

FINANCIAL SELF-EFFICACY AND MOTIVATION OF YOUNG PROFESSIONALS

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ABSTRACT

This study was conducted to determine which domain of financial self-efficacy best predicts motivation of young professionals in Davao City, Philippines. The researchers used descriptive correlation method which includes a survey conducted with 100 young professionals. The adopted questionnaires which the respondents were asked to answer have been presented and validated. Mean, Pearson-r Correlation and Regression were the statistical tools used in this research. Results revealed that young professionals disclosed high level of financial self-efficacy and motivation. Moreover, there is a significant relationship between financial self-efficacy and motivation of young professionals. Furthermore, selection process as domain of financial self-efficacy best predicts motivation of young professionals.

KEYWORDS:

Financial Self-Efficacy, Motivation, Young Professionals, Cognitive Process, Affective Process, Selection Process, Autonomy, Relatedness, Competence

INTRODUCTION

Philippines is a country with an economy in transition and exhibits relatively low GDP per capita. In fact, government statistics suggests most Filipino families experience financial difficulties. The Philippine Statistics Authority (PSA) reported in 2019 that the poverty incidence, referred to as the proportion of the population living below the poverty line to the total population, among Filipino individuals in the first semester of 2018 was estimated at 21%. The survey also presents that on average, incomes of poor families were short by 26.9% of the poverty threshold (PSA, 2019). In fact, based on the 2017 Annual Poverty Indicators Survey (APIS), 17.9% among the out-of-school children and youth (OSCY) said that high cost of education or financial concern was the causative factor for not attending school. Other relevant reasons include marriage or family matters (37.0%) and lack of personal interest (24.7%).

With these premises, financial distress, as not only a function of low income but can also arise from mismanagement, is evidently observed among a portion of Filipino families including young professionals. Stress certainly may reduce self-efficacy on the individual; if the individual stress level is low, the self-efficacy will be high and vice versa, if the stress is high, then the self-efficacy will be lower (Mu'izzuddin, et al., 2017). Hence, increasing self-efficacy may have a direct proportional relationship on motivation.

The present study paid attention to two pivotal constructs: financial self-efficacy and motivation. A study by Mu'izzuddin, et al. (2017) outlines self-efficacy as the generative ability of an individual that includes the cognitive, social, and emotional; while goal setting theory of motivation explains that motivational mechanisms consist of: goals for direct attention, goals for increasing effort, goals for increasing persistency, and goals

support strategies and plans of action. The same study suggests that financial literacy raises one's sense of self-efficacy which can be additionally strengthened through social encouragement and persuasion.

While self-efficacy among entrepreneurs has been a subject of study in several regions across the world, there are currently no published studies that show that there is direct relationship between financial self-efficacy and motivation with a Filipino sample. The present study envisioned contributing to the literature on financial self-efficacy and its relationship to motivation among Filipino young professionals.

OBJECTIVES

The study was conducted to determine which domain of financial self-efficacy best predicts motivation of young professionals in Davao City. Moreover, it determines the level of financial self-efficacy and motivation, as well as the significant relationship between the two distinct variables.

METHODOLOGY

The researchers used descriptive correlation method. Adopted questionnaires were validated. Survey was conducted and responded by a random sample of 100 young professionals from Davao City, Philippines. The survey conducted is compliant to the research survey ethics protocol which reserved the confidentiality of respondents' personal information. Mean, Pearson-r Correlation and Regression were the statistical tools used in this research study.

RESULTS AND DISCUSSION

Level of Financial Self-efficacy among Young Professionals

Presented in Table 1 is the level of financial self-efficacy of young professionals. Results revealed that with a Mean rating of 3.61, the financial self-efficacy level is relatively high. Moreover, results disclosed high level in terms of cognitive process, affective process and selection process with Mean ratings of 3.38, 3.76 and 3.69, respectively.

Results imply that, in general, young professionals perceive themselves as highly effective in their financial management. More specifically, results revealed they are able to confidently set financial goals and wisely achieve them by making good spending decisions. This finding affirms the study of Phan (2011) that high self-efficacy produces positive effects that enable one to engage in adaptive behavior and to strive for successful outcomes. People are more likely to engage and involve themselves in activities and tasks in which they feel confident and avoid activities where they doubt their abilities (Vuong et al., 2010).

Table 1. Level of Financial Self-Efficacy of Young Professionals

| Indicator | SD | Mean | Descriptive Level |
|-------------------|-------------|-------------|-------------------|
| Cognitive Process | 0.54 | 3.38 | High |
| Affective Process | 0.64 | 3.76 | High |
| Selection Process | 0.66 | 3.69 | High |
| Overall | 0.61 | 3.61 | High |

Level of Motivation of Young Professionals

Presented in Table 2 is the level of motivation of young professionals. Results revealed that with a mean rating of 3.97, the motivation level is relatively high. Moreover, results revealed high level for autonomy, relatedness, and competence with Mean rating of 4.21, 3.88 and 3.83, respectively.

Results suggest that young professionals feel highly motivated in their career. Moreover, results revealed that they feel most motivated when there is autonomy in making decisions and taking courses of action. This affirms the study of Nielson (2018) that while we all work under guidelines, when we understand our parameters and have the freedom to do our best work, we become more creative, innovative, passionate and ultimately more effective. However, despite the need to be independent, people still need to relate and identify the particular task being completed while displaying and exercising proficiency (Busse, 2013; Mbtaha, 2015; Rakes & Dunn, 2010).

Table 2. Level of Motivation of Young Professionals

| Indicator | SD | Mean | Descriptive Level |
|----------------|-------------|-------------|-------------------|
| Autonomy | 0.70 | 4.21 | High |
| Relatedness | 0.60 | 3.88 | High |
| Competence | 0.61 | 3.83 | High |
| Overall | 0.41 | 3.97 | High |

Relationship between Financial Self-Efficacy and Motivation of Young Professionals

Presented in Table 3 is the relationship between financial self-efficacy and motivation of young professionals as revealed in the R-value of .562** with the P-value of .000 which is lesser than 0.05 level of significance. This implies that financial self-efficacy is significantly related to motivation as disclosed in the R-values of .354**, .436**, and .589** respectively. Their corresponding P-values are lesser than .05 level of significance. The results further suggest that other variables which were controlled for motivation had significant influence on financial self-efficacy of young professionals.

The finding affirms the study of Mu'izzuddin, et al. (2017) which revealed that young professionals with high levels of self-efficacy have better motivation that they are able to plan and manage their finances. A good financial planning with an ultimate goal to achieve personal economic satisfaction motivates them to exert optimal performance in their professional careers. Being free of debt, having fixed income flows, and being financially literate are common financial goals that demonstrate self-sustainability. People with higher levels of self-efficacy tend to have higher levels of motivation (Barry & Finney, 2009).

Table 3. Relationship between Financial Self-Efficacy and Motivation of Young Professionals

| Financial Self-Efficacy | Motivation | | | |
|-------------------------|------------------|------------------|------------------|------------------|
| | Autonomy | Relatedness | Competence | Overall |
| Cognitive Process | .424** (.000) | .222* (.026) | .226* (.024) | .354** (.000) |
| Affective Process | .485** (.000) | .297** (.003) | .493** (.003) | .436** (.000) |
| Selection Process | .639** (.000) | .428** (.000) | .391** (.000) | .589** (.000) |
| Overall | .629** (.000) | .387** (.000) | .371** (.000) | .562** (.000) |

** Significant at .01

*Significant at .0

Domain of Financial Self-efficacy which Best Predicts Motivation of Young Professionals

Presented in Table 4 is the domain of financial self-efficacy which best predicts motivation of young professionals. Among the domains, only selection process can singly predict motivation as revealed in the T-value of 4.948 and P-value of .000 which is lesser than .05 level of significance. Other domains cannot predict motivation such as cognitive and affective process. The R² square value that is .365 pertains to the 36.5% combined influence of all the domains to motivation of young professionals. The variance of 63.5% is attributed to other factors not covered in the study. The F computed value is 18.429 with the P-value of .000 which is lesser than .05 level of significance.

Results revealed that financial self-efficacy significantly influences motivation of young professionals. This affirms the study of Ansari and Khan (2015) which revealed that self-efficacy has its major impact on life satisfaction, where life satisfaction can reflect experiences that have influenced a person in positive way. A high level of self-efficacy sustains motivation, which leads to an increased need to learn, pursue academic challenging goals, and cultivate intellectual skills (Hsieh et al., 2007).

Table 4. Domain of Financial Self-Efficacy which Best Predicts Motivation of Young Professionals

| Financial Self-Efficacy | Motivation | | |
|--|------------|---------|----------|
| | B | T-value | P- value |
| Cognitive Process | .060 | .582 | .562 |
| Affective Process | .123 | 1.101 | .273 |
| Selection Process | .493 | 4.948 | .000 |
| R-value = .605 R² = .365 F-value = 18.429 P-value = .000 | | | |

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CONCLUSION

Based on the findings, the researchers concluded that the level of financial self-efficacy and motivation of young professionals in Davao City, Philippines is high. Moreover, financial self -efficacy significantly influences the motivation of young professionals. Finally, selection process as domain of financial self-efficacy best predicts motivation of young professionals.

This study highly recommends that considerable research attention be given to financial self-efficacy and motivation in the Philippine setting by validating the outcomes of this study, having a larger and randomly selected sample alongside conducting in-depth qualitative investigations. Both qualitative and quantitative empirical explorations would be meaningful in bridging the knowledge gap.

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