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| RESEARCH ARTICLE

## The Impact of Personal Budgeting Skills on College Students' Financial Stability

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### | ABSTRACT

Handling money wisely is essential for college students who face daily expenses and prepare for future financial responsibilities. This study examined how students' budgeting skills influence their financial stability, aiming to show that effective budgeting can lead to better saving habits, reduced financial stress, and improved decision-making. Using a descriptive-correlational research design, wherein 213 respondents were chosen at random from a total population of 457 students enrolled, the study explored the relationship between personal budgeting skills and financial stability among college students. A structured questionnaire was utilized to gather data on three aspects of budgeting: budget planning, financial goal setting, and expense tracking. Demographic information such as age, sex, year & program, and average monthly allowance was also collected. The data were analyzed using descriptive statistics and correlation analysis to determine the strength and significance of the relationship between budgeting and financial stability. Findings revealed that most students demonstrate good budgeting practices and recognize the importance of planning and setting goals. However, some still struggle to adhere to their budgets or consistently monitor expenses using digital tools. The correlation coefficient of 0.7247 with a significance level of  $p < 0.01$  indicated a strong positive relationship between budgeting skills and financial stability. Students who exhibit better budgeting habits tend to save more, feel more financially secure, and experience less stress. In conclusion, the study confirms that developing personal budgeting skills significantly enhances students' financial stability. Thus, schools and communities are encouraged to implement programs and workshops that promote financial literacy and responsible money management.

### | KEYWORDS

Budgeting Skills, Stability, Expenses, savings.

### | ARTICLE INFORMATION

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## 1. Introduction

Financial literacy has become an essential life skill in today's society, particularly for young individuals who are beginning to manage their own finances. As living costs continue to rise and economic uncertainties persist, college students are increasingly challenged to make independent financial decisions that directly affect their stability and well-being (Lusardi & Mitchell, 2023). However, despite their exposure to modern financial tools and resources, many students still struggle to balance their expenses, leading to financial stress, overspending, and dependence on external support. This growing concern highlights the importance of developing personal budgeting skills that can help students navigate their financial responsibilities effectively.

According to Xiao and O'Neill (2019), effective budgeting skills are crucial for enabling individuals to allocate limited resources efficiently, avoid unnecessary debt, and achieve their financial goals. For college students, developing these skills serves as a foundation for financial independence and responsible adulthood. However, research shows that many students lack adequate financial education and rely heavily on informal sources of financial knowledge, which often leads to poor financial behaviors and unwise spending choices (Kamel and Sahid, 2021). Furthermore, factors such as family background, peer influence, and accessibility of credit significantly affect students' ability to manage their finances wisely, making budgeting not just a personal task but also a social and environmental concern (Ruofan Bai, 2023).

In addition, understanding and managing one's budget reflects broader financial behavior and discipline. As stated by Kee et al. (2024), discrepancies between planned and actual spending reveal critical gaps in students' money management and financial decision-making. Consistent budgeting habits such as setting financial goals, tracking expenses, and regularly evaluating spending help individuals reduce financial anxiety and improve their overall sense of control over money. These habits also encourage financial resilience, which allows students to better cope with unexpected challenges such as sudden expenses or reduced income.

The purpose of this study was to examine the impact of personal budgeting skills on the financial stability of college students. The researchers were motivated by the growing observation that many students struggle to manage their limited allowances while fulfilling academic and personal needs. Specifically, the study focused on how budgeting practices in the areas of planning, goal setting, and expense tracking contribute to financial stability. By exploring this relationship, the researchers aim to highlight the value of financial education programs in higher education institutions and to encourage the implementation of initiatives that strengthen students' budgeting and money-handling skills.

This research was anchored on the Financial Planning Behavior Theory (Yeo et al., 2023) and the Theory of Personal Budgeting and Self-Control (Galperti, 2019). Together, these theories provide a strong foundation for understanding how students develop and apply budgeting practices that influence their financial stability. The Financial Planning Behavior Theory highlights the role of financial knowledge, satisfaction, and social learning in shaping budgeting behavior, while the Theory of Personal Budgeting and Self-Control focuses on how self-regulation and disciplined planning enhance financial outcomes. These theories collectively support the idea that developing strong budgeting skills during college years fosters financial independence, stability, and long-term economic well-being.

### **1.1 Research Questions**

This study seeks to answer the following core question: *How do personal budgeting skills affect the financial stability of college students at one of the Higher Educational institutions in Purok 4 Imbatug, Baungon, Bukidnon?* Supporting questions include: How do students' budgeting skills assess, in terms of budget planning, financial goal setting, and tracking expenses, influence their financial stability? How do respondents assess financial stability in terms of financial stress, savings, and monthly expenses? Is there a significant relationship between personal budgeting skills and financial stability? Finally, is there a significant difference in the effect of personal budgeting skills on financial stability when grouped according to their demographic profile?

### **1.2 Purpose of the Study**

The main purpose of this study is to examine the impact of personal budgeting skills on the financial stability of college students. By understanding this relationship, students can make informed financial decisions that enhance their ability to manage expenses, save, and achieve stability. This study also aims to encourage institutions to implement financial literacy programs that strengthen students' budgeting habits and promote financial well-being.

### **1.3 Significance of the Study**

The findings of this study are valuable to multiple stakeholders. For students, it serves as a guide to improve money management and build financial discipline. For educators, it provides a framework for integrating financial literacy

into the curriculum. Future researchers can use the study as a reference for related investigations, while institutions may benefit by developing training programs to address students' financial challenges. Ultimately, society benefits when financially responsible graduates contribute to economic stability.

## **2. Methods**

### **2.1 Research Design**

The study utilized a descriptive quantitative-correlational design to determine the relationship between personal budgeting skills and financial stability. This method allowed the researchers to collect numerical data through surveys and statistically analyze the strength of relationships between variables.

### **2.2 Participants and Sampling Method**

The study population consisted of 457 students enrolled at one of the Higher educational Institution. Using Slovin's formula with a 5% margin of error, a total of 213 respondents were selected. Participants were chosen through simple random sampling to ensure equal representation among business and public administration students.

### **2.3 Research Instruments**

Data were collected using a structured three-part questionnaire adapted from Bhovi (2024). Part I gathered demographic information such as age, sex, year level, and monthly allowance. Part II assessed personal budgeting skills in terms of budget planning, financial goal setting, and tracking expenses. Part III focused on financial stability, including financial stress, savings, and monthly expenses.

### **2.4 Data Gathering Procedure**

The researchers sought approval from their adviser and campus head before conducting the survey. Respondents were approached during their available time, and the purpose of the study was clearly explained. Participation was voluntary, and responses were treated with strict confidentiality. The data collected were organized, tallied, and analyzed using appropriate statistical tools.

### **2.5 Ethical Considerations**

Ethical standards were observed by obtaining informed consent from all participants. Confidentiality and anonymity were ensured throughout the research process. Respondents were informed that their participation was voluntary and that their responses would be used solely for academic purposes.

### **2.6 Data Analysis**

The collected data were processed using SPSS software. Descriptive statistics such as frequency, percentage, mean, and standard deviation were used to describe the respondents' profiles and assess responses. Pearson R was applied to determine the correlation between personal budgeting skills and financial stability, while T-Test and ANOVA were used to test for significant differences when grouped by profile. A four-point Likert scale was utilized, ranging from 1 (Strongly Disagree) to 4 (Strongly Agree).

<b>Scale</b>	<b>Range</b>	<b>Description</b>	<b>Interpretation</b>
4	3.26-4.00	Strongly Agree	Very High
3	2.51-3.25	Agree	High
2	1.76-2.50	Disagree	Poor
1	1.00-1.75	Strongly Disagree	Very Poor

3. Results

**Table 1.** Frequency Distribution of Respondents Profile

Demographic Profile	Frequency (f)	Percentage (%)
<b>Age</b>		
18-20 Years Old	98	46
21-24 Years Old	88	41
25 Years old & above	27	13
<b>Sex</b>		
Male	100	47
Female	113	53
<b>Year level &amp; Program</b>		
BSBA	116	54
BPA	97	46
<b>Average Monthly Allowance</b>		
₱ 1,000.00 Below	184	86
₱1,001.00–₱3,000.00	28	13
₱ 3,001.00 – ₱ 5,000.00	1	1

**Table 2:** Summary of the Average Distribution of Respondents Assessment on Personal Budgeting Skills in Terms of Budget Planning, Financial Goal Settings, and Tracking Expenses

Personal Budgeting skills	Mean	STD	Description	Interpretation
Budget Planning	3.49	0.56	Strongly Agree	Very High Personal Budgeting Skills
Financial Goal Setting	3.52	0.56	Strongly Agree	Very High Personal Budgeting Skills
Tracking Expenses	3.45	0.63	Strongly Agree	Very High Personal Budgeting Skills
<b>Average</b>	<b>3.45</b>	<b>0.58</b>	<b>Strongly Agree</b>	<b>Very High Personal Budgeting Skills</b>
<i>Legend:</i>		1-1.75(Very poor Personal Budgeting Skills)		1.76-2.50(Poor Personal Budgeting Skills)
		2.51-3.25(High Personal Budgeting Skills)		3.26-4.00 (Very High Personal Budgeting Skills)

**Table 3:** Summary of the Average Distribution of Respondents' Assessment on Financial Stability in terms of Savings, Financial Stress, and Monthly Expenses

Financial Stability	Average Mean	Average SD	Description	Interpretation
Financial Stress	3.51	0.59	Strongly Agree	Very High Financial Stability
Savings	3.51	0.55	Strongly Agree	Very High Financial Stability
Monthly Expenses	3.47	0.56	Strongly Agree	Very High Financial Stability
<b>Average</b>	<b>3.49</b>	<b>0.57</b>	<b>Strongly Agree</b>	<b>Very High Financial Stability</b>
<i>Legend:</i>		1-1.75(Very poor Financial Stability)		1.76-2.50(Poor Financial Stability)
		2.51-3.25(High Financial Stability)		3.26-4.00 (Very High Financial Stability)

**Table 4:** Significant Relationship Between Personal Budgeting Skills and Financial Stability of College Students?

Variables	Financial Stability	
<b>Personal Budgeting Skills Strength Interpretation</b>	0.724715	< 0.01
<i>Legend</i>	<b>Strong Highly Significant</b>	
<i>STRENGTH:</i>	<i>INTERPRETATION</i>	
0.00-0.19	Very Weak	$p \leq 0.05 \rightarrow$ Significant
0.20-0.39	Weak	$p \leq 0.01 \rightarrow$ Highly Significant
0.40-0.59	Moderate	$p \leq 0.001 \rightarrow$ Very Highly Significant
0.60-0.79	Strong	
0.80-1.00	Very Strong	

**Table 5:** Significant difference between personal budgeting and financial stability when respondents are grouped according to their profile

Profile	Financial Stability					
	Financial Stress		Savings		Monthly Expense	
	<i>p-value</i>	<i>Decision on H0</i>	<i>p-value</i>	<i>Decision on H0</i>	<i>p-value</i>	<i>Decision on H0</i>
<b>Age</b>	> 0.05	Accept	> 0.05	Accept	< 0.05	Reject
<b>Sex</b>	> 0.05	Accept	> 0.05	Accept	> 0.05	Accept
<b>Year and Program</b>	< 0.05	Reject	> 0.05	Accept	> 0.05	Accept
<b>Average Monthly Allowance</b>	< 0.05	<b>Reject</b>	> 0.05	Accept	> 0.05	Accept

*Significant if P-value < 0.05*  
*Legend: Ho is rejected if Significant*  
*Ho is accepted if Not Significant*

**4. Discussion**

This study examined how personal budgeting skills affect the financial stability of college students at one of the higher educational institution in Purok 4 Imbatug, Baungon, Bukidnon. The study aimed to determine how budgeting practices, specifically budget planning, financial goal setting, and expense tracking, contribute to students' ability to manage their finances, reduce financial stress, and maintain stability. Furthermore, it sought to provide insights for higher education institutions on the importance of integrating financial literacy and budgeting education into academic programs to promote responsible money management among students.

**4.1 Interpretation of the results**

The findings of the study revealed that the majority of respondents were mostly female in different programs. In terms of financial resources, the result is an average monthly allowance below, which indicates that most students manage their daily expenses within a limited budget. This suggests that many college students face financial constraints, making budgeting skills an essential part of their financial survival and stability.

The study also found that respondents demonstrated very high levels of competency in budget planning, financial goal setting, and tracking expenses, and suggests that most students practice disciplined money management, such as setting financial limits, allocating funds for essential needs, and recording expenses regularly.

However, the respondents reported very high levels of financial stability, as evidenced by strong ratings in savings, financial stress, and monthly expense management. These findings indicate that students who engage in consistent

budgeting experience reduced financial anxiety and improved control over their money. Budgeting enables them to anticipate expenses, prioritize needs, and maintain small but consistent savings even with minimal income.

Moreover, the results demonstrated a strong and highly significant positive correlation between personal budgeting skills and financial stability. This means that students who possess stronger budgeting abilities are more likely to experience stable finances and less financial stress. Additionally, significant differences were observed across age, year, and program, and average monthly allowance, implying that socio-economic and educational factors influence financial management capacity. Therefore, this study reinforces the argument that budgeting is a crucial determinant of financial well-being, particularly for college students managing limited resources.

#### **4.2 Comparison With Existing Literature**

The findings of this study align with the work of Xiao and O'Neill (2019), who emphasized that budgeting enables individuals to allocate limited resources effectively and avoid unnecessary debt. Similar to their conclusion, this research confirms that students who manage their finances through structured budgeting experience less financial stress and demonstrate greater stability. Moreover, Jamal et al. (2020) noted that financial education enhances money management behavior, a principle reflected in the high budgeting skill levels found in this higher educational institution.

The strong correlation between budgeting skills and financial stability also supports the Financial Planning Behavior Theory (Yeo et al., 2023), which asserts that financial knowledge and behavioral control contribute significantly to positive financial outcomes. Likewise, the Theory of Personal Budgeting and Self-Control (Galperti, 2019) explains that disciplined spending and self-regulation strengthen financial independence, consistent with the study's findings that students who monitor and limit their spending enjoy better financial well-being.

Additionally, the results are in harmony with the conclusions of Xu et al. (2023), who found that consistent budgeting practices help individuals minimize anxiety and maintain control over their finances. This study affirms that the act of tracking expenses and goal setting contributes to resilience against financial uncertainties, particularly for students with limited income sources.

In the Philippine context, the results mirror local studies such as those by Gonzales, M. M. (2024), who observed that Filipino students with active budgeting habits exhibit greater savings behavior and reduced financial stress. Cultural factors such as family influence and peer support, as discussed by Tubat et al. (2023), may also explain the strong commitment of students to budgeting practices despite financial challenges.

In summary, the present study confirms and extends previous literature by demonstrating that personal budgeting skills are key determinants of financial stability. While limited allowances remain a constraint, students' ability to plan, set goals, and track spending serves as an effective tool for maintaining balance and reducing stress. The consistency of these findings with both international and local research reinforces the idea that financial literacy and budgeting education are crucial components of personal development. Ultimately, cultivating budgeting discipline during college years lays the groundwork for lifelong financial independence and well-being.

#### **5. Conclusion and Implications of the Findings**

The findings of this study have important meanings for both students and Educational Institutions. It shows how important it is to develop strong personal budgeting skills to achieve financial stability. The strong connection found between budgeting skills and financial stability means that learning how to plan a budget, set financial goals, and track expenses can greatly help students manage their limited money wisely. Because of this, colleges and universities should include financial literacy programs that teach practical budgeting activities and real-life money lessons. By doing this, students can lessen their financial stress, improve their savings habits, and make smarter spending choices, which can also help them perform better in school and feel more confident in handling their finances.

In addition, the results suggest that schools should work together with financial experts and government offices to create lasting programs that teach financial education. These programs can help students, especially those with low allowances or financial struggles, to become more independent and better prepared for the future. Adding budgeting tools and budgeting mobile apps in workshops or subjects can also make learning about money more interesting and easier for students to follow. For government leaders, the findings show that teaching financial education as early as high school can help young people become more responsible in handling their finances as they grow older.

Furthermore, for future researchers, they can focus on studying how continuous learning about financial education can change students' behavior over time. They can also include students from different backgrounds, schools, or cultures to understand better how budgeting habits can affect financial stability in different situations.

Moreover, this study supports the idea that financial literacy plays a big role in shaping how people manage and use money. The results prove that effective budgeting not only helps lessen financial worries but also builds financial confidence and readiness for future responsibilities. Because of this, schools, parents, and community organizations should treat budgeting as an important life skill that everyone needs to learn for a stable and successful life.

### 5.1 Limitations of the Study

This study was limited to one of the higher educational institution in Baungon, located at Purok 4 Imbatug, and its findings may not be applicable to other educational institutions with different socioeconomic contexts. It also relied mainly on self-administered questionnaires, which may involve response biases or limited accuracy. However, the results may not fully represent the experiences of students in this institution with varying demographics, financial resources, or cultural influences. Despite these limitations, the findings still provide valuable insight into how digitalization affects customer satisfaction and can serve as a foundation for future studies.

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