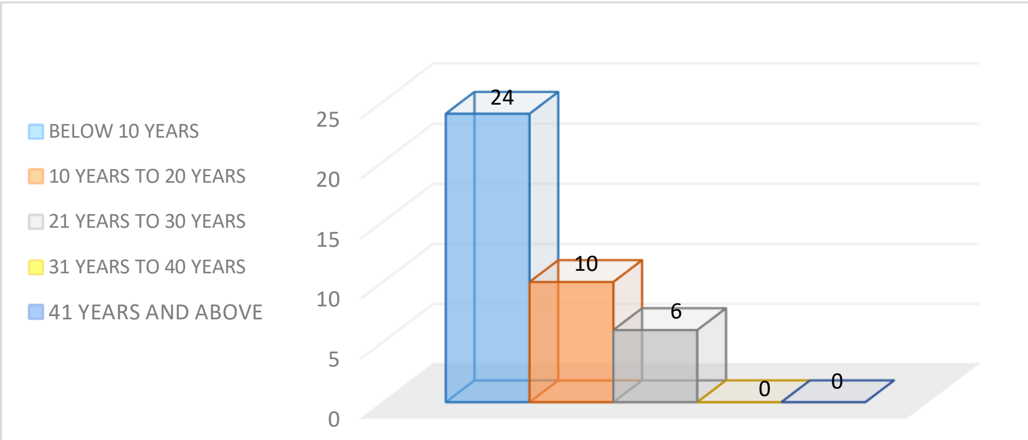

Chart 1. Number of Years in Service of the Respondents

It is evident from the result that more than majority of the SorSU Bulan Campus faculty members were relatively new in the service with less experience from their current positions in terms of longevity or experience within the University. The number of years in service by the faculty members may be determinative of their job satisfaction and turnover. Some studies have linked low job satisfaction to increased turnover intentions among employees (Bobbio, Bellan, & Manganelli, 2013). These studies have emphasized the need for organizations to prioritize job satisfaction among employees, particularly employees with less than 10 years of service, as they are more likely to leave the organization if they are dissatisfied with their jobs. It was elaborated in the study by Tims, Bakker, & Derks (2013) that young employees felt more satisfied with their jobs when they received feedback and had the autonomy to make decisions. Organizations that provide job resources are more likely to retain employees, particularly those with less than 10 years of service.

A.3. Salary grade

Chart 2 shows the salary grade of the respondents. It was revealed that 25 of the 40 (62.50%) respondents were receiving an average monthly compensation from their work of P41,982 with ranges from salary grade 12 to salary grade 15 while only few of the faculty members are receiving compensation based on salary grades 16-22.

Under the Salary Standardization Law (SSL), the monthly salary for government employees with Salary Grade 12 ranges from PHP 33,575 to PHP 36,849. Those with Salary Grade 13 receive a monthly salary of PHP 36,942 to PHP 40,637. For Salary Grade 14, the monthly salary ranges from PHP 41,667 to PHP 45,269. Finally, those with Salary Grade 15 receive a monthly salary of PHP 48,216 to PHP 52,703. It is important to note that these are base salaries and do not include other benefits or allowances that may be provided to government employees (Official Gazette of the Republic of the Philippines, 2017).

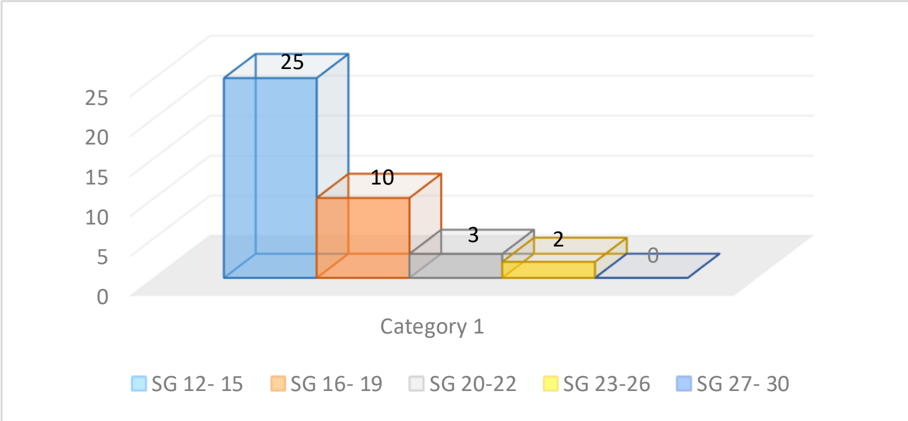

Chart 2. Salary Grade of the Respondents

The results infer that faculty members are considered as mid to higher-level employees in the Philippine government's salary scale. These employees are typically assigned to supervisory or technical positions, with more responsibilities and qualifications compared to those in lower-grade positions. The salaries of employees with salary grades 12 to 15 are relatively high and reflect their experience, expertise, and contributions to the government.

A.4. Average income

Chart 3 depicts the amount of income earned per month by the faculty members of SorSU which includes not only the salaries from the University but also the income from other sources.

As can be seen in the figure, more than majority (62.50%) of the respondents were earning monthly income amounting to P40,001 to P50,000 and the remaining were earning P40,000 or less monthly.

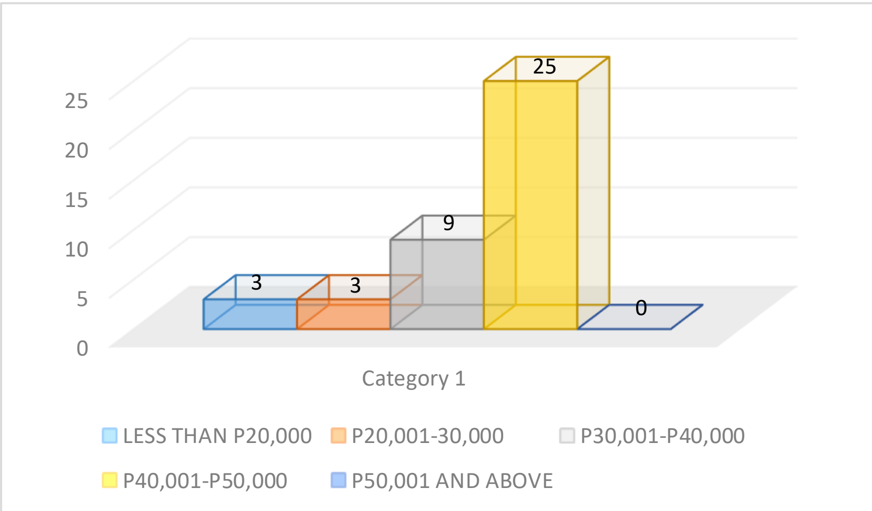

Chart 3. Income of the Respondents

The results clearly show that faculty members Sorsogon State University Bulan Campus were receiving a relatively high salary which is above the median monthly income in the country which is at par or comfortably above from the salary earned by those in the private sectors. This income level may be attributed to their academic qualifications, teaching experience, and position in the educational institution.

Based from the study conducted by Javino and Lumayno (2020), faculty members in the Philippines earn an average salary of P34,392 per month. This finding is consistent with the results of a previous study carried out by the Commission on Higher Education (CHED) stating that the average monthly salary of faculty members in public higher education institutions in 2017 was P33,000 (CHED, 2017). In comparison, the earning potential of faculty members in private higher education institutions is higher.

A study by the Department of Education (DepEd) in 2019 showed that the average monthly salary of faculty members in private schools was P35,791 (DepEd, 2019). However, faculty members who hold a higher academic rank, such as professors, tend to earn more than those in lower academic ranks. According to CHED (2020), professors in public higher education institutions earn a basic pay of P66,058 per month. Meanwhile, assistant professors earn a basic pay of P54,246, and instructors earn P30,531. In the private higher education institutions, professors earn an average of P81,031 per month (CHED, 2017).

The monthly income earning of P40,001 to P50,000 by the faculty members of SorSU Bulan Campus was considered high in the Philippines. Such income payments depend on academic ranks of the respondents, other academic qualifications such as Master's and Doctorate degrees as well as other sources of income.

A.6. Average expenses

The average monthly expenses of the respondents are shown in Chart 4. The results revealed that 33 out of 40 (82.5%) faculty members of SorSu Bulan Campus incurred expenses of more than P12,000 per month. This shows that 28.58% of the total income of the respondents was disposable for their personal and family expenses which may include bills, housing, foods, grocery expenses, transportation, and other expenses. Such expenses are the most significant costs that are usually incurred by the faculty members considering that SorSU Bulan Campus Faculty Members are residing from other Municipalities which are far away from the place of work.

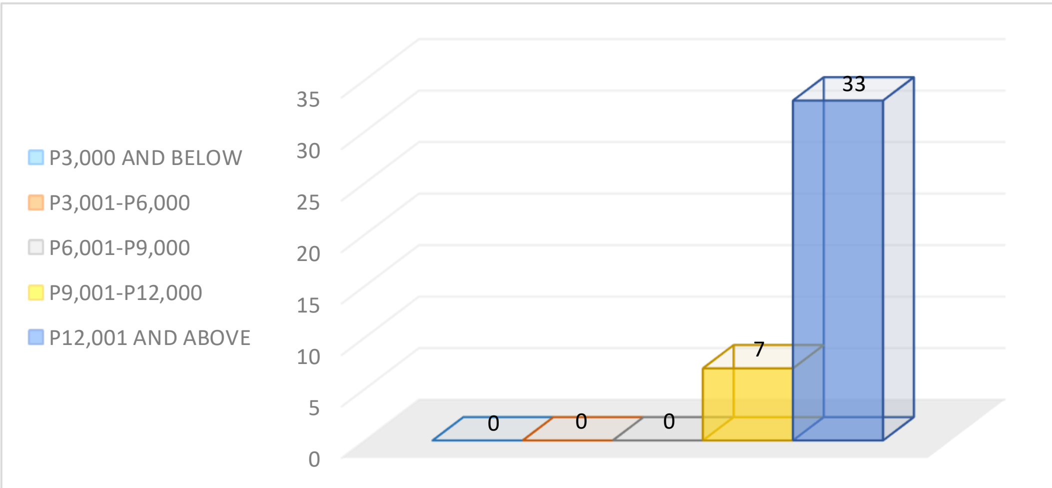

Chart 4. Expenses of the Respondents

Housing expenses are the most significant expenses for any individual. Faculty members who have a budget of P12,000 for monthly expenses can look for studio apartments or small houses near their office. According to a study by HousingAnywhere (2019), the cost of renting a studio apartment in the Philippines can range from P7,000 to P15,000 per month, depending on the location. According to a study by Numbeo (2021), the average monthly electricity bill for a 1-bedroom apartment in the Philippines is around P3,000, and the average monthly water bill is P300. Faculty members also need to consider transportation expenses. Public transportation like jeepneys, buses, and trains are affordable in the Philippines, and the cost of a one-way trip ranges from P8 to P20, depending on the distance (Land Transportation Franchising and Regulatory Board, 2021). According to a study by

Numbeo (2021), the average cost of a meal in an inexpensive restaurant in the Philippines is around P150, and the average cost of groceries for a month for one person is around P5,000.

A.7. Appointment

Chart 5 presents the status of appointment of faculty respondents of SorSU Bulan Campus.

As shown in the figure, it can be noted that substantial majority (72.5%) of the faculty respondents enjoy security of tenure. This means that substantial number of the teaching workforce of the SorSU Bulan Campus have met the professional qualifications as required by the Commission on Higher Education as well as the Civil Service Commission. This further shows that the faculty members of the said institution are capable of rendering quality instruction and are competent to engage in research and extension activities of the University.

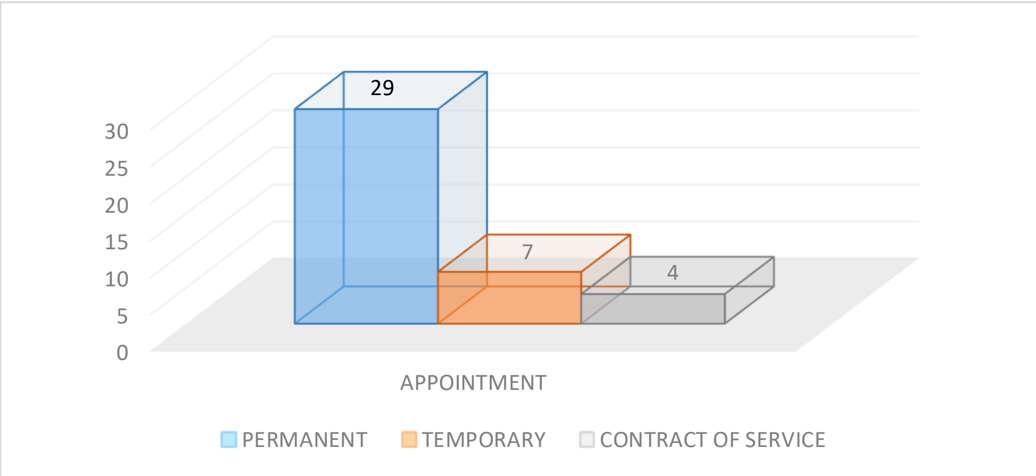

Chart 5. Status of Appointment

On one hand, only few of the faculty respondents are on a non-permanent status which may be attributed to the fact that such faculty members have noy yet complied with the minimum academic qualification to attain permanent status of appointment. Pieces of literature disclosed the fact that permanent appointment of faculty members has been considered as a critical factor in the development of academic institutions. This process ensures that faculty members have job security and are able to focus on their teaching, research and service without the fear of losing their jobs. According to the American Association of University Professors (AAUP), permanent appointment of faculty members is an important factor in ensuring academic freedom and shared governance (AAUP, 2015). The wealth of literature supports the importance of permanent appointment in the development of academic institutions. A study by Cohn and Fink (2008) found that faculty members who are on permanent appointment are more likely to engage in research activities and produce scholarly work than those who are on temporary or part-time appointments. Another study by Arreola and Rutherfoord (2003) found that faculty members on permanent appointment are more likely to be involved in governance and leadership activities within academic institutions.

A.8. Percentage of savings

Percentage of savings refers to the amount that one has saved or reduced the cost of something expressed as a percentage of the original price or cost. It is calculated by subtracting the final price or cost from the original price or cost, dividing the result by the original price or cost, and then multiplying the quotient by 100 to get the percentage. The data on the percentage of savings by the faculty respondents are presented in Chart 6.

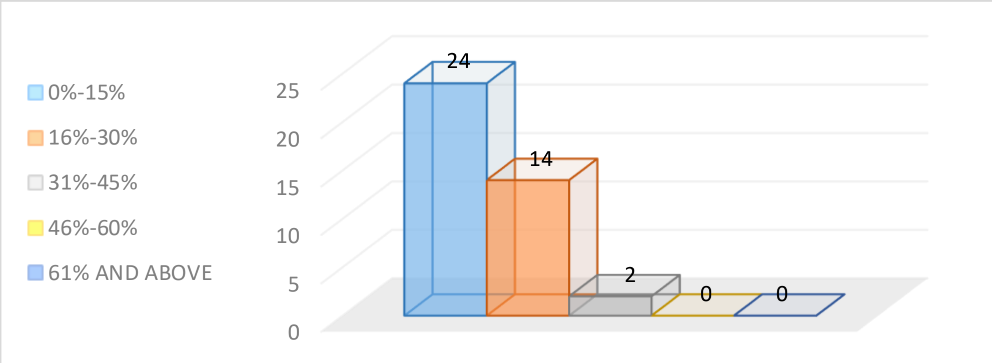

Chart 6. Percentage of savings

The data disclosed that 24 out of the 40 (60%) faculty respondents sets aside 15% of their total income as savings and 35% of them saved 16% to 30% of their income. This means that faculty respondents earmarks portion of their income as reserve for some emergencies or for investment to establish some other sources of revenues. Saving income as a faculty member has been considered an important saving habit that can lead to financial stability. In a study by Yeoh and Chong (2016), it was found that faculty members who saved a portion of their income were better prepared for emergencies, had increased financial security, and were more likely to achieve their financial goals. Apart from the importance of saving income, there are various benefits that can result from being a consistent saver. For instance, research has shown that saving income can lead to wealth creation and economic growth (Mankiw, 2016). Savings can be used to invest in profitable ventures, purchase assets, or build emergency funds, which can contribute to financial independence. Accordingly, the study revealed that saving income has a significant effect on reducing money-related stress among faculty members. Another study by Demirtas and Serter (2019), reported that saving income as a faculty member could also aid in financial planning, leading to better outcomes in the long run. Relatedly, savings can help individuals build the discipline needed to be more financially responsible (Gathergood et al., 2020).

A.9. Models of saving money

Saving money models refer to different theoretical frameworks that help individuals and households to understand the most effective and efficient ways to save money towards different financial goals. These models are designed to provide guidance on how to make informed choices about saving money, given one's financial circumstances and priorities. In this context, models can take different forms, including mathematical formulas, decision-making processes, and behavioral economics theories (Baumeister, 2007). The models adopted by the faculty respondents in saving their money is reflected in Chart 9.

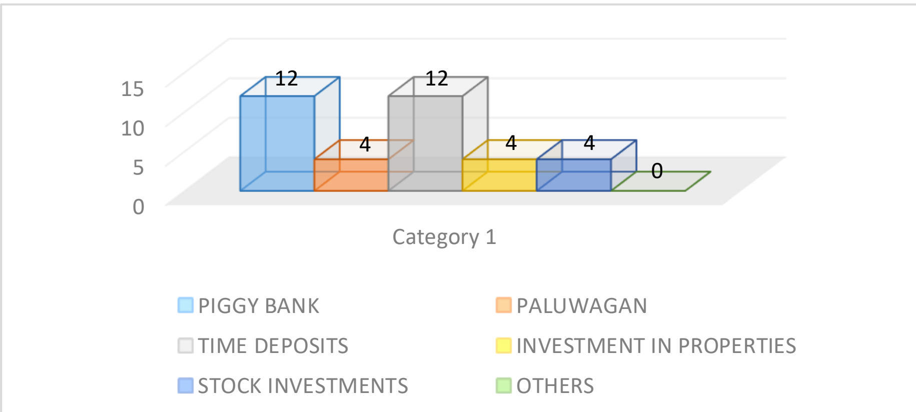

Chart 9. Models of saving money

Based from the figure, the faculty members save their money through a “Piggy Bank” (30% or 12 out of 40 respondents) and by way of investing the money on a time deposit (30%). The rest of the faculty respondents resorted to “paluwagan”, investment in properties and stock investments as a mode of saving their income. This suggests that faculty members of SorSU Bulan Campus adopt both the traditional and modern styles of saving money. Time deposits are a secure and popular financial instrument among faculty members for long-term saving. However, while investing in time deposits can provide financial security, it is important to diversify one's investment portfolio for effective retirement planning. Younger faculty members of SorSU Bulan Campus may consider investing in equity instruments for higher returns, while senior faculty members can depend on time deposits for stable income sources.

The plethora of studies revealed that faculty members have varied models in saving their money. Kumar and Anand (2018) found that faculty members tend to prefer fixed-income instruments such as time deposits to equity instruments. The study suggested that faculty members tend to place greater importance on security than the potential for higher returns. In contrast, a study by Yap and Tam (2019) found that younger faculty members prefer to invest in equities rather than time deposits. The study suggested that younger faculty members were more willing to take risk and had a longer-term investment horizon. However, faculty members cannot solely depend on time deposits for their retirement needs. A study by Fong et al. (2020) found that relying solely on fixed-income instruments such as time deposits may not be enough for retirement planning. The study highlighted the importance of diversification and investing in other financial instruments such as equities, bonds, and real estate.

A study conducted by Peng and Gao (2019) investigated the saving behaviors of college students and found that the use of piggy banks positively influenced saving behaviors. Similarly, in a study conducted by Sun et al. (2017), the use of piggy banks was found to positively influence saving behaviors among young adults. These findings suggest that piggy banks may be effective in promoting financial savings behaviors among individuals with limited financial resources, such as faculty members in higher education. In a study conducted by Zhang et al. (2018), the authors found that financial education was positively associated with saving behaviors among college students. Financial education alone may not be sufficient to promote saving behaviors, but incorporating a tangible tool such as a piggy bank may enhance the effectiveness of financial education.

Focus Group Discussions Results

The following presents the results and discussions of the FGDs conducted which involved 40 faculty members of Sorsogon State University Bulan Campus, Bulan Sorsogon.

This provides more in-depth discussions concerning the practices employed by the SorSU Faculty members towards saving money, the problems encountered by them in handling their finances the factors that influence the money saving decision of the faculty respondents. For this concern, a set of focus questions were developed to facilitate discussions.

The data and statements from the FGD participants were grouped to similar themes or issues to highlight the distinguish concepts and categories using open coding method. From these specific themes, few sentences were constructed and then were grouped together for the purpose of linking it to the appropriate topics or issues in the FGD interview guide questions.

B. The money saving practices employed by the SorSU faculty members

Faculty members' practices towards saving money are essential for achieving financial stability and well-being. Financial management practices, including savings and investing, are necessary for achieving long-term financial goals. Based from the sentiments of the participants during the FGDs, it was disclosed that budgeting, joining in “paluwagan”, using piggy bank, maintaining bank accounts and deposits and purchasing investment instruments were the common practices by the faculty respondents in saving their money. It can be gleaned from the FGD results that the faculty members of SorSU Bulan Campus settle with both the traditional way of saving money and the modern style of investment as modes of saving their finances.

B.1. Budgeting.

Budgeting is the practice of creating a financial plan to manage income and expenses effectively. Studies have found that implementing a budget has a positive impact on financial well-being and helps individuals to reach their financial goals. Teachers can benefit from creating a budget by tracking their expenses, identifying areas where they can cut costs, and ensuring that they are living below their means. Budgeting can also assist teachers in saving money by identifying the amount they can afford to put aside each month towards savings. (Mijatovic, 2018)

During the FGDs, majority of the participants maintained that they practice budgeting as their way of prioritizing their expenses. Some of the participants raised that:

> *"Since less than 15% only ang savings ko sa salary ko, here are the strategies I do: I record my expenses, I include savings in my budget every cut of my salary, I focus on my needs, I set saving goals, pinaparolling ko ang savings ko thru business etc. para maggro. (Since only 15% of my salary is my savings, here are some of my strategies: I do record my expenses, I include savings in my budget every cut off my salary, I focus on my needs; I just do reinvest my savings through business etc. for it to grow". - Female, 34 years old*

> *"I record my expenses, also I include saving in my budget and always determine your most basic financial priorities. "- Female, 28 years old*

> *"I create a budget to track my income and expenses. Identify and eliminate unnecessary expense. And in terms of purchasing items, I compare the prices before paying." - Male, 31 years old*

> *"The amount of my salary is reserved for daily expenses (60%) and personal services (30%) and small business and gasoline (20%), but this percentage sometimes change depending on the needs of my family especially in case of emergency."*
> *- Male, 50 years old*

> *Expense first muna, needs then 10% tithes sa church, 5% ipon, 5% others then pang everyday na. Salary less expenses plus insurance is equal to savings. (Expense first, needs then 10% is for church tithes, 5% is savings and the other 5% is for daily budget. Salary less expenses plus insurance is equal to savings). "- Female, 24 years old*

Based from the statements given by the FGD participants, it can be maintained that it was the practice of the faculty members of SorSU Bulan Campus to identify first the amount of their day-to-day expenses and allocate portion of their income based on their daily expenses. The faculty members have no fixed percentage for their savings for it varies based on the amount of their expenses. This means that the faculty participants do savings only after payment of their personal and family expenses (Saving s= Income less expenses), thus, there could be no savings the moment the faculty members do overspending of their daily budget. This can be linked to the result of the study conducted which revealed that creating a budget requires determining monthly expenses and income. One formula that can be used to create a budget is the 50/30/20 rule. According to the 50/30/20 rule, 50% of income should be allocated towards essential expenses such as housing, food, and transportation, 30% should be allocated towards discretionary expenses such as entertainment and travel, and 20% should be allocated towards savings and debt payments (Woods, 2019).

B.2. Paluwagan system

The paluwagan system is a traditional savings and credit system commonly practiced in the Philippines and other parts of Southeast Asia. This system involves a group of individuals who agree to contribute a fixed amount of money at regular intervals and then take turns receiving the pooled funds (De la Cruz, 2019).

Some of the FGD participants cited that sometimes they voluntary join in the paluwagan system to improve their cash flows but unfortunately this commonly resulted to increase in their borrowing. They stated that while the paluwagan system has been found to be an effective tool for savings and access to credit by individuals who may not have access to traditional financial institutions, it is not without its problems. The participants revealed that:

"Nag-iintra ako sa paluwagan para makatipon kwarta. (I join in the "paluwagan" for me to save money.) "- Female, 28 years old

"Nagkakautang ugang ako instead na makasave cash. (I incurred debt instead of saving cash.)" – Male, 37 years old

"The paluwagan sometimes helps me meet my urgent needs unless some of the members of are non-paying members." – Male, 37 years old

"Minsan ang nakakubra na di na nagbabayad san contribution kaya nagkakaproblema sa sahod san iba na member. (Sometimes, the members who receive their claim earlier will no longer pay their contribution resulting to a problem in the payment of those who will receive their late turn." – Female, 40 years old

The above-mentioned issues in the paluwagan system may be due to lack of regulation. Because the system is typically informal and not recognized by financial regulators, there is no oversight to ensure fair and ethical practices. According to the study of Macarayan (2019), participants may misuse the pooled funds or use the system for fraudulent activities. In addition, the lack of regulation may cause participants to be hesitant to join or contribute, fearing that their money will not be safe. One of the primary problems with the paluwagan system is the issue of default rates. Participants may not fulfill their obligations to contribute to the pool, which can cause significant disruption to the system.

Research has found that default rates in paluwagan systems can range from 5% to 50%, depending on the frequency of contributions and the number of participants (Kusakabe et al., 2015). This can lead to tension and disagreements within the group and may ultimately lead to the dissolution of the paluwagan. The nature of the paluwagan system, in which participants take turns receiving the pooled funds, may also create unequal distribution of resources. Those who receive their turn earlier in the cycle may have access to funds at a time when they may not need them, whereas those who receive their turn later in the cycle may be in dire need of the funds (Arquiza & Febrero, 2020).

B.3. Piggy Bank

A piggy bank is a container, often in the form of a pig, used to hold and save coins or small amounts of money (Merriam Webster, n.d.). It is commonly used as a simple way to save their allowance or spare change. When the faculty participants were asked about their practices in saving their money, they constantly mentioned that they used the traditional piggy bank of keeping their excess income. Some of the respondents continuously said that:

"I have always saved money since I was young. Usually, I saved my money through piggybank or lending my money to garner interest." – Female, 47 years old.

"Usually, I place my money in my pocket and keep it in my piggy bank. but eventually use/spend it in times of need." Male, 37 years old.

"Mas mayad maggamit alkansya kasi madali kuhaon kung kaipuhan kaysa ibutang sa bangko. (It is better to use piggy bank because it is easier to have it if needed instead of putting it into bank.)" Male, 37 years old.

The sentiments of the faculty participants simply that they were still adopting the traditional way of saving money. Some of them stated that they are much comfortable of using piggy bank in keeping their money instead of converting such finances into risky investment. They said that piggy bank provides an accessible and easy-to-use savings mechanism and can help the faculty members develop sound financial habits and achieve their financial goals.

Based on the existing literatures, piggy banks can also act as a visual reminder of financial goals. Seeing the money accumulate in the piggy bank can motivate individuals to continue saving, leading to better financial outcomes. In a study by Milkman et al. (2011), participants who were provided with a clear visual representation of their savings goals were more likely to save money compared to those who did not have a clear visual representation. Piggy banks can also encourage positive financial behaviors in adults. In a survey conducted by Accredited Debt Relief, 64% of respondents reported that they had used a piggy bank at some point in their lives (Accredited Debt Relief, 2019). The same survey found that those who saved money using a piggy bank were more likely to have emergency savings compared to those who did not use a piggy bank.

B.4. Bank account and deposits

Bank savings and deposits refer to the money that individuals or businesses put into a bank account for safekeeping or earning interest. These funds can be accessed at any time, but the bank may have certain restrictions or fees for withdrawals.

The results of the FGDs showed that faculty participants chose to save their money through opening of bank accounts and deposits with commercial banks and other financial intermediaries. They repeatedly expounded that:

> *"Saving to financial institution (bank) for long term purposes/project; using envelope/pitaka usually keeping small amount from the salary, the purpose of this is for emergency and prompt expenses. (Saving through banks for long term purposes/project; using wallet to keep small amount from the salary for the purpose of emergency and prompt expenses.)" - Male, 30 years old*

> *"Nagtatabi ng pera buwan-buwan na ilalagay sa savings account. (I set aside money per month to put it in savings account.)" - Female, 24 years old*

> *"Save money in a savings account." - Male, 32 years old*

> *"I save money sometimes when necessary. I save at least 2,000 every salary." - Male, 29 years old*

The results suggest that faculty participants use banking institutions as one of the means of saving their money as well as a mode of earning additional income through interest earnings. The faculty respondents elaborated further that by depositing their excess money or saving with the banking intermediaries make them feel secured with their investments. This saving strategy increasing the earnings of the faculty members through passive income that could be used as additional capitalization to finance the acquisition of other form of investments. This validates the study conducted by Kemp (2020) which established the fact that bank deposits also offer a potential for growth through interest. While interest rates on savings accounts have remained relatively low in recent years, every bit of interest earned can add up over time, helping faculty members to reach their financial goals. According to the Federal Reserve Bank of St. Louis (2019), bank deposits have been a popular method for individuals, including faculty members, to save money. Bank deposits allow individuals to deposit their money into a bank account, where it can earn interest and be easily accessible for future use. This literature review will explore the benefits of bank deposits as a savings method for faculty members, as well as potential drawbacks and alternatives.

B.5. Investment in Securities

Investment in securities refers to the purchase of financial instruments such as stocks, bonds, and mutual funds with the intention of earning a return on the investment. Securities investments are often made with a long-term perspective and can offer benefits such as capital appreciation, dividends, and interest payments. According to Bodie, Kane, and Marcus (2014), investments in securities allow individuals to diversify their portfolio and potentially earn a higher return on their investments compared to traditional savings accounts or other low-risk investments.

During the FGDs, less than majority of the faculty respondents mentioned that they invest their excess cash in stock securities to increase their passive income, thus, generate more cash inflows. They said that:

> *"Investment in MP2— 3% of monthly salary. Investment in VUL-Insurance— 7% of monthly salary. If there are extra income— stocks. - Male, 31 years old.*

> *"II invest in stocks as one of my sources of income". – Male, 40 years old*

The results indicate that there were limited faculty members of SorSU Bulan Campus who ventures into investment securities. This validates the quantitative result of this study which revealed that only 10% of the respondents engaged into this kind of financial investment styles. This may be attributed to lack financial literacy of some of the faculty members of the SorSU Bulan Campus. This is consistent with the results of previous studies which provide that one of the reasons for the limited number of faculty members who invest in stock securities is a lack of financial knowledge.

Researchers have found that individuals with little financial knowledge are less likely to invest in securities (Hira & Loibl, 2008). This lack of financial knowledge may be attributed to a lack of financial education, such as investment seminars or workshops. Another reason for the limited number of faculty members who invest in stock securities is risk aversion. Researchers have found that individuals with a low tolerance for risk are less likely to invest in stocks (Cohn et al., 2010). Faculty members may be risk-averse due to concerns about the stability of their income or retirement savings.

C. The problems encountered by SorSU faculty members in handling their finances

Several studies highlight the financial challenges faced by faculty members. In a study by Gage et al. (2020), it was found that a significant proportion of faculty members reported experiencing financial insecurity and difficulties in paying bills and meeting financial obligations. Additionally, a study by Padilla et al. (2018) revealed that faculty members face salary disparities, which makes it challenging for faculty to maintain their financial stability.

The results of the FGDs disclosed the following problems encountered by the faculty participants in handling their finances, to wit: Increasing cost of utilities and unexpected day-to-day expenses; lack of financial literacy; poor debt management; and low and delayed salaries.

C.1 Increasing cost of utilities and unexpected day-to-day expenses

During the FGDs, the faculty participants repetitively mentioned that they are having difficulty in handling their finances due to continuing increase on their daily expenses and consumption including the cost of electric and water bills. Majority of the respondents constantly mad the following statements during the FGDs:

> *"Konti lang ang savings ko kasi mas madami ang bills na need bayaran. (I have minimal savings because there are bills that need to be paid)" - Female, 40 years old*

> *"Hindi makaipon o makapagtabi ng pera dahil nakabadyet na sa mga bayarin sa bahay. Sakto lang ang sahod para sa mga gastusin. (Cannot save money since it is already budgeted for household expenses. The salary is just enough for the expenses.)" - Male, 35 years old*

> *"Hindi ako makapag-ipon ng emergency fund dahil sa mga unexpected na mga gastusin. (I cannot save for emergency fund due to unexpected expenses)" - Male, 46 years old*

> *"As much as I wanted to save more money, it become difficult for me to increase my savings because I am the breadwinner of my family. I spend more of my salary in paying bills and sending my*

sibling to school as well as paying debt of a relative." – Female, 39 years old

"The problem about saving money is that sometimes there are unexpected expense. Due to these unexpected expenses that are beyond my control it results to no savings." - Male, 37 years old

The statements of the participants propose that their savings are directly affected by the change in their personal expenses to the extent that nothing from the income is left for the purpose of investment. Meaning, the faculty members are finding it increasingly difficult to save, as they struggle to meet their basic needs since the increasing cost of utilities and day-to-day expenses in has had a significant impact on their saving habits.

This can be linked to the study conducted by the Bangko Sentral ng Pilipinas (BSP) which showed that the country's rising costs of basic commodities have had a negative impact on saving. The study revealed that many Filipinos are forced to cut back on their savings in order to meet their basic needs. (BSP, 2018). The study conducted by the World Bank found that the increasing cost of utilities, particularly water and electricity, has made it more difficult for Filipinos to save. The study also revealed that the high cost of living has made it challenging for many Filipinos to build their savings. (World Bank, 2019)

C.2 Lack of financial literacy

A lack of financial literacy is another challenge faced by faculty members of SorSU Bulan Campus. The faculty participants constantly declared that they do not have background and ideas in financial management.

"For Financial Institution (bank) for safety and securing money but not for good return of interest. No financial/saving background." - Male, 31 years old

"I have no idea about techniques in saving money, hence, there is savings only if there is excess income". Male, 33 years old

According to a study by Chinn et al. (2019), the majority of faculty members lack basic financial knowledge, such as understanding credit card interest rates and how to manage debt. Additionally, faculty members are often not trained in financial management and investing, which can lead to poor money management practices.

C.3 Poor Debt Management

Debt management refers to the strategies, processes, and techniques used to manage and reduce debts owed by individuals, businesses, or governments. Debt management can include various activities, such as budgeting, repayment planning, debt consolidation, and negotiating with creditors.

FGDs revealed that more than majority of faculty participants chose to generate cash by way of borrowings. They said that they usually obtain loan from GSIS and Land Bank of the Philippines. The faculty members of SorSU Bulan Campus mentioned that a larger portion of their income are allotted for repayment of their loans from financial institution, thus, only minimal of most of the time nothing is left for their savings. Some respondents cited that:

"Loans, other expenses like studies tapos tumataas bilihin, sahod hindi. (Loans, other expenses like studies then increase in prices, no to salary)." - Female, 40 years old

"Loan and personal expenses napupunta sahod ko. (My salary goes to loan and personal expenses)." - Male, 30 years old

Wara natutuda sa salary ko para sa saving. Ang salary ko pambayad lang utang sa land bank. (Nothing is left from my salary for my salary. My salary is for payment for my loan to landbank)." – Female, 43 years old

Di ko pa natatangagp ang sahod kaltas na ang pambayad utang sa GSIS loan. (Before I receive my salary, it is already net of deduction for payment of my GSIS loan)." – Female, 40 years old

The results imply that the faculty participants are having problem with their liquidity and solvency with it comes to their monetary liabilities. As such, poor debt management unfavorably affect their finances and savings. Pieces of literature stated that faculty members may incur student loan debt to obtain advanced degrees, which can significantly impact their financial well-being. In a study by Goldrick-Rab & Kendall (2016), it was found that part-time faculty members are more likely to have higher levels of student loan debt, and this often leads to financial instability. The Study by Jacob and McCallum (2015) emphasized the need for institutions to provide financial education and guidance to help faculty members manage their debt. The study found that faculty members' poor understanding of personal finance and retirement planning can lead to higher levels of debt and financial stress, affecting their overall well-being and job satisfaction. According to a study by Licciardi, Giambona, and Di Marco (2020), faculty members' debt is mainly due to the rising costs of higher education, low salaries, and the use of credit cards to cover basic needs. The study found that high levels of debt among faculty members can negatively impact their mental health, job satisfaction, and productivity.

C.4 Low and delayed salaries.

Teachers' salaries significantly influence their saving decisions. According to the National Education Association (2019), the average teacher salary in the United States was $60,483, which is relatively low compared to other professionals with similar qualifications.

During the FGDs, the faculty participants explained that one of the problems they encountered in appropriating portion of their income for saving was the low amount of and delayed release of the salaries to them. With particularity to those non-permanent faculty members, they said that sometime the releases of their salaries where usually detailed. The delay of the release of such income was a common issue in SorSU Bulan Campus of the faculty members in their saving alternative. The following were some of the sentiments of the faculty respondents during the FGDs:

"Yes, lalo na kapag kulang talaga sahod, kasi di din regular ang sahod and may loans. (Yes, especially when the salary is not enough, since the salary is not regular and there are loans.)" - Female, 24 years old

"None, it's just that the salary is not enough." Male, 26 years old

"Delayed ang sahod (temporary employee) kaya napupunta sa mga bayarin ang pera kaysa ipon kapag nakuha ang sweldo. (The salary is delayed thus upon receipt of which, it goes to expenses instead of savings.)" - Female, 23 years old

"The salary is not enough for my expenses. My expenses are more than or equal to my salary." - Male, 34 years old

These statements from the participants mean that teachers often have to rely on their salaries for their savings to cater to their financial needs. Therefore, the amount of money a teacher earns greatly affects their saving behavior. A study by Jones and Maxey (2020) found that many faculty members struggle to make ends meet due to low salaries, lack of job security, and inadequate benefits. Low salaries make it difficult for faculty members to save money, especially for those who have dependents or many financial obligations. Delayed payments are also a major problem for faculty members. A survey by the College and University Professional Association for Human Resources found that "48% of faculty and staff nationwide reported receiving their paychecks late" (Landrum, 2019, para. 2). This not only causes financial stress for faculty members but also undermines their sense of value as employees.

D. Financial management model to enhance the manner of saving money among SorSU Faculty members.

Financial management is crucial for faculty members to ensure their financial stability and achieve their financial goals.

Based from the result of the study, the Bongalonta's Financial Model for SorSU Bulan

Campus Faculty Members was designed by the researcher to address some issues in handling their finances as well as enhance the manner of saving money.

This model aims to provide a framework for faculty members to enhance their savings practices and improve their financial management skills. The financial management model provides a framework for faculty members to enhance their savings practices and improve their financial well-being. By creating a budget, minimizing debt, saving for emergencies and investing in retirement funds, faculty members can achieve their financial goals and secure their financial future. The financial management model involves four (4) steps which are discussed as follow:

Step 1: Create a budget. The first step in the financial management model is to create a budget. Faculty members should track their expenses, including bills, rent/mortgage, food, transportation, healthcare, and entertainment. Creating a budget allows faculty members to identify areas where they can potentially save money.

Step 2: Minimize debt. The next step is to minimize debt. Faculty members should prioritize paying off high-interest debt, such as credit card debt and student loans. This can potentially lower their monthly payments, reduce interest costs, and improve their credit score.

Step 3: Save for emergencies. Faculty members should also establish an emergency fund to cover unexpected expenses, such as car or home repairs, medical expenses, or job loss. Experts suggest saving three to six months' worth of living expenses in an emergency fund.

Step 4: Invest in retirement funds. Investing in retirement funds should be a priority for faculty members. Retirement funds offer tax benefits and employer match contributions that can help faculty members maximize their savings.

Output

Apart from contribution to the body of knowledge, the Bongalonta's Financial Model for SorSU Bulan Campus Faculty Members was designed as the primary and tangible output of this undertaking. This aims to address some issues in handling their finances as well as enhance the manner of saving money by the SorSU Faculty Members.

Conclusions and Recommendations

This study concludes that the profile of SorSU Bulan Campus Faculty members varies in terms of age, gender, number of years in service, salary grade, average monthly income, average monthly expenses, status of appointment, percentage of savings over income, modality of saving money. The faculty members of SorSU Bulan Campus adopt both the traditional way of saving money and the modern style of investment as modes of saving their finances which include budgeting, joining in "paluwagan", using piggy bank, maintaining bank accounts and deposits and purchasing investment instruments. Finally, the FGDs disclosed that increasing cost of utilities and unexpected day-to-day expenses; lack of financial literacy; poor debt management; and low and delayed salaries were the problems encountered by the faculty participants in handling their monetary resources.

From the results of the study, it is highly recommended that the faculty members may consider the **Bongalonta's Financial Model for SorSU Bulan Campus Faculty Members** designed by the researcher as a guide or model for saving money. It is likewise recommended that seminars and trainings on financial literacy may be conducted by the Sorsogon State University to strengthen the knowledge of the faculty members on financial management. Future researches with a more in-depth approach concerning financial literacy may be conducted.

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