

THE RELATIONSHIP BETWEEN SPENDING BEHAVIOR AND STUDENT FINANCIAL MANAGEMENT SKILLS

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ABSTRACT

This quantitative descriptive-correlational research aims to determine the relationship between spending behavior and student financial management skills. One hundred fifty-three (153) online Senior Highschool students voluntarily participated as respondents of this study using Universal Sampling Technique. In quantifying the Factors Affecting the Spending Behavior of College Students and measuring the Financial Management Skills of Students, the 4-point Likert-type and 5-point Likert-type scale was used as survey questionnaires. Mean, and Pearson-R were used to test the significant relationship between students' spending behavior and financial management skills. The results revealed that while students' management skills were lacking, they could ameliorate managing their finances. This study found a significant relationship between students' spending behavior and their financial management skills. This study suggested that students should spend their money more intelligently to attain better achievements in financial management. Teachers and educators should prioritize educating kids about the value of financial management.

Keywords: Spending Behavior, Financial Management Skill, Correlational Research, Mean, Pearson R

INTRODUCTION

Individuals with good money management abilities are less likely to be compulsive buyers. Lim et al. (2014) state that such people are more disciplined and deal with

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anxieties. Much research (Lim et al., 2014; Ramalho and Forte, 2019) has found that money management is adversely related to impulsive purchasing (Owusu et al., 2021). Financial management is the ability to exert self-control over day-to-day finances and to detect signs of money shocks that must be addressed. The capacity to attain financial goals and live an appealing life in the absence of financial pressures is critical to financial management (Maraz et al., 2015).

According to a study in the USA, college students have a negative impression of money, with minimal funds, reckless spending, and massive debt loads. Students frequently experience the struggle to pay for their education. Further research reveals that today's financial choices affect their financial management, which causes students to suffer from immediate stress-related health issues as well as a wide range of difficulties with graduation accomplishment, employment opportunities, and retirement planning. Understanding these correlations is key to effective training the next generation for financial success (Widener, 2017).

In the Philippines, according to the findings of a study on the financial literacy of senior high school students, there is a sizable variation in the students' financial literacy when they are categorized according to their sex which led the researchers to the hypothesis that female study participants had less financial knowledge and saving practices than male participants. This suggests that sex has an impact on how financially literate senior high school pupils are. The study findings of Patrisia and Fauziah (2019) showed that financial management behavior is significantly influenced by financial literacy. Additionally, it is advised that students keep up with economic issues, including tax laws, legislation, and inflation rates, because they may have an impact on their daily budgeting (Binobo et al., 2019).

In Davao City, a recent study focused on the contributions of high school seniors toward economic issues. Students' lack of money

management skills is cited as a leading source of financial difficulties in the study. If you are unable to pay your debts, the effects will extend far beyond your credit score. The research shows that low IQ is associated with living in poverty and that financial stress has a greater impact on the IQ of the poor than the wealthy (Martinez, 2020).

There were studies discussing financial management skills and their relationship with spending behavior. However, there was an insufficient study in Davao, especially enrolled students in the last five years within private schools, so further study on the said topic was needed.

This study aimed to determine the relationship between spending behavior and student financial management skills of private school-enrolled senior high school students seeking their behavior and giving the inspiration to change it for the better. The findings of this study contributed to the students and teachers as they are both directly related to the variables. With the students, they may become more knowledgeable, which will also improve their current financial situation. As for the teachers, to advance their understanding of the variables influencing students' spending habits; therefore, can assist students in giving advice.

RESULTS AND DISCUSSION

The researchers first sent a letter informing the administrator that they would be conducting quantitative research about the relationship between spending behavior to financial management skills of students of the private educational institution.

Subsequently, the researchers constructed an email containing the informed consent. They sent it via Mail merge on Outlook and the link containing the tools and questionnaires to the respondents. Both tools were utilized through MS forms, customized only to let respondents answer only once. The first part of the form is where they will indicate whether they are willing to cooperate in the



study or not. After filling in the consent form, they will be directed to the next page containing the questionnaires in the following sequence: Spending Behavior, Financial Management Skills.

The data was collected by MS forms, with the assurance that the researchers were the only ones to monitor the data and not give access to anyone else to protect the responses. Furthermore, the respondents' information was not required to maintain confidentiality. The researchers then encrypted the responses after two weeks of distributing the questionnaires. The MS Form containing the tools was filed to guarantee the security of the data. There was a total of 152 responses gathered from the total population.

1. Level of Spending Behavior of the respondents

The overview of respondents' spending behavior is shown in Table 1. With a descriptive equivalent of Agree, the indicator "Unavoidable Expenses" had the highest mean of 3.06, while the indication "Monthly Expenses" had the lowest mean of 2.87.

Table 1
Level of Spending Behavior of the respondents

Spending Behavior	Level of Spending Behavior	
	Mean	Description
Monthly Expenses	2.87	Agree
Unavoidable Expenses	3.06	Agree

The respondents' spending behavior level had an overall mean of 2.96, with agree being its descriptive equivalent. This indicated that the students' ability to handle their finances was moderate. The homogeneity of the responses for the indicators was shown by the standard deviation of 0.4351. The result further implied that the students' spending habits were moderately apparent.

According to Simone Galperti's The Theory of Personal Budgeting (2019), budgeting and self-control can help students cut back on their consumption while preserving the flexibility required to deal with unforeseen circumstances. The survey demonstrated that students are aware that, in contrast to routine expenses, unavoidable expenses require planning (Daisyme, 2020). Making sure that their monthly expenses do not exceed their wage, or for students, an allowance showed that the respondents understand how much money they should set aside for savings (Bennet, 2022). Kempson (2021) defines financial skills and ability as the information and understanding that enables people to develop the abilities necessary to cope with everyday financial concerns and make sound decisions. Hence, proper financial education is what the students need, as they should prioritize spending their money to prevent financial problems and manage their financial resources wisely.

2. Level of Financial Management Skills of the respondents

The respondents' level of financial management skills is summarized in Table 2. The indicator "Improvement" got the highest mean score of 3.25, while the indicator "Execution" got the lowest mean of 2.63. The three indicators and the overall description were described as Describes me somewhat.

Table 2
Level of Financial Management Skills of the respondents

Financial Management Skills	Level of Financial Management Skills	
	Mean	Description
Planning	3.03	Describes me somewhat
Execution	2.63	Describes me somewhat
Improvement	3.25	Describes me somewhat



With a descriptive equivalent of "somewhat describes me," the respondents' overall mean for financial management skills was 2.96. This suggested that the pupils have a variety of money management abilities. The standard deviation of 0.4534 (SD1.00) revealed the homogeneity of the indicators' responses. The result further implied that the financial management skills of the students have adequate financial management skills.

According to the statistics above and Botond Koszegi and Filip Matjka's (2020) Theory of Mental Budgeting and Naive Diversification, students are making wise financial decisions. Saving money is the most widely used financial management strategy, and it is associated with students' planned neutralization, per a study by Mien and Thao (2015). Money can be daunting for anyone who struggles with numbers, especially students, according to the statistics above, created from the exact description of the students themselves. This is according to a study by Knight (2017) that small expenses can rapidly pile up. Knight suggests that you prioritize your financial development.

Financial responsibility is something that students must practice because it will greatly affect their future and personal well-being. Students should use their financial planning to help them achieve this. By separating their needs from their wants, they must prioritize their expenditures and properly plan and budget their money. (Syakirah & Azam, 2017).

3. Relationship between the spending behavior and the financial management skills of senior high school students

The correlation between spending behavior and financial management skills is seen in Table 3. The table showed that both variables negatively correlate, and the inverse relationship is low yet highly significant ($r = -0.23$, $p < 0.001$). This indicated that as the respondents' score increases in spending

behavior, their financial management score may decrease and vice versa.

Table 3
Relationship between the spending behavior and the financial management skills of senior high school students

	Monthly Expenses	Unavoidable Expenses	Spending Behavior
Planning	-0.04	-0.02	-0.03
Execution	-0.37***	-0.41***	-0.42***
Improvement	0.19	0.21*	0.21**
Financial Management Skills	-0.21*	-0.23**	-0.23***

Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

The findings are consistent with research by Binti Azmi & Ramakrishnan (2018), who discovered that people's capacity to manage and control their demeanor is a key factor in improving financial decision-making and spending behavior because an individual's spending behavior affects their financial management. It coincides with the Theory of Planned Behavior by Habibah et. Al last 2018 wherein it was stated that keeping a mental outline during shopping keeps you level-headed and would significantly influence your choices.

Furthermore, the findings of the study by Bona (2018) were significantly backed by the fact that students' money management abilities were in some ways already established despite their young age, which will help them continue school and eventually achieve financial stability. According to NEDA (2018), many sources offer varying definitions of financial literacy, but they all have one thing in common: they all revolve around money, knowledge, and use. The data above has revealed a substantial association between variables and students' financial literacy. Moreover, good financial management reduces stress among students and prepares students for a more challenging financial situation. Thus, it is important to have good spending behavior and financial management

to prepare students for stepping into working life (Syakirah & Azam, 2017).

CONCLUSIONS

Conclusions were drawn in this section based on the findings of the study.

1. The financial management skills of the students are moderate.
2. Respondents have adequate financial management skills.
3. Spending behavior and financial management skills has a high yet negative correlation.

RECOMMENDATIONS

The following are the recommendations of the study:

1. Students are urged to improve their money management skills and be more aware to refrain from impulsiveness and become more financially literate.
2. Teachers should incorporate money management skills in their teaching as well as assist the students on a more personal level by giving them financial guidance.
3. Schools should implement more lessons regarding managing students' finances, techniques for wiser spending, and promoting money budgeting through seminars.
4. Future researchers need to conduct more elaborate research of similar alignment but with different indicators and a much larger target of respondents.

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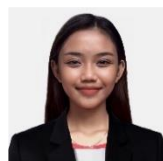
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