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DEBT DYNAMICS AND SPENDING PRACTICES AMONG GOVERNMENT EMPLOYEES

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ABSTRACT
The financial well-being of government employees is influenced by their debt dynamics and spending practices, which have significant implications for economic stability and personal welfare. This study explores the relationships between debt accumulation, spending behaviors, and various financial indicators among government workers in the Philippines. Through a quantitative survey of 100 government employees and multiple regression analysis using SPSS software, the study investigates factors impacting financial behavior and their associations with debt and spending habits. The study's results demonstrate correlations among variables such as wise spending, financial prudence, peer pressure, income scarcity, debt, and spending practices among government employees. Wise spending and financial prudence exhibit strong positive correlations with proper budget monitoring, indicating that diligent financial management correlates with wise spending decisions. Conversely, peer pressure significantly correlates with spending practices, suggesting external influences may increase employee spending. Regression analysis highlights the predictive power of financial prudence and peer pressure on spending habits, emphasizing the importance of prudent financial management and the influence of social factors on spending behaviors within the government workforce. These findings highlight the necessity of tailored financial education initiatives and policies to support responsible fiscal management and enhance financial wellness within the government workforce, offering insights for policymakers and stakeholders to optimize public sector operations.

Keywords:
Debt dynamics, spending practices, government employees, financial behavior, financial literacy, fiscal responsibility, Philippines.

INTRODUCTION
The dynamics of debt and spending practices among employees are critical factors that influence financial well-being and economic stability. Research has shown that debt can significantly impact morale and relational incentives among workers, highlighting the importance of understanding how debt affects individuals in the workplace. (Barron et. al., 2021)

The financial landscape for government employees has evolved significantly in recent years, shaped by factors such as economic fluctuations, changing employment patterns, and shifts in societal norms regarding debt and

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International Journal of Engineering Technology Research & Management

consumption. With access to stable income and benefits, government employees may exhibit distinct patterns of debt accumulation, spending habits, and financial decision-making compared to their counterparts in the private sector. Understanding these dynamics is essential for policymakers, financial institutions, and employers seeking to support the financial well-being of government employees and optimize public sector operations.

In this context, exploring the debt dynamics and spending practices among employees in the Philippines is important, as these factors can significantly impact financial well-being and economic stability. Research has shown that debt can undermine relational incentives and harm worker morale, highlighting the importance of understanding how debt affects individuals in the workplace (Barron et al., 2021).

This study delves deeper into the relationship between debt dynamics and spending behaviors among government employees, aiming to contribute to the academic discourse on fiscal responsibility and personal financial management within the public sector.

OBJECTIVES

This analysis examines government employees' debt and spending habits to detect common patterns, trends, and factors that impact their financial behavior. This information will be used to develop tailored financial education initiatives and policies, foster financial wellness, and promote responsible fiscal management among the government workforce.

METHODOLOGY

Over the course of the quantitative data collection process, the researchers used survey questionnaires to conduct a random survey of one hundred government workers. Questions were included in the surveys to determine the dynamics of debt and the spending behaviors of government workers. The survey questions were adopted from the study of Grate, et. al. (2018) and Abellanosa, et. al. (2023).

The researchers employed a multiple regression analysis to understand the link between the variables and determine the association between debt dynamics and spending behaviors among government workers. To investigate the factors that influenced the variables, the researchers conducted a regression analysis using the statistical program owned by the International Business Machines Corporation (IBM), Statistical Package for the Social Sciences (SPSS).

RESULTS AND DISCUSSION

Table 1. Level of Debt Dynamic and Spending Practices among Government Employees

Indicators	Standard Deviation	Mean	Descriptive Level
Good Financial Management (gfm)	1.18	3.15	Moderate
Wise Spending (ws)	1.16	2.90	Moderate
Financial Prudence (fp)	1.17	2.89	Moderate
Spendthrift (sp)	.80	3.04	Moderate
Peer Pressure (pep)	1.56	3.18	Moderate
Income Scarcity (ins)	.87	3.15	Moderate
DEBT DYNAMICS (DEBT)	.37	3.05	Moderate
Good Financial Standing (gfs)	.71	3.00	Moderate
Consumer Behaviors (cb)	.92	2.93	Moderate
Proper Budget Monitoring (pbm)	1.11	2.95	Moderate
Financial Behaviors (fb)	1.45	3.04	Moderate
SPENDING PRACTICES (SPEND)	.56	2.98	Moderate

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International Journal of Engineering Technology Research & Management

Table 1 presents the descriptive statistics, which also depict the average mean values of the dependent and independent variables: spend (2.97), good financial management (3.15), wise spending (2.9), financial prudence (2.88), spendthrift (3.04), peer pressure (3.17), income scarcity (3.15), debt (3.05), good financial standing (2.99), consumer behaviors (2.92), proper budget monitoring (2.95), and financial behaviors (3.03). The mean values range from approximately 2.89 to 3.18, indicating that most variables are slightly above the midpoint of their possible range. The highest mean value among the independent variables is observed for peer pressure (pep), suggesting that, on average, respondents perceive a relatively high level of peer pressure influencing their financial decisions, followed by financial prudence and wise spending with a mean value of 2.9014 and 2.8862, respectively. The standard deviations for the dependent variable (spending practices) and most independent variables range from around 0.37 to 1.56, indicating moderate to high variability in responses across the sample. The lowest variability is observed for debt dynamics (DEBT), with a standard deviation of 0.37, suggesting relatively consistent responses regarding debt-related dynamics. By comparing the means and standard deviations of the variables, the study can now identify which factors have a stronger or more consistent influence on spending practices. Therefore, variables with higher means and standard deviations, such as peer pressure, financial prudence, and wise spending, indicate more significant influence or variability in spending practices.

Correlations

Table 2. Relationship between Debt Dynamics and Spending Practices among Government Employees

Debt Dynamics	Spending Practices				
	Good Financial Standing	Consumer Behaviors	Proper Budget Monitoring	Financial Behaviors	Overall
Good Financial Management	-.388**	.754**	-.443**	-.843**	-.573**
	.000	.000	.000	.000	.000
Wise Spending	.501**	-.603**	.445**	.833**	.665**
	.000	.000	.000	.000	.000
Financial Prudence	.524**	-.560**	.585**	.801**	.737**
	.000	.000	.000	.000	.000
Spendthrift	-.222*	.666**	-.322**	-.520**	-.288**
	.027	.000	.001	.000	.004
Peer Pressure	-.352**	.771**	-.294**	-.805**	-.457**
	.000	.000	.003	.000	.000
Income Scarcity	.093	.144	.035	-.061	.067
	.358	.152	.731	.544	.505
Overall	.043	.631**	-.004	-.369**	.033
	.672	.000	.971	.000	.745

***significant at 0.01* **significant at 0.05*

The correlation matrix reveals the relationships between these variables. For instance, consumer behavior and debt have a positive correlation of .631. This means that a high level of consumer behavior tends to have a high level of debt. Proper budget monitoring and wise spending also indicate a strong positive correlation of .445, suggesting that government employees with proper budget monitoring are also wise in spending. Consequently, if proper budget monitoring is implemented, the results suggest a strong negative correlation to debt in terms of spending practices. In this study, employees in the government consider the importance of a monthly budget, tracking expenses, and carefully reviewing financial goals. If finances are highly on track and well monitored, it leads to lower debt concerns, which may become a financial crisis. Microeconomic models on the theoretical framework of financial literacy generally assume that individuals could devise and implement financial savings strategies and spend-down practices. Hilgert, Hogarth, and Beverly (2003) uncovered a strong correlation between financial literacy and day-to-day financial management skills. Lusardi and Tufano (2009a) offer additional support by demonstrating how individuals with less financial knowledge often face higher transaction costs and have

iJETRM
International Journal of Engineering Technology Research & Management

difficulty assessing their debt positions. The theoretical framework of financial literacy links with practical outcomes, such as reduced debt levels through effective budget monitoring and financial management. Thus, this study similarly yields the same finding that financial behavior implies a strong negative correlation towards debt. With proper monitoring of the budget and finances, employees will significantly decrease their debt dynamics and cut off spending. Catubay-Panlilio, J. (2016) suggests in his research that saving for future needs and emergencies can prevent individuals from relying on loans later on. This highlights the significance of financial behavior, such as prudent saving and investment decisions, and consumer behavior, emphasizing wise spending habits. By prioritizing saving over immediate consumption, individuals can reduce the likelihood of needing loans in the future, demonstrating the interconnectedness of financial and consumer choices. These results underscore the importance of wise spending with saving plans for long-term financial security. Although the study's findings do not suggest a correlation between financial scarcity and spending, the results indicate a negative correlation. Sarial-Abi, G., el at. (2021) indicates that when faced with financial scarcity, individuals often experience constraints on their discretionary spending.

Table 3. Debt Dynamics Influence on Spending Practices among Government Employees

Debt Dynamics	Spending Practices		
	Beta	t-value	P value
Good Financial Management	-.209	-1.126	.263
Wise Spending	.408	2.382	.019
Financial Prudence	.630	4.627	.000
Spendthrift	.000	-.005	.996
Peer Pressure	.550	3.426	.001
Income Scarcity	-.022	-.296	.768
Rsquare F-value p-value	.603 or 60.30% 23.533 .000		

a. Dependent Variable: SPEND
***Significance level < .05 * Significance level <.01*

The regression analysis model summary indicates that 60% of the variance in the dependent variable (SPEND) is explained by the independent variables (income scarcity, peer pressure, spendthrift, financial prudence, wise spending, and good financial management), suggesting a strong relationship between them. The ANOVA table further confirms the significance of the model, with a p-value of .000, indicating that the independent variables collectively have a significant effect on the dependent variable. Therefore, we reject the null hypothesis, which suggests that the differences among group means are statistically significant.

Table 3 provides additional insights into the relationship between the independent and dependent variables. For instance, the coefficient for 'pep' (0.199) suggests that 'SPEND' is expected to increase by 0.199 units for each unit increase in 'pep,' with all other variables held constant. The significance values (Sig.) indicate whether the coefficients significantly differ from zero. Notably, wise spending significantly influences the spending behavior of government employees. Moreover, among the variables contributing to spending practices are financial prudence and peer pressure. The coefficient value of 0.63 represents the estimated change in spending practices for a one-unit increase in financial prudence.

CONCLUSION

In conclusion, the main findings of this study are that indicators such as wise spending, financial prudence, and peer pressure correlate and indicate a significant relationship with spending practices, which is the study's dependent variable. Financial prudence is the most dominant factor affecting the spending practices among

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International Journal of Engineering Technology Research & Management

government employees. This implies that government employees will likely have wise spending habits if they are cautious and attentive to their available resources and spending capacity. Otherwise, government employees careless in handling finances will tend to spend more. This is also true for government employees who practice wise spending habits, significantly influencing spending practices. Likewise, the study underscores the influence of peer pressure, suggesting that its presence often catalyzes increased spending tendencies among employees.

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