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ARTICLE

HOUSEHOLD FINANCIAL MANAGEMENT OF MARRIED PROFESSIONALS IN OCCIDENTAL MINDORO STATE COLLEGE, PHILIPPINES

Mary Yole Apple DECLARO-RUEDAS*
Associate Professor V, College of Agriculture, Occidental Mindoro State College, Philippines
**Corresponding author (myad.ruedas@omsc.ph.education)*

Mary Joy C. GUICO
Instructor I Occidental Mindoro, College of Business Administration and Management, Occidental Mindoro State College, Philippines

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ABSTRACT

The study was conducted to determine the level of knowledge of married couples in financial literacy, the level of married professionals' involvement in household financial decision-making, and identify the problems encountered by them. The paper employed a descriptive research design and was conducted at Occidental Mindoro State College (OMSC) in Philippines from February to September 2022. The result shows that the married professionals are young adults, from small households, with long experience working in OMSC and household income above the poverty threshold. In addition, the majority of married professionals have a high level of knowledge of financial literacy, they have financial plans and practice savings as cash in the bank. Further, the financial decisions in the household are done by both the husband and wife and they neither agree nor disagree on the problems encountered in financial management. Moreover, this study provides insight into the views and challenges of married professionals in financial management. The findings of the study will serve as a guide for partners to avoid arguments about handling finances and will aid them to reach their financial goals more easily. Hence, this could be served as an additional reference for married professionals' efficiency in household resource management.

KEYWORDS

dual-earner couples, financial management, financial literacy, Philippines

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1. INTRODUCTION

In the Philippines, almost 27 per cent of the population lives below the national poverty line and primarily earns their living through the services, industry, and agriculture sectors. The men traditionally are the breadwinner of the household while the wives budget the income for family needs. This implies that while wives usually manage the family's financial decisions, husbands often have divergent preferences on how funds should be spent. Thus, spouses' preferences and information affect negotiations over how to allocate resources within the household (Ashraf, 2009).

According to Eder (2006), women in the Philippines have been regarded as having high levels of control within their households. Although joint decision-making is normal within the Filipino family, there are still peculiarities between the scopes in which women commonly make household decisions and the domains in which men make household decisions. Men are often recognized as the public heads of household and, as part of this role, are expected to provide financially for the household (Lee, 2004). Article 165 of the Civil Code of the Philippines states that "the husband is the administrator of the conjugal partnership." This means that husband could be noted that he continues to be the designated household head. In some instances, a senior woman in the household conducts most household budgeting and controls household spending and resource distribution decisions to variable degrees, wherein all financial contributions within the household were given to her (Ashraf, 2009; Eder, 2006).

However, women's influence within households in making financial decisions tends to grow with an increase in their resources, such as income, education, and employment. Bernasek and Bajtelsmit (2002) found women's involvement in household savings and investing decisions increased significantly as their share of total household income increased. Women's share of household income was positively associated with household consumption (Browning et al., 1994). Further, Mason & Lu (1988) posit that women exert both greater autonomy and greater household control when they contribute to the household income.

This financial decision-making power of women may result in a lower risk tolerance for the household. Yilmazer and Lyons (2010) found that married women who have more control over financial resources are less likely to invest their defined contribution in risky assets than if their husbands controlled the family finances. Similarly, the employment situations of spouses affect couples' financial management arrangements (Mano-Negrin & Katz, 2003).

Dew & Dakin (2011) pointed out that some of the reasons for conflict within marriage are sex, finances, and politics, wherein money-related arguments influence relationship satisfaction (Britt & Huston, 2012). In one study, spouses did not rate money as the most frequent source of marital conflict in the home (Papp, et al, 2009). Though, compared to non-money issues, marital conflicts about money were more pervasive, problematic, recurrent, and remained unresolved (Papp, et al., 2009).

Although the majority of the existing literature focuses on financial decisions at individual and household levels, individuals do not make decisions alone, and their decisions are affected by families. However, there has been a scarcity of research on the process of family financial decision-making. This study focuses on how married partners participate in the financial decisions within the family.

This research was conducted to determine the level of knowledge of married couples in financial literacy, the level of married professionals' involvement in household financial decision-making and identify their problems in household financial decision-making.

2. METHODS

The study employed a descriptive research design and was conducted at Occidental Mindoro State College (OMSC), Philippines, from February to September 2022. The selection criteria for the sample of the research were: (1) married (2) employed in OMSC regardless of position; (3) have at least one dependent child (below 18 years of age). The sample size was determined by the "epinfoTM" software with a 95% confidence level. Then, the 30 married faculty from the list of permanent faculties for SY 2021 served as the respondents. They voluntarily take part in this research.

It is important to acknowledge the ethical considerations regarding human subjects as study participants. Thus, informed consent was sought prior to data gathering, ensuring that participation in the study is a voluntary decision.

A self-constructed questionnaire has been used in gathering data. Google forms were used to develop an online questionnaire with a consent form appended to it. The link to the questionnaire was sent through LinkedIn, Facebook, and e-mails. Mean was used to describe and quantify the variables.

3. RESULTS

a. *Profile of the married professionals in OMSC*

Table 1 shows the profile of married professionals. Married professionals are dual-earner couples, wherein both partners work full-time, are highly educated, and contribute to their household income.

They are young adults (mean-40.08 years old), small households (mean-2 children), with long experience working in OMSC (mean-12.48 years) and household income above the poverty threshold (mean-Philippine Peso (PhP) 57,183.00 or 1,046 USD).

Table 1. Profile of the married professionals in OMSC.

Variables	Standard Deviation	Mean	Range
Age	9.99	40.08	29-59 years old
Number of children	1.14	2.00	1-6
Number of children below 18 years old	0.86	1.46	0-3
Household Monthly Salary	16788.85	57183.00	PhP 14000.00-200000.00
Number of Years in OMSC	9.03	12.48	2-28 years
Number of Years Married	10.52	13.55	1-25 years

b. Level of knowledge of married couples in financial literacy

Table 2 shows that the majority of married professionals have a high level of knowledge on financial literacy (73.33%), they have a financial plan (78%) and practice savings as cash in the bank.

Table 2. Level of knowledge of married couples in financial literacy.

Indicators	Percentage
Level of knowledge in financial literacy	
Low	6.66
Moderate	20.01
High	73.33
Household financial plan	
Yes	78.00
No	22.00
Practice Savings	
Yes	56.00
No	34.00

c. Married professionals' involvement in household financial decision-making.

According to David (1994), Filipino families show that joint husband-wife decision-making patterns are the common norms. This holds true with the findings of the study that the majority of the financial decisions in the household are done by both the husband and wife. However, in Table 3, there are still decision domains that are decided by either of the spouses such as household (76%) and budgeting (67%) are mostly done by the wife.

Table 3. Married professionals' involvement in household financial decision-making

Involvement	Husband (%)	Wife (%)	Both (%)
Children's Education	10	10	80
Investment	10	10	80
Household management	3	76	21
Financial budgeting	3	67	30
Loans/credits	17	20	63
Business/Farms	67	3	30
Savings	10	26	64
Properties	10	3	87
Holiday	6	6	88
Insurance/pension	3	13	84

d. Problems encountered by married professionals in household financial decision-making

Table 4 shows that the married professionals neither agree nor disagree on the problems encountered with a grand mean of 3.13. However, the respondents agree on the lack of relative income (mean-4.12), lack of other sources of income (mean-3.42), inability to meet obligations due to extended family (mean-3.58) and low level of income pooling (mean-3.56).

Table 4. Problems encountered in household financial decision-making.

Problems	Mean	Interpretation
Lack of relative earning	4.12	Agree
Low share of income of women in the family income.	2.48	Disagree
Lack of financial awareness	2.23	Disagree
Lack of other sources of income	3.42	Agree
Family Influence on the financial decision making	2.40	Disagree
Relative level of education	3.23	Neither
Inability to meet obligations due to extended family	3.58	Agree
Low level of income pooling	3.56	Agree
Grand Mean	**3.13**	**Neither**

Legend:0.50-1.50=Strongly Disagree ;1.51-2.50=Disagree;2.51-3.50=Neither;3.51-4.50=Agree;4.51-5.50=Stronlky Agree

4. DISCUSSION

In modelling the household decision-making process, the household utility function framework assumes that a family maximizes a single household utility function reached by a consensus among family members subject to a pooled resource constraint. It does not differentiate between individual family members, nor does it recognize any systematic differences in power relations among household members (Becker, 1973). Further, Bernasek and Bajtelsmit (2002) predict that the outcome and the decision-maker are independent of who earns the income in the household. Participation in the decision-making process and relative share of income are not related to one another. This corresponds with the findings of the study that there are still decision domains that are decided by either of the spouses such as household (76%) and budgeting (67%) are mostly done by the wife.

Becker (1973) proposed a model with an altruistic head of the household who makes decisions to maximize the household utility function. This model assumes that all resources are pooled, regardless of which household member contributes the income, and that decisions reflect the preferences of all members of the household, regardless of who takes responsibility for managing choices. In this model, it does not matter who makes the financial decisions because choices would always be made in the best interest of all household members.

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However, couples often do not pool their incomes completely (Lundberg et al., 1997; Pahl, 2000). Factors affecting income pooling are transaction costs (Treas, 1993), being married (vs. cohabiting), income, age, and the presence of children (Lyngstad, Noack, & Tufte, 2011). Income pooling is, for instance, more common for households with married partners, partners with more-or-less equal income, and households with children. Income pooling also assumes that it does not matter which expenses are paid from the husband's income or the wife's income.

The woman as the primary day-to-day manager may be inclined, or may also be perceived as inclined, to make financial decisions in line with her own inclinations. Thus, her partner may be tempted to withhold some portion of the earned money for his "vices" (Illo & Lee, 1991 as cited in Ashraf, 2009). With this, there is a word in Tagalog, *kupit*, which refers to men not giving all their income to their wives. While *kupit* literally means to steal small amounts, it is used colloquially to refer to not giving over unexpected income sources to one's wife like as a bonus and incentives (Ashraf, 2009).

Marianne et al (2003) posited that a lack of knowledge about financial management in the household may result in ineffective financial practices. Although not covered by this study, education is a factor that impacts women's financial management in households, there are a variety of other factors, such as economic environment, culture and religion, which could impact women's financial activities.

The profile of the married professionals in OMSC reveals that they are dual-earner couples working full-time, highly educated and both contribute to their household income. In addition, it shows that they are young adults with long work experience and have an income above the poverty threshold. This implies that the respondents have enough income to fulfil their daily requirements. This is supported by Marripedia (2022) which revealed that married-couple families in which both spouses are in the paid workforce earn the most income. In 2007, according to the U.S. Census Bureau, the median annual income among dual-earner married-couple families was $86,435. For households in which the wife did not work outside the home, the median annual income was $47,329.

The present research reveals that married couples have a high level of knowledge in financial literacy, have financial goals and have also practised financial savings. This indicates that the married couples of OMSC consider the significance of financial literacy in attaining monetary goals. This correlates with the study of Grobbelaar (2011) wherein she argues that financial literacy is an important tool for daily personal financial management in that it helps an individual make wise financial decisions, overcoming or avoiding debt and increasing savings.

The result of the present research shows that the majority of the financial decisions in household management are decided by both the husband and wife. This is the usual decision-making pattern of married couples in OMSC, however, some aspects are done by the wife including financial decisions in household management and financial budgeting. This finding corresponds to the study of Johnston et al. (2015), using detailed information on household wealth, they found that households in which the female is the main financial decision-maker are significantly less likely to hold financial assets and more likely to hold their wealth in real estate.

Regarding the problems encountered in household financial decision-making, this research reveals that the married professionals agree on the lack of relative earning, lack of other sources of income, inability to meet obligations due to extended family and low level of income pooling. However, they disagree in terms of the low share of income of women in the family income, lack of financial awareness and family influence on financial decision-making. This implies that the respondents encountered varied challenges in household financial decision-making. This finding is consistent with the study of Alsemgeest et al. (2015), wherein it argues that both men and women face financial challenges from time to time. Such challenges can, amongst other things, include planning around income, insurance, maintaining a favourable credit record, and planning for retirement, savings, and investments for the achievement of future life goals.

5. CONCLUSIONS

The result shows that the married professionals are young adults, from small households, with long experience working in OMSC and household income above the poverty threshold. In addition, the majority of married professionals have a high level of knowledge of financial literacy, they have financial plans and practice savings as cash in the bank. Further, the financial decisions in the household are done by both the husband and wife and they neither agree nor disagree on the problems encountered in financial management.

In line with the findings of the study, hence the following conclusions are drawn.

1. The married professionals of OMSC are dual-earner couples working full-time, highly educated and both contribute to household income. In addition, it shows that they are young adults with long work experience and have an income above the poverty threshold.
2. The married couples of OMSC have a high level of knowledge on financial literacy, have financial goals and are practising financial savings. Thus, married couples consider the importance of financial literacy in attaining monetary goals.
3. The financial decisions in household management are decided by both the husband and wife. Thus, it is the usual decision-making pattern of married couples in OMSC.
4. The married professionals of OMSC encountered varied challenges in household financial decision-making.

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Since finances play a huge role in shaping a relationship, especially in a marriage, where a couple needs to work together, it can cause disagreement and misunderstanding, gaining insights about this study helps married couples to be efficient in household resource management and financial decision-making.

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