Financial Competence of Non-Accounting Graduates in the Department of Education in Cabanatuan City

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Abstract— *This study sought to evaluate the financial acumen of Department of Education graduates who did not major in accounting. Second, how it impacts their ability to perform at work. The relationship between financial competence and performance rating was described and examined in this study using a descriptive correlation research design. The study's findings indicate that most respondents were females in the age range of 31 to 40, college graduates, and mostly administrative officers with two to three years of experience. They received a score of 39% for knowledge, 53% for skills, 74% for attitude, and 72% for behavior. The average score is 60%, indicating that their level of financial competence is average. The findings indicate a strong positive correlation between financial competence and performance rating, with a correlation coefficient of 0.724. This implies that a person's performance will increase in direct proportion to his level of financial competence. It is necessary to take into account their mediocre level of skill and limited knowledge. Programs for financial education may assist employees in achieving and maintaining a high level of financial competence at work, which will lead to good performance.*

Keywords— *Assessment, Department of Education. financial competence, performance, qualification and skill mismatch*

I. INTRODUCTION

Financial competence involves the ability to handle money, understand financial institutions' roles, and participate in financial planning. In an ever-progressive professional environment, employees are expected to gauge work with sufficient financial competence. The concept of competency is usually applied to define the whole of individual abilities, skills, behaviors, and knowledge, oriented to effective performance in a particular working environment. (Kolibacova, G., 2014). Companies today require employees who understand their finances and can make a significant contribution to the bottom line.

One of the problems that arise in the appointment of school managers is that the appointment itself is not based on the training and expertise possessed by school heads, which in turn will cause the appointed school heads to manage in a trial-and-error manner. The said school head will also be heavily dependent on the accounting clerk who is known to be more experienced in the school's financial management. Therefore, this would cause problems in the financial management of the school due to the prevailing fact that is lacking knowledge and experience among school heads in preparing school expenditures (Galigao et al., 2019). This is also true in DepEd Cabanatuan.

Like most institutions, the job-skill mismatch is another issue that DepEd Cabanatuan is dealing with. There is no denying that job-skill mismatch remains a problem in the country's labor sector (Villanueva, 2016). The pandemic

changed the employment landscape for the Filipinos that continue to exist in the medium to long term. This divergence will increase skills mismatches in the labor market, as workers do not transition easily between sectors given differences in required skills and experiences. (Bird et al., 2021). According to Montt (2015), one underlying factor behind the high rate of job-skill mismatch is education. His study explains the reasons in two distinct concepts, "qualification mismatch", which happens when individuals are formally educated in a particular field and then downgrade to another field just to find work; and "skills mismatch", which results from technical or soft skills mismatch as against those required by the jobs.

In most organizations, there are accounting jobs that don't require a degree in accounting, as long as the person is qualified for the position. According to Liao (2016), jobs like administrator, accounting clerk, bookkeeper, and other supportive roles do not require an accounting degree. The problem with this is that a lack of qualifications may lead to poor job performance. Therefore, an individual who is not well-versed in accounting principles may be limited in their ability to perform these tasks. Financial knowledge can help individuals make relevant financial decisions, efficiently management of money and debt, lower financial stress, and better implementation of strategies to reach financial goals. However, the Philippines' financial literacy is still at a low level, according to the Bangko Sentral ng Pilipinas (BSP) (Agcaoli, 2020). Approximately only 2% of adult Filipinos can correctly answer all financial literacy questions (Financial Literacy Statistics, 2020). In addition, Standard & Poor (S&P) discovered last 2015 that only 25 percent of Filipinos are financially literate, including over 75 million with no insights about insurance, inflation, and the simple idea of savings accounts. The public and private sectors have been exerting efforts to promote financial knowledge; still, the number of Filipinos who invest (in stocks, insurance, or mutual funds) is only between 8 to 10 percent (Enterprises, 2018).

In this day and age, when budgeting and increasing profitability are two of the most important goals for a school's success, educators and school administrators must have a strong grasp of the fundamentals of accounting. DepEd Cabanatuan is responsible for providing the best facilities and most motivating learning environments to the students. To do this, they must appoint employees that can track the schools' incoming revenue streams and outgoing expenses in real-time, as well as make projections about future finances. Financial management is one of the key elements in the provision of high-quality education. The resources and funds utilized by an educational institution are used to develop its infrastructure and implement initiatives that will be beneficial for the students. As such,

it is important to ensure that all expenditures are properly scrutinized and utilized in a way that will best benefit the purposes of an educational institution.

Over time, the workplace has become increasingly complex, as new technologies and practices have been introduced. This means that employees must be able to understand their roles within an organization, how organizations operate, and how changes in these organizations affect their performance. This requires a high level of financial competence. And while having a strong accounting department is crucial, it's also vital to make sure that non-accounting graduates understand financial concepts. With enough financial knowledge, employees can create more value and increase their productivity. Thus, it is critical to assess the level of financial competence of non-accounting majors in DepEd Cabanatuan to help the government in designing effective financial education programs. Furthermore, it is relevant to determine whether being financially competent strengthens or weakens their job performance.

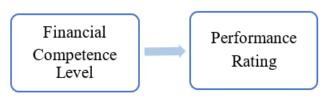**Theoretical Framework**

Fig.1. Theoretical Framework of the Study

Figure 1 presents the theoretical framework of the study. The independent variable of the study is financial competence, whereas the dependent variable is the performance rating of non-accounting graduates in DepEd.

Financial competence as an independent variable pertains to the intellectual understanding of different financial concepts such as budgeting, borrowing, and taxation. People with a good level of financial competence are analytical and will be less likely to create poor decisions about financial transactions; therefore, increasing their work productivity. They are more likely to perform in an effective and efficient way. On the other hand, performance rating as the dependent variable of the study concerns the standing of the employee in his line of work. It is the evaluation of the worker's performance in correspondence to DepEd standards.

By incorporating financial competence into the workplace, corporations and employees reap many benefits, including increased productivity and retention. Financial competent

employees tend to have greater focus and less stress, making them more effective (Mohney, 2018).

II.   METHODOLOGY

The researchers used a descriptive correlation research design in the study to describe and observe the relationship between financial competence and performance rating among non-accounting graduates in DepEd Cabanatuan. Specifically, the researchers would like to observe the financial competence of non-accounting graduates. Also, the researchers aim to determine the impact of the financial

competence level of a person (whether financial competence increases or decreases) on their job performance. 20 non-accounting graduates were purposively chosen to constitute the study. The researchers used an online questionnaire guided by the Eastern Europe Central Asia Policy Initiative (ECAPI) and Consumer Empowerment and Market Conduct (CEMC) Working Group's financial competency matrix for adults. The data gathered from the respondents were analyzed using appropriate statistical tools such as frequency, percentage, and Spearman rho correlation.

III.   RESULTS AND DISCUSSION

1. Socio-Demographic Profile of the Respondents

Table 1. Socio-demographic profile of the respondents.

Variables	f	%
Highest educational attainment		
Bachelor's Degree Graduate	15	75%
Master's Degree Level	2	10%
Master's Degree Graduate	3	15%
Doctorate Degree Level	-	-
Doctorate Degree Graduate	-	-
Degree taken		
Business and Management	6	30%
Health Sciences	3	15%
Engineering	2	10%
Computer Sciences	4	20%
Biological and Agricultural Sciences	1	5%
Education	3	15%
Arts and Humanities	1	5%
Current work		
Unit Head	1	5%
Administrative Officer	9	45%
Administrative Assistant	4	20%
Administrative Aide	4	20%
Clerk	2	10%
Number of years in the current position		
0-1	3	15%
2-3	13	65%
4-5	2	10%
More than 6	2	10%
Age		
20-30	7	35%
31-40	8	40%
41-50	5	25%
Sex		
Male	7	35%
Female	13	65%

A total of 20 respondents were involved in this study, and the researchers came up with correct results and interpretations following their answers. The researchers looked at three (3) major characteristics of the non-accounting graduates of DepEd. To mention, these are their *background, financial competence (knowledge, skills, attitude, and behavior) and performance.* The sex of the respondent comprised 35% of males and 65% of females, and their ages ranges from 24 to 49. Three out of 20

participants had a master's degree and a majority of them answered that they obtained a degree in these three fields: Business and Management (30%), Computer Sciences (20%) and Health Sciences (15%). Almost half of them are Administrative Officers (45%) with a majority of 2-3 years of service in their current position.

2.   The Level of Financial Competence of Non-Accounting Graduates in DepEd

Table 2. *Level of financial competence of the respondents*

FINANCIAL CAPABILITY COMPONENTS: THEMATIC AREAS	KNOWLEDGE	SKILLS	ATTITUDE	BEHAVIOR	OVERALL
1. ECONOMIC IMPACT	50%	55%	71%	68%	61%
2. BUDGET MANAGEMENT	70%	75%	75%	70%	73%
3. SAVINGS AND LONG-TERM PLANNING	55%	65%	71%	72%	66%
4. DEBT MANAGEMENT	25%	35%	70%	72%	51%
5. SHOPPING AROUND	40%	65%	82%	70%	64%
6. RIGHTS PROTECTION	15%	40%	76%	70%	50%
7. SAFETY	20%	35%	77%	78%	53%
OVERALL	39%	53%	75%	71%	60%

Table 2 presents the level of financial competence of the respondents. Financial competency was measured in the second part of the questionnaire by following the ECAPI's financial competency matrix for adults. A 14-item assessment was used to determine the knowledge and skills of the participant in these thematic areas: economic impact, budget management, savings and long-term planning, debt management, shopping around, rights protection and safety. The average score of the respondents in the knowledge component was 39% On the other hand, the average score for the skills component was 53%. In determining their attitude and behavior, a 14-item Likert scale was constructed following also the mentioned seven thematic areas. With a Cronbach alpha value of 0.75, the Likert scale developed by the researchers passed the reliability test and signified an acceptable internal consistency in the survey. Their self-perceived attitude was 75% while their behavior

component was 71%. The researchers followed Durham University's Blackboard Enterprise Survey in converting the mean of the answers in the Likert scale into percentages. Results showed that the respondents had the highest average in the area of budget management (73%) and the lowest in rights and protection (50%). The knowledge of the non-accounting graduates was relatively low. Contrarily, their self-perceived attitude and behavior are high, and their skills are average. Overall, the financial competence of non-accounting graduates was middle, totalling a score of 60%. For simplicity reasons, the financial competency index and other sub-indexes are scaled lowest (0-20%), low (21-40%), middle (41-60%), high (61-80%) and highest (81-100%). (Alliance for Financial Inclusion, 2017).

3. **Financial competence and performance rating.**

Table 3. Correlation of financial competence and performance rating.

Correlations

			Fin_Comp	Perf_Rate
Spearman's rho	Fin_Comp	Correlation Coefficient	1.000	.724**
		Sig. (2-tailed)	.	.000
		N	20	20
	Perf_Rate	Correlation Coefficient	.724**	1.000
		Sig. (2-tailed)	.000	.
		N	20	20

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3 shows the relationship between financial competence and performance rating. Spearman rho correlation was used to determine the relationship between

financial competence and performance rating. The Spearman rho correlation (ρ) is a non-parametric test that is used to measure the degree of association between two

variables. (Statistics Solutions, n.d.). The numbers in the table (See table 3) show that the correlation coefficient between the two is 0.724. It is in the range of .70 to .90 which signifies a strong positive correlation between the dependent and independent variables. This concludes that the higher the financial competence of an individual, the greater his performance will be. Output from IBM SPSS derived a value of 0.000 as seen in the row for significance (two-tailed). It denotes that the relationship between the two variables is statistically significant since the P-value (0.000) is less than the alpha (α) value of 0.05.

IV. CONCLUSIONS AND RECOMMENDATIONS

The following conclusions were made based on the results and discussions:

1. The average score of the respondents in the knowledge component was 39%. On the other hand, the average score for the skills component was 53%. This indicates that respondents have issues understanding the time value of money, formal and informal ways of saving, investments, simple and compound interest, and other financial topics. Particularly in the aspects of rights & protection, safety, and debt management. Similarly, skills related to debt management and safety are 35%.

2. Their total average for attitude and behavior is 75% and 71%, respectively. This shows that despite privacy concerns and their inability to recognize financial scams and fraud attempts, they are nonetheless cautious and turn down enticing suspicious financial offers from unidentified sources. The total average score of the respondents is 60% which means they have a middle level of financial competence.

3. Spearman rho correlation was used to determine the relationship between financial competence and performance rating. Results show a correlation coefficient of 0.724 which signifies a strong positive correlation between the variables. This means that the more financially competent a person is, the greater his performance will be. The low percentage of their knowledge and the middle level of their skills needs to be considered.

Based on the findings and conclusions, the following was recommended:

1. The Department of Education may opt to provide financial education programs to help the employees attain and maintain a high level of financial competence in their workplace, thus providing good performance.

2. In today's world, it is imperative to teach financial literacy. Financial literacy is the foundation of money-related relationships, and its learning process is long-term.

(Fernando, 2022). In line with this, Cabal and Tilan defined financial literacy as the comprehension of a set of economic concepts that can be used to evaluate financial situations and make good financial decisions. To stay up with the many changes in the field of finance and accounting, employees who are not familiar or knowledgeable with financial management should be obliged to take a financial literacy course. In this way, employers can ensure that they only hire people with the qualifications necessary for the position.

3. This paper proposes that teaching financial literacy should focus on enhancing its practical aspects including the development of skills in planning, budgeting, and using financial records in coming up with sound decisions. This study also provides additional knowledge and awareness to different organizations, most especially in the government sector to consider the financial competence and skills of their employees.

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