

# **GSIS Financial Assistance Loan (GFAL) Availment of Teachers: A Grounded Theory**

**MARIJUL B. JOVERO<sup>1</sup>, MARK N. ABADIANO, PhD<sup>2</sup>**

<sup>1,2</sup> Cebu Normal University, Philippines

**ABSTRACT:** This research work aimed to generate a grounded theory describing and explaining the phenomenon of GSIS Financial Assistance Loan (GFAL) availment among teachers. Primary data were collected via online interviews, as social distancing is necessary due to Corona Virus 2019 (COVID19) pandemic, with GSIS members who have availed GFAL using theoretical sampling and theoretical saturation methods. Data analysis started with open coding, then axial coding, and end with selecting coding. Curse of Cassandra Theory (CCT) surfaced out as a fitting description of the lived experiences of teachers who availed GFAL program. The lived experience is considered a curse as teachers know well the ill-effects of borrowing money but this knowledge is not heeded even by the possessor of knowledge as loans continue to accumulate resulting to worsening financial problems.

**KEYWORDS:** Availment of Teachers, GFAL, Grounded Theory.

## **Introduction**

GSIS Financial Assistance Loan (GFAL) is a debt-consolidation and balance-transfer facility that was initially offered to employees of the Department of Education (DepEd) in May 2018 to help them in settling their outstanding loans with private lending institutions (PLIs).

Encouraged by the success of GFAL in DepEd, GSIS now intends to expand the loan program to cover all GSIS members in other government agencies. Dubbed as GFAL II, the program will also require borrowers to undergo a financial literacy seminar to adopt good money management practices.

By the way, availment of the loan is voluntary. The maximum loanable amount per borrower is (Php500,000.00) five hundred thousand pesos with loan term for (6) six years. The interest rate is (6) six percent per annum computed in advance. The effective rate per annum that shall be used will be 11.258% for 6 years. The loan proceeds shall be paid by GSIS to the authorized representative of the respective lending institutions. This is meant to insure that loans from other lending institutions will be paid. Moreover, the loan proceeds to be paid to lending institution/s shall be net of deductions to be imposed by GSIS, i.e., advance interest payment and loan redemption insurance.

GFAL as a program promises that more government benefit from lower interest rate and better terms of payment from GSIS. Reduced interest rates and smaller amortization spells savings and higher disposable take home pay for the GFAL borrower.

The ultimate objective of the present study is to provide GSIS members especially those who are planning to avail GFAL research-based information about the lived experiences and representations of those who have availed GFAL. The study attempted to find answers to the following questions: How is it like living with financial problems due to multiple loans resulting to decrease of net take home pay? What is their idea regarding GFAL? How does the decision to avail GFAL came out? How does GFAL as a package beneficial to you?

This study is significant especially in terms of emphasizing the need of financial literacy among members who have availed GFAL. Imagine the phenomenon of employees resorting to lend or avail GFAL in order to pay their existing loan. Actually, GSIS does not address the financial issue instead it is only offering long term payment and low interest resulting to higher net take home pay of those who have availed the services. With this scheme the problem remains: lack of financial management on the part of the employer/borrower.

## **RELATED LITERATURE**

Literature has so much to offer regarding articulations of lived of experiences among people who are wallowing in debts. Shared experiences are very important to shed light about the phenomenon not necessarily to find generalizability among individual experiences but to highlight what else is not articulated openly. The search for a novel experience is worthwhile as it is not only for the sake of hype in pursuing something new instead it is to

analyze our human experiences especially our common world: the common ground we live into. Debt trap is a possibility for everyone especially that our national economic situation is in crisis. That is why, efforts utilizing scholarly or scientifically recognized methods to come up with significant measures to do or vital theoretical steps to avoid possible debt trap situations from the ideas of people who have first-hand experiences of living lives full of debts.

In this study, the researcher adopted the Strauss & Corbin version of the grounded theory methodology. This approach provides a more structured and practically oriented method for generating theory. Grounded theory is discovered, developed, and provisionally verified through systematic collection and analysis of data pertaining to a particular phenomenon (Strauss & Corbin, 1990). This facilitates the move from a description of what is happening to an understanding of the process by which it is happening (Corbin & Strauss, 2008; Strauss & Corbin, 1998).

The aim of grounded theory is to understand “how social circumstances could account for the interactions, behaviours and experiences of the people being studied” (Benoliel, 1996, p. 413). Grounded theory is particularly well suited to “uncover and understand what lies behind any phenomenon about which little is yet known” (Strauss & Corbin, 1990, p. 19). It specifies a phenomenon “in terms of the conditions that give rise to it; the context in which it is embedded; the actions/interactions strategies by which it is handled; and the consequences of those strategies” (Strauss & Corbin, 1990, p. 91).

Furthermore, grounded theory can also generate new substantive theory grounded in data where little is already known or to provide a fresh slant on existing knowledge about a particular social phenomenon (Dick, 2002; Goulding, 1999; Strauss & Corbin, 1990). The theory to emerge reveals contextual explanation of a phenomenon rather than descriptions of complex social processes (Glaser, 2001; Strauss & Corbin, 1990)

By the way, grounded theory does not ignore literature. On the contrary doing grounded theory does not require the researcher to be a “blank sheet devoid of experience or knowledge” (Suddaby, 2006, p. 634) nor to enter the field without having a research question in mind. This can be particularly manifested when researchers are researching a well-established topic, with abundant previous literature, which they have simply decided to ignore (Suddaby, 2006).

Like for example the concern, Why and how do people get into debt? There are some common things in life that can push an individual into debt – or make an existing debt worse. Many studies have shown that apart from daily living expenses like food, housing, utilities, education, medical expenses, for many people, drawing on credit and loans are their only options to pay for these things (Doris Dumlao-Abadilla, 2016).

These factors were supported by The Manila Times journalist - Luis Tan Jr. and he mentioned in his article “Filipino attitudes toward money that need to be changed” published in January 26, 2017 – that one of the notable Filipino attitudes toward money is that we simply don’t plan our personal finances. Another one is the Filipino attitude is our inability to say ‘no.’ When someone borrows money from us, we find it hard to refuse because we don’t want to offend that person. Fiesta celebrations and other extravagant events are one of the many reasons also we spend a lot. Most of the households in such communities try to accommodate every guest, to the point of spending money beyond their means, which in turn puts them in debt. In most cases, they feel it’s better to fall into debt than miss hosting an extravagant celebration or be embarrassed for failing to be a generous host. This is because we find it unfair to ourselves if we don’t do so because these celebrations are part of our culture.

Moreover, Lea et al., (1995) made also a list of social and psychological factors which have been found or claimed to be associated with debt. These include social support for debt, social comparisons, money management styles, and consumers’ behavior.

**Social Support for Debt:** They found that an important factor in predicting debt status was whether respondents knew other people around them who were in debt, and how they thought those around them would react if they knew that the respondent was in debt. Debtors described themselves as being in a community where debt was more common and more tolerated than non-debtors.

**Social comparisons:** If you compare yourself with people who have more economic resources than you have, and want to have, or feel entitled to the same goods and services as they enjoy, you are in obvious danger of outspending your income. "Keeping up with the Joneses", and other hypotheses about status-driven expenditure, are versions of the social comparisons idea.

**Money Management Styles:** It was proven in some studies that serious debtors often referred to themselves as having weak money management styles. It was also reported that non-debtors identify careless budgeting and a lack of knowledge and understanding of financial matters as among the reasons why other people get into debt.

There has been little general research on money management, and it is not clear whether weakness in this area would reflect specific problems with financial matters, or a generally disorganized lifestyle.

Consumer behavior: One of the ways in which money management can fail is through inappropriate purchasing patterns. A common lay explanation for debt is that people get into financial difficulties through treating as necessities goods whose only function is social display. It was found in some studies that people with serious debt problems regarded certain kinds of expenditures on children (for example fashion goods and substantial Christmas gifts) as necessities, and would run into debt in order to maintain them, even though many people would classify them as luxuries. It clearly relates to social comparisons - what "everyone buys" is likely to be seen as a necessity, and according to reference group theory "everyone" actually means the members of one's reference group.

## **METHODOLOGY**

### **Design Overview**

The study used qualitative research design, to allow for a greater level of depth of exploration within a research area that has been focused upon using mainly quantitative methodologies. A grounded theory approach was chosen for the qualitative analysis because it is a highly structured method of inquiry and is well established (Urquhart, 2013 and Ponterotto, 2005). Grounded theory is an inductive research approach that is intended to inform and develop theory that is "grounded" in participants' data (Charmaz, 2004). Given the lack of theory specifically in relation to how is it like living in debt trap and resorting to excessive borrowing to make both ends meet, this approach seemed to have the potential to allow the development of a theory that would be grounded in the experiences of Department of Education (DepEd) teachers. Consistent with grounded theory, hypotheses are not predetermined but emerged and to be tested during the analysis process (Corbin & Strauss, 2008).

### **Participants/Informants**

Purposive sampling was used to select as diverse a sample as possible. Research participants were Department of Education (DepEd) teachers who have availed Government System Insurance System Financial Assistance Loan.

### **Research Instrument**

A semi-structured interview questionnaire was used with the following outline questions: How is it like living with financial problems due to multiple loans resulting to decrease of net take home pay? What is their idea regarding GFAL? How does the decision to avail GFAL came out? How does GFAL as a package beneficial to you?

The interview questions were floated via Facebook Messenger application to fifteen (15) DepEd teachers who availed GFAL and who expressed commitment to participate in the conduct of study. The interview was done mainly virtually as the entire Philippines was put under Enhanced Community Quarantine (ECQ) in the conduct of the study. During the course of the entire interview the researcher allowed the participants to either message their answers or use the video call option Facebook Messenger application depending on the convenience of the participants.

### **Ethical Considerations**

Strict confidentiality was assured to the participants specified in the Respondent's Consent Form as part of the researcher's adherence to the ethical principles during the conduct of the study. Further, permission from the participants was asked to record their responses by keeping the thread of message exchanges between the researcher and the participants in the Facebook Messenger application during the duration of the interview. As no participant opted to use the video call option in Facebook Messenger application the researcher keeps only the textual conversations for analysis.

### **Data Collection**

Virtual interviews with the participants lasted between 30 to 50 minutes. Data were collected in the form of gathered thread message exchanges between the researcher and the participants in the Facebook Messenger application. Due to privacy issues, names and profile pictures of the participants are blurred in preparation of the final document of this research.

Collection of qualitative data continued until the categories reach saturation point, at which categories are well defined, the relationships between categories are clearly outlined and additional data did not contribute new information to categories (Corbin and Strauss, 2008).

## **Data Analysis**

Textual data from the thread of virtual conversations were reviewed several times to capsulize significant meanings which the participants wanted to express. This was done directly after completing the virtual interview with the participants through scrutinizing each line of the message exchange. Analysis began with open coding, which involve the identification of thought units, small sections of text representing a certain idea or concept, that became the units of analysis (Corbin & Strauss, 2008).

When the researcher noticed gaps in the data or new areas of inquiry, she used theoretical sampling to add questions or probes to the semi-structured protocol for subsequent interviews. As new concepts emerge, the researchers created working labels that reflected participant words. Themes were constructed through the evolvment of ideas based from the codes and incorporation of subcategories where constant comparison of concepts was done undergoing the process of analysis, evaluation and modification. Researchers also used document reflections related to biases, thoughts, and questions in reflective and analytic memos.

During axial coding the researchers identified the relationships between open-level categories and sort similar categories into themes (Corbin & Strauss, 2008). The properties and dimensions of categories became more apparent as disconfirming evidence was evaluated. During selective coding, immersion within the data was achieved by reading transcripts multiple times and reviewing the coding choices. The researchers identified a storyline, draft a diagram, and think critically about how the emergent categories fit together (Corbin & Strauss, 2008). The theoretical model is based solely on participant data and not on previous theoretical structures; during selective coding, the diagram will evolve through several iterations until reaching a configuration that seems best fit the data.

## **FINDINGS**

### **The Curse of Cassandra Theory**

The theory emerging from this endeavor is termed Curse of Cassandra Theory (CCT). CCT captures the lived experiences of DepEd teachers who availed GFAL. The Curse of Cassandra is an allusion to the princess, priestess, and prophetess called Cassandra of Troy that lived under a terrible curse; she could see the future and had to speak the truth, but no one would ever believe her.

In Greek mythology, Cassandra was the daughter of **King Priam**, the ruler of Troy during the Trojan War, and his wife, **Queen Hecuba**. This made her a princess of the highest rank. With either brown or flame-colored hair, she was considered the most beautiful of King Priam's daughters. The God Apollo cursed Cassandra, Troy's princess, because she refused to obey him. Ancient authors agree that Apollo desired the beautiful Cassandra and granted her the gift of prophecy in order to woo her as a lover, according to Greek mythology. Cassandra accepted the gift of the ability to tell prophecies, but she rejected Apollo's sexual demands. When this magnificent gift didn't sway her, the rejected suitor was angry and added the curse that Cassandra's prophecies would never be believed.

The reference to the character of Cassandra is centered on her ability to know what will happen but no one will ever believe her. In this study, the lived experience of DepEd teachers who availed GFAL, the participants of this research endeavor, are likened to the character of Cassandra however the curse has become more cruel as teachers are knowledgeable of the ill-effects of having multiple loans but they refuse to believe what they know by getting more into debts like GFAL to consolidate their loans and somehow increase their net take home pay. Participants of the study are very aware that GFAL is not a solution as long term payment though the interest rate is lower than their previous lender would still put them in a disadvantage situation but these teacher-participants availed GFAL anyway.

*ni avail kosa GFAL kaydililangmaconsolidateakoutangnaa sab cla offer na "top-up loan" nagamitnakupambayad tuition saakoanak.*

By the way, "top up" is the remaining balance after the GSIS through GFAL program settled the loans of the applicant from other private lending institutions. GFAL program can grant up to (P500,000) five-hundred thousand pesos but in cases where the existing loans of the applicant do not reach P500,000 the applicant can get the remaining amount in cash, which the respondent used to pay school matriculation of her child.

Another intriguing result is the fact that some participants revealed that they are going back to the private lending institutions they used to borrow after GSIS through GFAL program settled their financial obligations.

*Honestly mam, 5 months lang after na grant ako loan sa GFAL nibalikrakoutangsa bank and coop naakogiutanganguna to generate funds needed parasa hospitalization saakohusband. masnidako pa akoutangkumankyngbayad pa ako sa monthly amortizationng GFAL pati pa sa bank and coop naako tag utangan.*

GFAL was envisioned as the solution; DepEd Secretary Leonor Briones noted that partnership between DepEd and GSIS is one way for Department to help hundreds of thousands of its teachers and personnel free themselves from the burden of loans and over borrowing but results of this study shows the opposite.

Finally, financial literacy program as one of the components of GFAL program is received by teachersavailers negatively. There is a stigma attached to financial literacy. Teachers are supposed to be our guides, our gurus for literacy and when they were told that they lack financial literacy, they feel insulted.

## CONCLUSION

Participants of this study, DepEd teachers who availed GFAL have the Curse of Cassandra: as learned persons teachers know and even teach what is best in life but ironically these same teachers do not believed on what they know and teach as their actions are otherwise. (1) They know that having multiple loans is a problem that cannot be solved by entering a new loan scheme like GFAL but still they decided to avail. (2) GFAL as a program is meant to consolidate loans and make GSIS their lone creditor at the same time due to low interest rate and long term payment period of the loan; availers will experience higher net take home pay. But the problem is that after the respondents experience relatively high net take home pay they use this advantage to avail more loans from other lenders. When asked participants responded they know that what they were doing is not proper but they did it anyway. (3) Financial Literacy is one of the component programs of GFAL. Teachers-respondents who lived by training students to become literate are being taught financial literacy before they could avail GFAL. Unfortunately, respondents admitted they were not comfortable being taught. They were aware that the intention of the entire financial literacy program was noble and best for the situation but the refuse to learn from it anyway evident as they continue to avail more loans.

In the end, CCT as a theory claims that when it comes to financial management; it is not what we know that matters. Budgeting money is beyond cognitive ability: it is not only about financial literacy. That is why further studies are recommended in order to understand personal financial mismanagement using the lenses apart from the educators like for example psychologists, sociologists, economists and etc.

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