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Assessing the Financial Literacy of the Blue-Collar Job Workers in terms of Financial Management Practices

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Abstract. The study aimed to assess the financial literacy of blue-collar workers in Valencia City, Philippines, based on their financial management practices. It employed a quantitative approach, using descriptive statistics to analyze data collected from 100 randomly chosen participants. The study found that blue-collar workers in Valencia City showed moderate proficiency in saving, managing expenses and bills, and setting financial goals. They also displayed a fair understanding of financial management principles. However, investment practices were limited due to concerns about scams and distrust, while debt management was rarely practiced due to income fluctuations from hourly wages and project-based work. Despite these challenges, the overall results suggest a moderate financial literacy level of among this group. The study recommends that financial literacy education must be improved. It also encourages companies to provide financial education programs for their employees. And support initiatives that expand access to affordable financial services and promote fair lending practices for low- and moderate-income individuals.

Keywords: Financial literacy; Financial management; Financial education; Income; Debt management

1.0 Introduction

The interconnectedness of the global economy is driving significant changes in the financial world. As economies grow and intertwine, new financial products and services demand greater financial literacy from individuals and businesses (Herawati, Candiasa, Yadnyana, & Suharsono, 2018). The growing complexity and accessibility of financial options, combined with dynamic markets and readily available debt, leaves many workers unprepared to make informed financial decisions. From saving and investing to managing debt, individuals face a challenging landscape with ever-evolving terminology and options. This lack of preparedness can lead to unhealthy financial choices that impact their personal lives and potentially their workplace well-being (Mbarire & Ali, 2014).

Workers' financial well-being boils down to their net wealth at a given moment, shaped by their monthly financial management strategies. This involves meticulously planning and tracking income and expenses for better financial standing. It's about being proactive with your money to improve your overall financial health (Arlinawati, Sawitri, & Utomo, 2020). A strong understanding of personal finance, or financial literacy, empowers individuals to navigate their financial journey effectively. According to Oppong et al. (2023), financial literacy empowers individuals, households, and organizations to make informed choices about budgeting, saving, investing, and managing risks. This knowledge, crucial throughout life, ultimately leads to achieving financial goals and improving overall well-being through sound financial decisions at every stage.

This study explored the financial literacy and behavior of blue-collar job workers by assessing their financial management practices. Specifically, it aimed to evaluate the financial literacy of the blue-collar job worker in terms of their savings, investment practices, expenditures, bills, debt management, and long-term financial goals.

2.0 Methodology

2.1 Research Design

This research utilized a quantitative research design, utilizing the descriptive technique. This approach highlights target estimations and statistical, mathematical, or numerical investigation through surveys.

2.2 Research Locale

The study was conducted in Valencia City, Bukidnon, Philippines known for its agriculture and commerce. The city covers 63,126 hectares, with over half dedicated to farming. Its annual income is Php 1.5 billion and the minimum wage ranges from Php 378 to Php 405. The study's participants were chosen randomly.

2.3 Research Participants

This study randomly selected 100 blue-collar workers, including construction workers, farmers, mechanics, house helpers, utility and maintenance workers, and security guards.

2.4 Research Instruments

The study adapted and used a reliable questionnaire (Cronbach's alpha = 0.87) developed by Earvin John Medina with modification. This questionnaire employed a Likert scale (detailed in Table 1) where participants rated their agreement with various statements, providing ordinal data indicative of their understanding and practices. The questionnaire is divided into six dimensions of financial management practices of blue-collar job workers. The savings will determine how much employees divide their income for different purposes. Investment practices will evaluate how much employees invest the rest of their money that exceeds their living expenses in other investment companies. It is a significant area because the investments will depend on how the employees manage and divide their money for other purposes. Expenditure Management measures how employees work their money for important things and prioritize expenses. Bill Management estimates how employees pay their bills at the right time. Debt Management measures how employees manage financial difficulties and multiple debts. Financial goals measure the extent to which employees work their money well and set aside their money for long-term financial goals.

2.5 Data Gathering Procedure

Before administering the research instrument, the researchers will seek approval from the school administrator and the academic coordinator for the formality of the research endeavour. Before disseminating the survey questionnaires, the researchers discussed the nature of the study with its respondents and sought their consent.

2.6 Data Analysis Method

The study employed descriptive statistics, specifically the mean of the ratings on the Likert scale, to analyze the data and understand the average financial literacy practices among blue-collar workers.

3.0 Results and Discussion

3.1 Descriptive Analysis of Financial Literacy of the Blue-Collar Job Workers

Financial Literacy in terms of Saving Practices

Table 1 presents the financial literacy of blue-collar job workers regarding savings. It reveals the overall means of 3.70 (acceptable) of the blue-collar job employees. The study results imply that saving a portion of their salary or income is moderately practiced by blue-collar job workers. According to Brochado and Mendes (2021), keeping a portion of one's income constitutes a positive financial well-being. It provides purchasing power protection in an event like income shock or emergency. Research suggests a clear link between financial literacy and savings habits, independent of income and education. People with stronger financial literacy are much more likely to save money, using both formal bank accounts and informal methods, compared to those with lower financial literacy. This underscores financial literacy's crucial role in promoting healthy saving behaviors, regardless of other socioeconomic factors (Morgan & Long, 2020). On the other hand, the study of Pillay, Kelly, & Tones (2010) explains that having low wages for blue-collar job workers constitutes less money savings practices. Most of their income is enough to sustain their necessities, leaving no room for savings.

Table 1. Practices of the blue-collar job workers in terms of savings

	INDICATORS	MEAN	DESCRIPTIVE RATING	INTERPRETATION
1.	Saving money is necessary.	4.38	Strongly Agree	Highly Practiced
2.	I save a part of my income regularly.	3.82	Agree	Moderately Practiced
3.	I can save despite having a low salary.	3.70	Agree	Moderately Practiced
4.	I save money via savings accounts, property, or collective investment schemes.	3.06	Undecided	Fairly Practiced
5.	I invest my savings in banks because I trust them.	3.28	Undecided	Fairly Practiced
6.	I am willing to risk some of my money for savings and investments.	3.40	Agree	Moderately Practiced
7.	I see the significance of making savings.	4.04	Strongly Agree	Highly Practiced
8.	I am mindful of my income and expenses.	4.20	Strongly Agree	Highly Practiced
9.	I have a budgetary plan.	3.84	Agree	Moderately Practiced
10.	I set aside money for future needs.	3.82	Agree	Moderately Practiced
11.	I save and spend the rest of the money on my daily.	4.02	Agree	Moderately Practiced
12.	I spend money on everyday needs and save the rest.	3.82	Agree	Moderately Practiced
13.	I spend all the money on everyday needs without saving any portion.	2.68	Disagree	Seldom Practiced
Overall Result		**3.70**	**Agree**	**Moderately Practiced**

Financial Literacy in terms of Investment Practices

Table 2 shows the investment practices of blue-collar job employees. It reveals the overall mean of 3.04 (undecided). Schneider, Hastings, & LaBriola (2018) reveal that blue-collar workers have less opportunity for investments due to the class and income divide. Higher-income individuals have more access to different investment platforms, especially in corporate fields. Additionally, based on the study of Cingano (2014), blue-collar job workers and low-income earners are prone to and have been a target of investment scams throughout the year, creating fear towards investment.

Table 2. Practices of the blue-collar job workers in terms of investments

	INDICATORS	MEAN	DESCRIPTIVE RATING	INTERPRETATION
1.	I invest a portion of money that exceeds my estimated expenses.	3.54	Agree	Moderately Practiced
2.	I invest in insurance plans.	3.32	Undecided	Fairly Practiced
3.	I invest in real estate and other properties.	2.64	Undecided	Fairly Practiced
4.	I invest in company shares.	2.38	Disagree	Seldom Practiced
5.	My investments are diversified to balance the risk.	2.34	Disagree	Seldom Practiced
6.	I consider the external and internal factors before I invest.	2.56	Disagree	Seldom Practiced
7.	I seek professional advice before I invest.	3.54	Agree	Moderately Practiced
8.	It is terrible to invest money that exceeds my expenses.	4.02	Agree	Moderately Practiced
Overall Result		**3.04**	**Undecided**	**Fairly Practiced**

Financial Literacy in terms of Expenditure Management

Table 3. Practices of the blue-collar job workers in terms of expenditure management

INDICATORS	MEAN	DESCRIPTIVE RATING	INTERPRETATION
1. I prioritize the necessary items.	4.30	Strongly Agree	Highly Practiced
2. I buy something after carefully considering whether I can afford it.	4.54	Strongly Agree	Highly Practiced
3. I compare the prices when buying things.	4.30	Strongly Agree	Highly Practiced
4. I use a budgetary plan.	3.98	Agree	Moderately Practiced
5. I keep track of my expenses.	3.66	Agree	Moderately Practiced
6. I buy products that are recommended by others.	3.86	Agree	Moderately Practiced
7. I have control over my needs and wants.	4.18	Agree	Moderately Practiced
Overall Result	**4.12**	**Agree**	**Moderately Practiced**

Table 3 shows the expenditure management practices of blue-collar job workers. It reveals the overall mean of 4.12 (agree) for the blue-collar employees. This implies that blue-collar employees moderately practiced expenditure moderation, such as checking and comparing prices, monitoring expenses, creating budget plans, etc. In the study of Guillermo and Bambalan (2021), expenditure management is one aspect of financial management practices that needs monitoring and enhancement. One of the problems revealed in the study is the need for more control over spending. According to Doniego (2021), blue-collar job workers are mindful of expenses. The employees usually adjust their costs based on their average income.

Financial Literacy in terms of Bill Management

Table 4. Practices of the blue-collar job workers in terms of bill management

INDICATORS	MEAN	DESCRIPTIVE RATING	INTERPRETATION
1. I pay my bills as soon as they are available.	3.68	Agree	Moderately Practiced
2. I pay my bills on the due date.	3.39	Undecided	Fairly Practiced
3. I strictly monitor my financial affairs.	3.64	Agree	Moderately Practiced
Overall Result	**3.57**	**Agree**	**Moderately Practiced**

Table 4 shows the bill management practices of blue-collar job employees. It reveals the overall mean of 3.57 (agree) for the blue-collar job workers. High-income employees, especially in the corporate and managerial fields, paid their bills ahead of time for credit points and rebates. At the same time, skilled laborers struggle to keep up with their bills and payments, leading to debt (Prawitz & Cohart, 2014). According to the Bureau of Consumer Financial Protection, in 2018, low-income (blue-collar) employees struggled to pay their bills because of their low wages. The study found that nearly half (43%) of the blue-collar workers surveyed reported struggling to cover their monthly expenses and bills. This financial strain can lead to negative consequences such as late fees, high interest charges, and even loss of valuable assets.

Financial Literacy in terms of Debt Management

Table 5. Practices of the blue-collar job workers in terms of debt management

INDICATORS	MEAN	DESCRIPTIVE RATING	INTERPRETATION
1. I rely on expenses on loans.	2.20	Disagree	Seldom Practiced
2. I have been involved in financial troubles.	2.22	Disagree	Seldom Practiced
3. I have too much debt as of now.	3.04	Undecided	Fairly Practiced
4. I avoid financial trouble as much as possible.	2.86	Undecided	Fairly Practiced
Overall Result	**2.58**	**Disagree**	**Seldom Practiced**

Table 5 shows the debt management practices of blue-collar employees. It reveals the overall mean score for blue-collar jobs, which is 2.58 (disagree), which is seldom practiced. Yulianah, Nurjannah, & Sa'diyah (2023) reveals that blue-collar employees avoid debt despite low incomes. Seventy-eight respondents said they preferred to maximize and save a portion of their income rather than borrow money. According to Pitale and Nerlekar (2020), one must prioritize the goals to handle the debt correctly. Uncontrolled debt can be a ticking time bomb. Excessive borrowing can quickly snowball into financial stress and even bankruptcy, highlighting the importance of responsible debt management.

Financial Literacy in terms of Financial Goals

Table 6. Practices of the blue-collar job workers in terms of financial goals

INDICATORS	MEAN	DESCRIPTIVE RATING	INTERPRETATION
1. I set and strive to achieve long-term financial goals.	4.04	Agree	Moderately Practiced
2. It is necessary to have financial goals.	4.34	Strongly Agree	Highly Practiced
3. Setting five-plus-year goals is necessary.	3.64	Agree	Moderately Practiced
4. I allot money for long-term investments.	3.62	Agree	Moderately Practiced
5. Investing is a long-term financial goal.	3.96	Agree	Moderately Practiced
6. Spending money is more satisfying than saving it for the long term.	2.90	Undecided	Fairly Practiced
7. Given the guaranteed availability, I'd take the Php 100,000 today over waiting a year for Php 110,000.	3.50	Agree	Moderately Practiced
Overall Result	**3.71**	**Agree**	**Moderately Practiced**

Table 6 shows the perspective toward the financial goals of blue-collar job workers. It reveals the overall mean score of 3.17 (agree), which is "moderately practiced". This implies that most respondents put a significant value on setting and planning for long-term financial stability. In the study of Kiymaz and Öztürkkal (2019), financial goal leads to financial satisfaction and improved economic well-being in lower-income families because of the security it provides for future needs. It would be beneficial for future research to explore the link between lack of future financial planning and negative impacts on both current and retirement well-being. This could provide valuable insights into the importance of long-term financial planning for overall well-being. The study of Dewi, Febrian, Effendi, Anwar, & Nidar (2020) reveals that planning and applying financial goals affect financial decision-making. Thus, forming positive economic behavior.

3.2 Summary of the Findings for Financial Literacy Dimensions

Table 7. Practices of the blue-collar job workers in terms of financial goals

DIMENSIONS	MEAN	DESCRIPTIVE RATING	INTERPRETATION
Savings	3.70	Agree	Moderately Practiced
Investing	3.04	Undecided	Fairly Practiced
Expenditure Management	4.12	Agree	Moderately Practiced
Bill Management	3.57	Agree	Moderately Practiced
Financial Goal Management	3.71	Agree	Moderately Practiced
Debt Management	2.58	Disagree	Seldom Practiced
Overall Result	**3.45**	**Agree**	**Moderately Practiced**

Table 7 presents the overall score of 3.45 (Agree) from all the dimensions of financial literacy of blue-collar job workers. Savings (3.70), Expenditure management (4.12), Bill management (3.57), and Financial Goal Management (3.71) are moderately practiced by participants while investing (3.04) is fairly practiced, and debt management (2.58) is seldom practiced.

This implies that despite the challenges in financial management, the workers showcase good financial literacy. Because careless financial management practices are the leading cause of financial failure. Inefficient financial management and the uncertainty of income fluctuation often led to severe problems (Khan & Kader 2019).

Empowering households and financial institution employees with enhanced financial literacy is critical to unlocking a more stable and prosperous future. Informed budgeting, saving, and borrowing habits lead to greater financial security for individuals and families, enabling better planning for long-term goals like retirement and supporting loved ones. This ripple effect extends to the financial institutions themselves, benefitting from a more financially savvy customer base and a knowledgeable workforce, ultimately reducing risk, and fostering a healthier economic environment (Gachango, 2014; Hitka, Lorincova, Balážová, & Caha 2021).

4.0 Conclusion

Managing finances is crucial for blue-collar workers because it empowers them to overcome unique challenges like hourly wages, potential job instability, and limited access to financial resources. Responsible money management allows them to build emergency funds, secure their future through retirement savings, and avoid predatory financial practices, ultimately leading to greater peace of mind and control over their well-being. Blue-collar workers require holistic financial empowerment: accessible financial education workshops, employer-facilitated retirement plans with auto-enrolment, early wage access options, and partnerships with credit unions or low-cost banking solutions can counter predatory practices and promote informed saving. Tailored programs addressing debt management, budgeting, and risk management alongside career advancement opportunities equip them to build financial resilience and long-term security. Remember, addressing the systemic issues limiting wealth accumulation is crucial for lasting impact.

5.0 Contributions of Authors

The authors all contributed to this research and approved the final version of this document.

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7.0 Conflict of Interests

The authors disclose no potential biases or competing interests that could influence the findings or interpretation of this research.

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