

Financial Literacy and Management Practices Among Employees of the Local Government Unit of Sagay

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ABSTRACT

Financial literacy and sound financial management are essential to employees' financial well-being, yet salaried workers may continue to experience debt pressure, weak saving habits, and limited long-term planning. This study examined the financial management practices and level of financial control among employees of the Local Government Unit (LGU) of Sagay, Camiguin. It described the respondents' demographic profile, determined short-term and long-term financial management practices, assessed financial control, identified commonly encountered financial problems, and tested the relationship between financial management practices and financial control. A quantitative descriptive-correlational design was employed. Data were gathered from 60 regular LGU employees through a structured questionnaire and analyzed using

frequency count, percentage, weighted mean, standard deviation, t-test, one-way analysis of variance, ranking, and Pearson correlation at the .05 significance level. Results showed a moderate extent of financial management practices ($M = 2.95$, $SD = 0.97$) and a moderate level of financial control ($M = 3.14$). Short-term practices ($M = 3.08$) were stronger than long-term practices ($M = 2.82$), while debt management obtained the highest financial-control mean ($M = 3.29$). No significant differences in financial management practices were found across demographic groups. Financial management practices were positively related to financial control ($r = .656$, $p < .001$). Unexpected emergencies affecting savings ranked as the most pressing financial problem, followed by insufficient monthly income. The study concludes that practical financial literacy interventions should strengthen budgeting, emergency savings, debt management, and long-term financial planning among LGU employees.

Keywords: *financial control; financial literacy; financial management practices; local government employees; personal finance; public sector*

INTRODUCTION

Financial literacy influences how individuals' budget, save, borrow, invest, and plan for future needs. For salaried employees, stable income does not automatically guarantee financial security. Employees may still experience difficulty managing daily expenses, maintaining emergency funds, reducing debt, or preparing for retirement. These concerns are particularly relevant in public-sector workplaces where employees frequently balance household obligations, loan repayments, and rising living costs.

Financial management practices cover short-term behaviors, such as paying bills on time, monitoring expenses, comparing prices, and following a budget, as well as long-term behaviors, such as saving for emergencies, setting financial goals, preparing for retirement, and tracking investments. Financial control refers to employees' ability to regulate spending, manage debt, save consistently, budget deliberately, and make informed investment decisions. Previous studies have emphasized that financial knowledge is most useful when it is translated into disciplined and repeated financial behavior (Lusardi & Mitchell, 2014; Kaiser et al., 2022).

Local Government Unit employees may have regular salaries and access to institutional loan facilities, but they can remain financially vulnerable. In LGU Sagay, the local accounting office reported that 42 of 66 employees had outstanding loans with government banks and insurance firms. This situation raised the need to examine employees' actual financial practices, level of financial control, and financial problems rather than assume that regular employment ensures financial stability.

This study assessed the financial literacy and management practices of regular employees of LGU Sagay, Camiguin. It described their demographic profile, measured short-term and long-term financial management practices, evaluated financial control across debt management, spending, investing, saving, and budgeting, tested differences across demographic groups, examined the relationship between financial management practices and financial control, and identified priority financial problems. The findings provide an empirical basis for a workplace financial-literacy and employee-support program.

Literature Review

Financial Management Practices and Financial Control

Financial management practices are routine actions used to organize and regulate personal finances. These include budgeting, paying bills, tracking expenses, saving, investing, and managing debt. Financial literacy matters because individuals with greater financial knowledge are more likely to plan, save, and make informed decisions, but knowledge alone may not lead to consistent action (Lusardi & Mitchell, 2014; Lusardi & Tufano, 2015). Financial education can improve both knowledge and behavior, particularly when it is practical and reinforced over time (Kaiser et al., 2022).

Financial control involves the ability to align financial decisions with personal goals. Employees exercise control when they monitor spending, limit unnecessary borrowing, maintain emergency savings, follow a budget, and assess investment risks. The Theory of Planned Behavior explains that behavior is shaped by attitudes, subjective norms, and perceived behavioral control (Ajzen, 2020). In personal finance, employees may value saving and budgeting but still struggle to act consistently when income is limited or emergencies arise.

Short-term practices are often more developed than long-term planning because paying bills and managing immediate expenses are urgent. Long-term practices require sustained discipline, such as saving regularly, reviewing goals, monitoring investments, and planning for retirement. Evidence suggests that debt literacy, saving habits, and access to financial tools can influence whether employees translate financial intentions into stable financial outcomes (Lusardi & Tufano, 2015; Pham & Le, 2023).

Financial Challenges Among Employees

Employees may experience financial strain even when they receive regular salaries. Common concerns include unexpected emergencies, insufficient income, uncontrolled spending, weak budgeting, limited knowledge of saving and investing, and difficulty repaying debt. These problems may reinforce one another: emergencies can deplete savings, inadequate income can increase reliance on borrowing, and poor budgeting can reduce employees' capacity to prepare for future needs.

Public-sector employees may have access to payroll deductions and institutional loan systems. These mechanisms can support repayment discipline, but they do not necessarily strengthen budgeting, savings, or investment behavior. Philippine studies have reported persistent financial-literacy concerns among employed groups, including public-school personnel, and have highlighted the need for workplace-based interventions that develop practical habits rather than provide information alone (Casingal & Ancho, 2022; Jabar & Delayco, 2021).

Socio-Demographic Factors and Financial Behavior

Age, sex, civil status, income, and years in service can influence financial priorities, but they do not always determine the quality of financial behavior. Employees from different demographic groups may demonstrate similar practices when they face comparable structural constraints or have similar access to financial information and workplace resources. Evidence suggests that financial education, behavioral discipline, and institutional support may be more actionable intervention points than demographic characteristics alone (Ndou, 2023; Pham & Le, 2023).

METHODS

Research Design

The study used a quantitative descriptive-correlational design. It described employees' financial management practices and financial control, tested differences across demographic categories, and examined the relationship between financial management practices and financial control.

Research Locale

The study was conducted in the Local Government Unit of Sagay, Camiguin. Sagay is a fifth-class municipality whose employees work across local government offices and departments. The setting was selected because regular LGU employees experience varied household responsibilities, income conditions, and financial obligations within a local public-sector workplace.

Participants and Sampling

The respondents were 60 regular employees of LGU Sagay from different departments. The study excluded casual, contractual, and job-order personnel. Respondents had worked in the LGU for at least one year. The manuscript treated the 60 regular employees as the study participants.

Research Instrument

The structured questionnaire was adapted with modifications from a study on personal financial-management practices among personnel in a public-sector setting. It contained three parts: demographic profile; financial management practices and financial control; and problems encountered in managing finances. Financial management practices were grouped into short-term and long-term behaviors. Financial control covered debt management, spending, investing, saving, and budgeting. The questionnaire was validated by three subject-matter specialists. Pilot testing among employees of a neighboring municipality produced a Cronbach's alpha coefficient of .96, indicating high internal consistency.

Data Gathering Procedure

The researcher obtained permission from the Office of the Municipal Mayor before distributing questionnaires to eligible employees from different LGU departments. Participation was voluntary. Completed questionnaires were collected, organized, encoded, and analyzed. Respondents were assured that their answers would remain confidential and would be used only for research purposes.

Data Analysis

Frequency counts and percentages were used to describe the respondents. Weighted means and standard deviations summarized financial management practices and financial control. Independent-samples t-tests and one-way analysis of variance examined differences across demographic categories. Pearson correlation tested the relationship between financial management practices and financial control. Ranking was used to identify priority financial problems. Statistical decisions were made at the .05 significance level.

Ethical Consideration

The study followed voluntary participation, informed consent, confidentiality, and privacy safeguards. Respondents were informed of the purpose of the study and were not required to disclose identifying information. Data were used only for academic purposes.

RESULTS AND DISCUSSION

Profile of the Respondents

The largest age group was 30-39 years old (35.00%). Most respondents were male (53.33%), married (66.67%), and earning PHP 20,000 or below monthly (73.33%). Employees were distributed across different lengths of service, with 55.00% reporting ten years of service or less. The profile indicates a workforce balancing household responsibilities and limited monthly income, conditions that may shape employees' financial priorities.

Table 1. *Demographic Profile of LGU Sagay Employees (N = 60)*

| Profile variable | Category | f | % |
|------------------|----------------------|----|-------|
| Age | 20-29 years | 6 | 10.00 |
| | 30-39 years | 21 | 35.00 |
| | 40-49 years | 16 | 26.67 |
| | 50-59 years | 12 | 20.00 |
| | 60 years and above | 5 | 8.33 |
| Sex | Male | 32 | 53.33 |
| | Female | 28 | 46.67 |
| Civil status | Single | 20 | 33.33 |
| | Married | 40 | 66.67 |
| Monthly income | PHP 20,000 and below | 44 | 73.33 |
| | Above PHP 20,000 | 16 | 26.67 |
| Years in service | 1-5 years | 17 | 28.33 |
| | 6-10 years | 16 | 26.67 |
| | 11-15 years | 14 | 23.33 |
| | More than 15 years | 13 | 21.67 |

Extent of Financial Management Practices

Employees demonstrated a moderate extent of financial management practices overall ($M = 2.95$, $SD = 0.97$). Short-term practices were stronger ($M = 3.08$) than long-term practices ($M = 2.82$). Employees reported a high extent of paying bills on or before the due date ($M = 3.48$) and comparing prices before purchases ($M = 3.30$). Long-term behaviors remained moderate, with tracking savings and investment progress receiving the lowest mean ($M = 2.62$). The pattern suggests that employees prioritized immediate financial obligations more consistently than long-term preparation.

Table 2. *Financial Management Practices of LGU Employees*

| Dimension | Selected indicator | Mean | SD | Interpretation |
|------------|--|------|------|-----------------|
| Short-term | Pays bills on or before the due date | 3.48 | 0.70 | High extent |
| | Compares prices before purchases | 3.30 | 0.85 | High extent |
| | Monitors daily and weekly expenses | 3.02 | 0.89 | Moderate extent |
| | Creates and follows a monthly household budget | 2.93 | 0.95 | Moderate extent |
| | Avoids impulse buying | 2.65 | 0.88 | Moderate extent |

| | | | | |
|-----------|--|------|------|-----------------|
| | Area mean | 3.08 | 0.90 | Moderate extent |
| Long-term | Plans for children's education or family future | 3.00 | 1.10 | Moderate extent |
| | Regularly saves for emergencies and future needs | 2.93 | 0.92 | Moderate extent |
| | Sets long-term financial goals | 2.87 | 0.98 | Moderate extent |
| | Reviews and adjusts goals annually | 2.70 | 1.00 | Moderate extent |
| | Tracks progress of savings and investments | 2.62 | 1.04 | Moderate extent |
| | Area mean | 2.82 | 1.01 | Moderate extent |
| Overall | Total average weighted mean | 2.95 | 0.97 | Moderate extent |

The difference between short-term and long-term practices supports the need for practical workplace interventions. Employees already demonstrate responsibility in routine obligations, but they need structured support for savings discipline, budget monitoring, goal review, and investment planning. Financial education is more effective when it strengthens repeated behavior and provides usable tools (Kaiser et al., 2022).

Differences in Financial Management Practices Across Demographic Groups

Financial management practices did not differ significantly according to sex, civil status, monthly income, age, or years in service. All reported p-values exceeded .05. These findings indicate that financial-management concerns were not confined to a particular employee group. A workplace intervention may therefore be offered organization-wide while still allowing individualized support for employees with specific needs.

Table 3. *Differences in Financial Management Practices Across Demographic Groups*

| Profile variable | Test | Statistic | df | p | Decision |
|------------------|--------|-----------|-------|------|-------------------|
| Sex | t-test | t = 0.08 | 58 | .935 | Fail to reject H0 |
| Civil status | t-test | t = 1.49 | 58 | .141 | Fail to reject H0 |
| Monthly income | t-test | t = 1.69 | 58 | .095 | Fail to reject H0 |
| Age | ANOVA | F = 0.99 | 4, 55 | .420 | Fail to reject H0 |
| Years in service | ANOVA | F = 0.35 | 3, 56 | .790 | Fail to reject H0 |

Level of Financial Control

Employees demonstrated a moderate level of financial control (M = 3.14). Debt management obtained the highest domain mean (M = 3.29), followed by spending (M = 3.06), investing (M = 3.04), saving (M = 3.03), and budgeting (M = 2.92). Avoiding unnecessary borrowing (M = 3.48), paying debts on time (M = 3.40), and tracking repayment schedules (M = 3.37) were notable strengths. The lowest-rated financial-control indicator was the use of budgeting tools or applications (M = 2.55).

Table 4. *Summary of Financial Control Among LGU Employees*

| Financial-control domain | Area mean | Interpretation | Selected evidence |
|--------------------------|-----------|-----------------|--|
| Debt management | 3.29 | Moderate extent | Avoids unnecessary borrowing (M = 3.48); pays debts on time (M = 3.40) |
| Spending | 3.06 | Moderate extent | Compares prices before significant purchases (M = 3.17) |
| Investing | 3.04 | Moderate extent | Aware of investment options (M = 3.13); considers risks (M = 3.12) |

| | | | |
|-----------|------|-----------------|---|
| Saving | 3.03 | Moderate extent | Sets aside income as savings (M = 3.18); maintains emergency fund (M = 3.12) |
| Budgeting | 2.92 | Moderate extent | Revises budget when circumstances change (M = 3.03); uses budgeting apps (M = 2.55) |
| Overall | 3.14 | Moderate extent | Financial-control practices are present but not consistently developed across domains |

Debt management appeared relatively stronger than budgeting and saving. This may reflect the discipline created by loan repayment obligations, but it does not necessarily mean that employees are financially secure. Financial control improves when repayment discipline is accompanied by systematic budgeting, emergency savings, and long-term planning.

Relationship Between Financial Management Practices and Financial Control

Financial management practices were positively associated with financial control, $r(58) = .656, p < .001$. The null hypothesis was rejected. The moderately strong positive relationship indicates that employees who reported stronger budgeting, saving, and planning practices also tended to report stronger control over debt, spending, investments, savings, and budgeting. The finding supports the Theory of Planned Behavior because repeated financial practices can strengthen employees' perceived control over their personal finances.

Table 5. *Correlation Between Financial Management Practices and Financial Control*

| Variables | Pearson r | df | p | Decision |
|--|-----------|----|--------|-----------|
| Financial management practices and financial control | .656 | 58 | < .001 | Reject H0 |

Financial Problems Encountered by Employees

Unexpected emergencies affecting savings ranked as the most pressing problem, followed by insufficient monthly income, difficulty controlling spending or budgeting properly, limited knowledge about saving and investing, and high debt with repayment difficulty. The ordering indicates that employee vulnerability is driven by both external pressures and behavioral gaps. Emergencies and limited income can weaken savings, while inconsistent budgeting and limited financial knowledge can make recovery more difficult.

Table 6. *Ranked Financial Problems Encountered by LGU Employees*

| Financial problem | Score | Rank |
|--|-------|------|
| Unexpected emergencies affecting savings, including health and accidents | 149 | 1 |
| Insufficient monthly income to meet all expenses | 167 | 2 |
| Inability to control spending or budget properly | 182 | 3 |
| Lack of knowledge about saving and investing | 189 | 4 |
| High debt and difficulty in repayment | 216 | 5 |

The article follows the tabulated ranking in the uploaded manuscript: a lower score indicates a more frequently prioritized problem.

The findings support an intervention focused on emergency funds, budgeting, debt planning, and accessible financial tools. Employees may benefit from practical templates, savings commitments, counseling, and orientation on responsible financial products. These strategies can help convert moderate financial practices into consistent, goal-directed behaviors.

Proposed Financial Wellness Action Plan

Table 7. *Proposed Action Plan for Strengthening Employees' Financial Management*

| Objective | Key activities | Time frame | Persons involved | Verification |
|--|--|-----------------------|--|---|
| Improve budgeting and expense tracking | Conduct budgeting workshop; distribute printed and digital monthly budget templates | January-March 2026 | HR Office; Finance Office | Attendance sheet; accomplished budget templates |
| Reduce debt burden through improved repayment planning | Conduct debt-management orientation; assist employees in preparing personal repayment plans | April-June 2026 | Finance Office; relevant partners | Completed repayment plans; monitoring checklist |
| Strengthen saving habits and emergency funds | Launch Save Small, Save Regular campaign; encourage payroll-based or envelope saving systems | July-September 2026 | HR Office; Finance Office | Savings commitment forms; monthly savings logs |
| Improve long-term and retirement planning | Conduct seminar on retirement, insurance, and basic investments; distribute IEC materials | October-November 2026 | HR Office; Finance Office; GSIS or partner speaker | Pre-test and post-test results; attendance sheets; evaluation forms |

CONCLUSION

Employees of LGU Sagay demonstrated moderate financial management practices and moderate financial control. They managed immediate obligations more consistently than long-term financial goals. Debt management was the strongest financial-control domain, while budgeting received the lowest domain mean. Financial management practices did not significantly differ across demographic groups, indicating that workplace financial concerns extend across the organization. Financial management practices were positively related to financial control, showing that employees who apply stronger financial habits tend to exercise greater control over their finances. Unexpected emergencies and insufficient monthly income emerged as priority challenges. These findings underscore the importance of practical, organization-wide financial-literacy interventions that strengthen budgeting, emergency savings, debt planning, and long-term financial preparation.

Recommendations

1. The LGU should implement an organization-wide financial wellness program covering budgeting, expense tracking, emergency savings, responsible borrowing, debt-repayment planning, and basic investment literacy.
2. The HR and Finance Offices should provide simple printed and digital tools, including monthly budget templates, savings logs, and personal debt-repayment worksheets.
3. Employees should be encouraged to build emergency funds through manageable and regular savings commitments, including payroll-based or envelope-saving approaches where feasible.
4. Financial-literacy sessions should include practical guidance on identifying legitimate financial products, assessing risk, avoiding scams, and preparing for retirement.
5. Employees experiencing substantial debt pressure should be referred to appropriate financial counseling or responsible institutional support services.
6. Future studies should include a larger sample, additional LGUs, objective financial indicators where ethically appropriate, and follow-up evaluation of the proposed intervention program.

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