

# The Moderating Effect of Economic Status on the Relationship Between Financial Literacy and Teachers' Attitudes Toward Debt Management

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## ABSTRACT

This study investigated the moderating effect of economic status on the relationship between financial literacy and teachers' attitudes toward debt management. Using a quantitative descriptive-regression design with moderation analysis, survey data were gathered from 92 permanent public elementary school teachers from Mt. Apo District and Digos Oriental District in the Digos City Division. The respondents were selected using purposive and simple random sampling based on inclusion criteria related to teaching position, teaching experience, family status, age range, and outstanding loans. Economic status was described in terms of income, educational attainment, land ownership, and house ownership. Financial literacy was measured through financial awareness, financial attitude, and financial skills, while teachers' attitudes toward debt management were

assessed through debt perception, borrowing behavior, financial planning, and debt repayment responsibility. The results showed that most teachers earned Php 32,245 to Php 34,310 monthly, many were pursuing graduate studies, most owned less than one hectare of land, and nearly half owned a house without mortgage. Teachers demonstrated very high financial literacy ( $M = 4.33$ ) and high attitudes toward debt management ( $M = 4.18$ ). Regression analysis showed that financial literacy significantly and positively influenced attitudes toward debt management ( $R = .452$ ,  $p < .001$ ). Moderation analysis revealed that income significantly moderated the relationship between financial literacy and debt management attitudes, while educational attainment, land ownership, and house ownership did not show significant moderating effects. The findings highlight the importance of strengthening financial literacy support, especially for teachers with lower income levels, to promote responsible borrowing, prudent planning, and stable debt repayment behavior.

**Keywords:** *debt management, economic status, financial literacy, moderation analysis, public school teachers, teacher financial well-being*

## INTRODUCTION

Financial decisions form part of teachers' everyday professional and personal lives. Although teachers regularly receive salaries and benefits from government employment, many still encounter financial difficulty because of household responsibilities, loan obligations, emergency expenses, and limited economic resources. In this context, attitudes toward debt management are shaped not only by what teachers know about finances but also by the economic conditions that determine how they apply such knowledge.

Financial literacy refers to teachers' awareness, attitudes, and skills in managing income, expenses, savings, borrowing, and debt repayment. Teachers with stronger financial literacy are expected to make more careful financial decisions, compare loan options, plan repayment strategies, and avoid excessive borrowing.

However, the practical effect of financial literacy may differ depending on income, education, land ownership, and housing conditions. A teacher with limited income may understand responsible debt management but still experience difficulty applying it because of financial constraints.

The issue is highly relevant in the Philippine public education system, where many teachers carry outstanding loans from government programs, banks, cooperatives, or private lending institutions. National reports and local studies indicate that teacher indebtedness remains a persistent concern, making financial literacy and responsible borrowing important areas for policy and professional development. In Digos City Division, teachers from Mt. Apo District and Digos Oriental District were selected because of reported loan participation and accessibility for research implementation.

This study examined whether economic status moderates the relationship between financial literacy and teachers' attitudes toward debt management. Specifically, it assessed teachers' economic status, level of financial literacy, attitude toward debt management, the influence of financial literacy on debt management attitudes, and the moderating effect of income, educational attainment, land ownership, and house ownership. The findings are intended to support financial literacy programs, teacher welfare initiatives, and debt management interventions aligned with Sustainable Development Goals on poverty reduction, decent work, and reduced inequalities.

## Literature Review

### *Financial Literacy and Teacher Financial Well-Being*

Financial literacy is commonly understood as the ability to understand and apply financial knowledge in making sound economic decisions. In this study, it consists of financial awareness, financial attitude, and financial skills. Financial awareness concerns knowledge of income, expenses, savings, overspending, tracking strategies, and financial goals. Financial attitude refers to budgeting behavior, advice-seeking, prioritizing needs, and evaluating the use of salary. Financial skills refer to money management, household expense management, negotiation, and the ability to distinguish wants from needs.

For teachers, financial literacy is directly connected to work stability and well-being. Teachers who understand budgeting, saving, interest rates, and repayment obligations are better positioned to manage household finances and avoid harmful borrowing patterns. Prior Philippine studies have shown that public school teachers often experience loan dependency and financial strain despite stable employment, making financial literacy an important professional support area.

Financial literacy should also be viewed as an applied competence. It is not limited to knowing financial concepts but includes the capacity to use those concepts in real decisions. Thus, the present study treats financial literacy as a predictor of teachers' attitudes toward debt management and examines whether its effect changes under different economic conditions.

### *Attitudes Toward Debt Management*

Attitude toward debt management refers to how teachers perceive, evaluate, and respond to borrowing and repayment obligations. In this study, it includes debt perception, borrowing behavior, financial planning, and debt repayment responsibility. A positive attitude toward debt management includes viewing borrowing as a decision that requires careful thought, comparing loan options, planning repayment before taking new loans, paying debts on time, and avoiding informal or harmful lenders.

Debt can serve useful purposes when it is planned and responsibly managed. However, unmanaged debt can reduce teachers' take-home pay, increase stress, and weaken professional focus. Teachers who develop responsible debt management attitudes are more likely to maintain financial stability and reduce the negative effects of debt on their personal and professional lives.

Financial attitudes are influenced by knowledge, values, income, household needs, and access to financial institutions. Thus, debt management must be studied in relation to both financial literacy and economic status, because responsible borrowing depends not only on awareness but also on one's financial capacity to act on that awareness.

### ***Economic Status as a Moderating Variable***

Economic status refers to teachers' relative economic position based on income, educational attainment, land ownership, and house ownership. These indicators represent financial capacity, asset ownership, and potential security. In theory, teachers with better economic status may have more options for responsible borrowing and repayment, while teachers with lower economic status may face greater pressure to rely on loans for daily needs or emergencies.

The study was anchored on the Theory of Reasoned Action, Social Cognitive Theory, and Ecological Systems Theory. These theories collectively explain that financial attitudes are influenced by beliefs and intentions, personal learning and behavior, and the broader economic environments in which individuals live. Economic status may therefore strengthen or weaken the effect of financial literacy on debt management attitudes.

Moderation analysis is appropriate because it identifies conditions under which financial literacy becomes more or less influential. In this study, the moderator was tested through income, educational attainment, land ownership, and house ownership. This approach recognizes that financial literacy interventions may not work equally for all teachers unless economic realities are considered.

## **METHODS**

### **Research Design**

The study employed a quantitative descriptive-regression design using moderation analysis. Descriptive statistics were used to describe the respondents' economic status, financial literacy, and attitudes toward debt management. Regression analysis was used to determine whether financial literacy influenced teachers' attitudes toward debt management. Moderation analysis was used to examine whether economic status changed the strength or direction of this relationship.

### **Respondents and Sampling**

The respondents were 92 permanent public elementary school teachers from Mt. Apo District and Digos Oriental District in Digos City Division. The respondents were selected from an initial population of 116 teachers using purposive sampling based on inclusion criteria, followed by simple random sampling. Included respondents were Teacher I to Teacher III, had at least three years of teaching experience, were married with at least one child, were 30 to 49 years old, had current outstanding loans, experienced financial difficulties, and voluntarily agreed to participate.

### **Research Instrument**

The study used a structured survey questionnaire composed of three parts. The first part measured economic status in terms of income, educational attainment, land ownership, and house ownership. The second part measured financial literacy through financial awareness, financial attitude, and financial skills. The third part measured attitudes toward debt management through debt perception, borrowing behavior, financial planning, and debt repayment responsibility. Items were rated using a five-point Likert scale.

Table 1. *Validity and Reliability of the Research Instrument*

Measure	Result	Interpretation
Content validity	Overall mean = 4.60	Very Good
Financial Awareness	Cronbach's alpha = .860	Reliable
Financial Attitude	Cronbach's alpha = .709	Reliable
Financial Skills	Cronbach's alpha = .901	Reliable
Debt Perception	Cronbach's alpha = .703	Reliable
Borrowing Behavior	Cronbach's alpha = .826	Reliable
Financial Planning	Cronbach's alpha = .705	Reliable
Debt Repayment Responsibility	Cronbach's alpha = .852	Reliable

### Data Gathering Procedure

The researcher secured approval from the Graduate School of Cor Jesu College, Inc., finalized and validated the questionnaire, obtained ethics clearance, and secured permission from the Digos City Division and school authorities. Informed consent was obtained from the respondents before data collection. The selected teachers answered the survey questionnaire at their designated workstations within approximately 15 to 20 minutes. The gathered data were submitted for statistical processing and analysis.

### Data Analysis

Frequency and percentage were used to describe economic status. Mean scores were used to interpret levels of financial literacy and attitudes toward debt management. Simple linear regression was used to estimate whether financial literacy influenced debt management attitudes. Moderation analysis was used to determine whether income, educational attainment, land ownership, and house ownership significantly moderated the relationship between financial literacy and attitudes toward debt management.

### Ethical Considerations

The study observed informed consent, anonymity, confidentiality, and responsible use of data. Respondents were informed about the nature, purpose, benefits, and voluntary nature of the study. Identifying information was protected, and responses were treated confidentially. The manuscript also included an artificial intelligence usage declaration, indicating that AI tools were used only for grammar checking, idea organization, and sentence structure improvement, not as sources of research data.

## RESULTS AND DISCUSSION

### Economic Status of Teachers

The economic profile of the respondents showed that most teachers earned within the income range of Php 32,245 to Php 34,310 per month, while a smaller group earned Php 30,024 to Php 32,090. Many respondents were pursuing a master's degree, and a considerable number owned a house without mortgage. However, most teachers owned less than one hectare of land, indicating limited land-based assets.

Table 2. *Economic Status of Teachers*

Economic status indicator	Leading category	Frequency	Percentage
Monthly income	Php 32,245-34,310	74	80.4%
Monthly income	Php 30,024-32,090	18	19.6%
Educational attainment	Pursuing master's degree	39	42.4%
Educational attainment	Bachelor's degree holder	16	17.4%
Land ownership	Less than 1 hectare	62	67.4%
House ownership	Own house without mortgage	45	48.9%
House ownership	Parents' house	21	22.8%

These findings suggest that the respondents had stable employment but still operated within modest economic conditions. The relatively narrow salary range reflects the standardized public school salary structure, while the low level of land ownership suggests limited asset diversity. Housing ownership, however, indicates some degree of long-term financial stability among nearly half of the respondents.

### Level of Financial Literacy

Teachers demonstrated very high overall financial literacy, with an overall mean of 4.33. Financial awareness obtained the highest mean of 4.57, indicating that teachers strongly understood household income and expenses, the value of saving, consequences of overspending, tracking strategies, and financial goal setting. Financial skills were also very high, while financial attitude was high.

Table 3. *Level of Teachers' Financial Literacy*

Indicator	Mean	Descriptive rating	Interpretation
Financial awareness	4.57	Strongly Agree	Very high
Financial attitude	4.15	Agree	High
Financial skills	4.26	Strongly Agree	Very high
Overall	4.33	Strongly Agree	Very high

The results indicate that teachers generally possess strong knowledge and skills in managing household income, budgeting, saving, and distinguishing needs from wants. However, the slightly lower mean for financial attitude implies that translating awareness into consistent budgeting and advice-seeking behavior may still require reinforcement.

### Level of Teachers' Attitudes Toward Debt Management

Teachers showed a high overall attitude toward debt management, with an overall mean of 4.18. Borrowing behavior obtained the highest mean of 4.26, while debt perception, financial planning, and debt repayment responsibility were all rated high.

Table 4. *Level of Teachers' Attitudes Toward Debt Management*

Indicator	Mean	Descriptive rating	Interpretation
Debt perception	4.13	Agree	High
Borrowing behavior	4.26	Strongly Agree	Very positive
Financial planning	4.12	Agree	High
Debt repayment responsibility	4.21	Agree	High
Overall	4.18	Agree	High

The results suggest that teachers generally recognize the importance of responsible borrowing and repayment. Their responses indicate that they compare loan options, seek advice, prepare repayment plans, pay debts on time, and avoid excessive borrowing. These are important behaviors for maintaining financial stability despite existing loan obligations.

### Influence of Financial Literacy on Debt Management Attitudes

Regression analysis showed that financial literacy significantly and positively influenced teachers' attitudes toward debt management. The R-value of .452 indicates a moderate relationship, and the p-value below .001 indicates statistical significance. Thus, the null hypothesis stating that financial literacy does not significantly influence teachers' attitudes toward debt management was rejected.

Table 5. *Influence of Financial Literacy on Teachers' Attitudes Toward Debt Management*

Predictor	R-value	Degree	p-value	Remarks	Decision
Financial literacy	0.452	Moderate	< .001	Significant	Reject Ho

The finding means that teachers with higher financial literacy tend to demonstrate better attitudes toward debt management. Knowledge of income, expenses, saving, budgeting, and financial skills supports more responsible borrowing behavior, stronger debt perception, more careful planning, and better repayment responsibility.

### Moderating Effect of Economic Status

Moderation analysis was conducted to determine whether income, educational attainment, land ownership, and house ownership changed the strength of the relationship between financial literacy and debt management attitudes. The results showed that income significantly moderated the relationship, while educational attainment, land ownership, and house ownership did not significantly moderate the relationship.

Table 6. *Summary of Moderation Analysis*

Moderator	Model R	R-sq	Interaction coefficient	Interaction p-value	Interpretation
Income	.4924	.2425	-.6346	.0384	Significant moderator
Educational attainment	.4624	.2138	.0654	.5651	Not significant
Land ownership	.4545	.2066	-.0573	.6296	Not significant
House ownership	.4545	.2065	-.0263	.6464	Not significant

The significant income interaction indicates that the effect of financial literacy on debt management attitudes differs depending on income level. Conditional effects showed that the relationship between financial literacy and debt management attitudes was stronger among lower-income teachers. This suggests that financial literacy may be especially important for teachers with more limited income because they must manage debt within tighter financial constraints.

### Conditional Effects of Income

Table 7. *Conditional Effects of Financial Literacy at Income Levels*

Income level	Effect	se	t	p	LLCI	ULCI
Php 30,024-34,310	1.0265	.2843	3.6103	.0005	.4615	1.5916
Php 32,245-34,310	.3919	.1013	3.8694	.0002	.1906	.5931

Both conditional effects were statistically significant; however, the effect was larger among the lower-income group. This finding supports the interpretation that financial literacy becomes more consequential when income is limited. Teachers with lower income need stronger financial awareness, planning, and borrowing discipline because their margin for financial error is smaller.

### Proposed Financial Literacy and Debt Management Support Plan

Based on the findings, a financial literacy and debt management support plan is proposed for teachers. The plan prioritizes income-sensitive financial education, debt planning support, and school-based financial wellness activities.

Table 8. *Proposed Financial Literacy and Debt Management Support Plan*

Program component	Basis from findings	Suggested activities	Expected outcome
Income-sensitive financial literacy sessions	Income significantly moderated the financial literacy-debt management relationship	Conduct workshops on budgeting within limited salary, emergency funds, salary deductions, and prioritization of needs	Teachers with lower income apply financial literacy more effectively
Responsible borrowing orientation	Teachers had high debt management attitudes but still carried outstanding loans	Discuss loan comparison, interest rates, repayment schedules, and risks of informal lending	Improved borrowing decisions and reduced loan dependency
Debt repayment planning clinic	Financial planning and repayment responsibility were high but need sustained practice	Assist teachers in preparing realistic repayment calendars and debt monitoring worksheets	More consistent debt payment and improved financial control
Partnership with financial institutions	Teachers need context-specific financial guidance	Invite credible financial educators and government institutions for responsible lending and financial protection seminars	Stronger access to ethical financial information
School-based financial wellness monitoring	Financial stress can affect professional well-being	Integrate voluntary financial wellness check-ins and peer support activities	Reduced financial stress and improved work focus

## CONCLUSION

The study concludes that teachers in Mt. Apo District and Digos Oriental District generally possessed stable but modest economic conditions. Most teachers earned within the lower-middle income range, many were pursuing graduate education, most owned limited land, and nearly half owned houses without mortgage. These indicators show that teachers had some economic stability but still faced limitations that may affect debt management decisions.

Teachers demonstrated very high financial literacy and high attitudes toward debt management. Their strongest financial literacy area was financial awareness, while their strongest debt management area was borrowing behavior. This indicates that teachers generally understood basic financial principles and showed responsible attitudes toward borrowing, financial planning, and debt repayment.

Financial literacy significantly and positively influenced teachers' attitudes toward debt management. This means that teachers with better financial awareness, attitudes, and skills were more likely to demonstrate responsible debt perception, borrowing behavior, financial planning, and repayment responsibility. Income significantly moderated this relationship, with financial literacy exerting a stronger effect among lower-income teachers. Educational attainment, land ownership, and house ownership did not significantly moderate the relationship. Overall, the findings show that financial literacy is most critical when teachers must manage debt under tighter income conditions.

## Recommendation

The Department of Education and school leaders should strengthen teacher financial literacy programs that address budgeting, responsible borrowing, loan comparison, debt repayment planning, and emergency saving. These programs should be practical, income-sensitive, and responsive to the realities of teachers with outstanding loans.

Schools may establish partnerships with credible financial institutions, government agencies, and financial education providers to deliver ethical and context-based financial wellness sessions. Such partnerships should focus on helping teachers understand loan terms, interest rates, salary deductions, repayment obligations, and strategies to avoid excessive borrowing.

Teachers are encouraged to develop personal financial plans, track monthly expenses and loan obligations, compare borrowing options, and set aside regular amounts for debt repayment and emergency savings. Future researchers may conduct comparative studies across other districts or divisions, include qualitative interviews to capture teachers' lived financial experiences, and evaluate the effectiveness of financial literacy interventions over time.

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