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Between Financial Freedom and Debt: Insights from Public School Teachers in Philippines

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Abstract

The decision to be debt-free or remain in debt is vital in shaping policies on loans for public-school teachers in Philippines. This study explores teachers' willingness to repay debt, their proposed interventions, and the relationship between loan addiction and the ability to repay. Using a descriptive-correlational design and snowball sampling, 84 public-school teachers at the basic and tertiary levels responded to an online survey. Findings show that teachers generally agree on repaying their debts ($M = 3.7 \pm 0.47$), although many are uncertain about their willpower to do so. While some appear to be addicted to loans, they rarely acknowledge this ($M = 1.96 \pm 0.77$). Spiritual and emotional support is seen as a need. Respondents proposed government interventions, such as lowering interest rates and offering legal and financial literacy seminars. A statistically significant, moderate positive correlation ($r = 0.372$, $p < 0.001$) indicates that loan addiction may coexist with a strong psychological drive to eliminate debt. However, teaching level, years of service, and debt size did not significantly predict the likelihood of repayment based on multiple regression analysis. These insights are essential for developing targeted interventions for teachers, both those who demonstrate strong willpower and those struggling with loan dependency. The study recommends further research into the roles of income, financial literacy, mental health, and access to debt counseling as potential moderating or mediating factors in the relationship between loan addiction and repayment behavior.

Keywords

Financial Management, Spiritual, Mental, and Emotional Health, Loan Addiction

1. Introduction

It is alarming that public-school teachers' (Department of Education) debts rose to P319 billion in two years, as reported in 2019, from government or private loans. The estimated debts might be higher now than what was estimated six years ago (Cruz, 2019). Public-school teachers indeed received lower salaries compared to other professionals. However, based on the research conducted by Pabiona (2023), they are not underpaid, though they tend to borrow more compared to other government employees. There are several reasons for their debt accumulation as cited by both Mencias-Tabernilla (2023) and Jordan (2022) such as immediate gratification from easy availment of loans from credit cards, loan sharks, and peddlers, education of the children, poor lifestyle choices, health issues, and lack of additional financial resources (only one parent works for the need of the entire family).

Borrowings may be unavoidable, but can be minimized to a point where they can be managed to be extinguished in the long run. There are some solutions offered to minimize the debts of public-school teachers such as giving free financial and legal advice by Department of Education (DepEd) lawyers to protect them from too much exposure to interest in borrowing (Cervantes, 2023) and mostly conducting free seminars on financial literacy to help them manage their finances well (Casingal & Ancho, 2021; Jabar, 2021; Thang, 2012). The solutions offered to the existing problems of too much accumulation of debt may not be sufficient and beneficial if they are unwilling to forgo such accumulation. Most research does not include asking the teachers if they are willing to be debt-free. Studying the reasons and solutions is good for understanding the situation faced by these teachers, but it needs willpower to get out of a debt trap (Jordan, 2022). Thus, first and foremost, it is important to establish the willingness of these teachers to pay off their debt.

Stanley and Danko (2010) mentioned in their book, "The Millionaire Next Door: The Surprising Secrets of America's Wealthy", that, "salary increases can equate to people increasing their spending: This can cause people with very high incomes to still live essentially paycheck-to-paycheck".

Therefore, it might be possible to be immersed in debt even when teachers' salaries are increased. So then, it is good to examine the propensity of these teachers to extinguish their debt and the proposed intervention that they recommend. Additionally, delving into the relationship between loan addiction and public-school teachers' propensity to extinguish debt would shed more light on the possible interventions aiding them to not be in debt (Choi, 2022). The focus of this research is on public-school teachers of basic and higher education in Philippines who are currently in debt. Their decision to be debt-free or in debt is important in developing interventions.

Further, the objectives and research questions are as follows:

Objectives:

1) To determine the decisions of public-school teachers in Philippines to be debt-free or will continue to be in debt until they retire from teaching.

2) To propose intervention programs that will help public-school teachers manage their debts.

Research questions:

1) What is the respondents' profile based on?

a) Teaching designation;

b) Highest Educational attainment;

c) Years of service(employment);

d) Current accumulated debt;

e) Debt accumulation practice.

2) What is the level of the respondent's loan addiction?

3) What is the level of propensity to extinguish debt?

4) What are the respondents' recommended/proposed interventions?

5) What is the relationship between loan addiction and public-school teachers' propensity to extinguish debt?

6) Do the teaching level, years of service, and size of debt predict the propensity to extinguish debt?

Loan addiction does not happen to public school teachers only, so it is beneficial to use their experiences as an example of what intervention can be of use in this kind of situation. Like all other addictions, loan addiction needs some proper intervention and willpower to break the habit. Addiction is defined by Merriam-Webster (n.d.) as a condition of being dependent on a particular substance, thing, or activity. Loan addiction is operationally defined as a repeated pattern of borrowing to address personal, family, or financial issues. Respondents usually don't have a plan to change their lifestyle or pay off debt. Respondents exhibit the cycle of borrowing, impulsive buying, and no financial plan. Similarly, being addicted to acquiring loans up to the point of losing income and properties and, at times, going into bankruptcy, is devastating to the whole family (Christensen, 2022). It is important, therefore, to determine how one's willpower can lead to successful intervention; thus, this study is beneficial.

1.1. Literature Review

This research is based on the Theory of Planned Behavior, Behavioral Economics Theory, and Addiction Theory (Behavioral View). The Theory of Planned Behavior posits that the intention to engage in a behavior is influenced by attitudes, subjective norms, and perceived behavioral control. Teachers' intention to repay debt (propensity to extinguish debt) may therefore be shaped by their beliefs about debt repayment, social expectations, and perceived ability to manage finances (Ajzen, 1991).

Moreover, individuals often make suboptimal financial decisions due to cognitive biases such as present bias, overconfidence, and loss aversion, which can contribute to loan dependency and chronic borrowing behavior under the Behavioral Economics Theory. In the context of public-school teachers, these tendencies may explain patterns of repeated debt accumulation despite long-term financial consequences (Thaler & Sunstein, 2008).

Loan addiction can be viewed through the lens of behavioral addiction, where individuals engage in compulsive borrowing as a maladaptive coping strategy for stress or financial insecurity. This mirrors characteristics of addiction such as compulsive behavior, withdrawal, and impaired control known as Addiction Theory (Behavioral View) (Grant et al., 2010).

1.1.1. Loan Addiction

Individuals with high levels of debt often experience significant psychological stress, including anxiety and depression. Repeated borrowing, especially when used to cover previous loans, may be driven by emotional distress rather than financial necessity, creating a cycle that mimics addictive behavior (Richardson et al., 2013).

Low financial literacy is strongly associated with excessive borrowing and poor debt management. Individuals lacking financial knowledge may underestimate the long-term costs of debt and become vulnerable to predatory lending and habitual borrowing (Lusardi & Mitchell, 2014).

Chronic consumer debt can exhibit addictive characteristics, including denial, rationalization, and escalating borrowing behavior. Individuals may experience a "high" after taking a loan, similar to behavioral highs in other addictions, which reinforces the cycle (Livingstone & Lunt, 1992).

Research shows that teachers often rely on loans to meet daily living expenses due to inadequate compensation. This reliance creates a cycle of borrowing, with many resorting to new loans to pay off old debts, suggesting a systemic and potentially addictive financial behavior (Manogaran & Azizan, 2017).

A study by Nyhus and Webley (2001) found that personality traits such as impulsiveness, risk-taking, and low conscientiousness are significant predictors of debt accumulation. These traits are also strongly linked to addictive behaviors, reinforcing the conceptual overlap between debt dependency and addiction.

The observation of Debtors Anonymous, an organization that helps loan addicts, that those who are addicted to loans generally have less tendency to pay off the soonest possible time in which they may create a budget, but the execution is the issue that calls for a mental makeover for addicts (Fay, 2022).

1.1.2. Propensity to Extinguish Debt

The study of Berkovich and Moulton (2021) explores how psychological stress and cognitive overload affect debt resolution. It finds that debt-related decisions often deviate from economic rationality, with stress leading individuals to avoid extinguishing debt even when financially able.

Another research by Bakkeli and Drange (2024) investigates how health uncertainty influences debt repayment decisions. It concludes that individuals facing potential health costs may delay or avoid extinguishing debt, even when they have the resources, due to precautionary behavior.

Analyzing consumer behavior during the pandemic, a study found that although many households increased savings, this did not uniformly lead to greater debt repayment. This suggests that liquidity and economic uncertainty interact in complex ways to affect debt-extinguishing decisions (Zinman & Olafsson, 2021).

Moreover, a study assessed how increased unemployment benefits affected household behavior. While some households used extra income to extinguish debts, others prioritized consumption or saving, indicating varied repayment propensities even with financial support (Ganong et al., 2021).

1.2. Conceptual Framework (Figure 1)

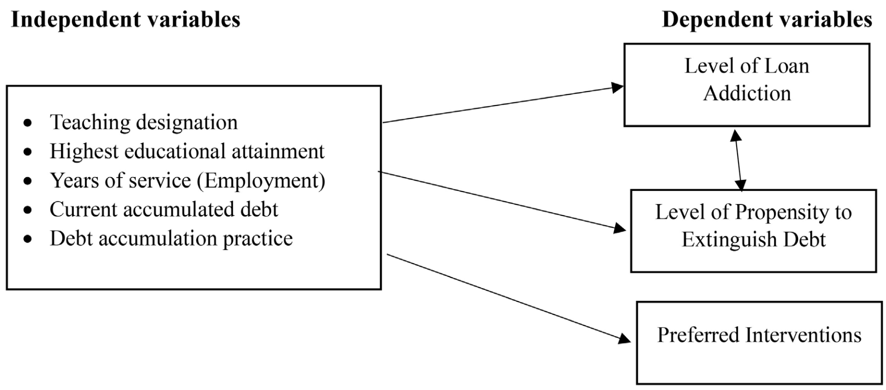

Figure 1. Research framework depicting the relationship between variables.

2. Methodology

2.1. Research Design

A descriptive-correlational research design was used in this study. In a correlational study, no variables are within the researcher's direct control or manipulation. The degree and/or direction of the association between two (or more) variables is reflected in a correlation. A correlation may go in either a positive or negative direction. The survey method was used to gather data and statistically analyze it to investigate relationships (Bhandari, 2023).

2.2. Population and Sampling Technique

The population of this study was public school teachers in Philippines at basic and tertiary levels who have experienced availing loans from different sources, whether public or private. The snowball sampling technique is utilized to achieve the desired number of respondents who have availed of loans. Snowball sampling entails the recruitment of new units by existing units to make up the sample (Nikolopoulou, 2023). The researcher used several of the personal contacts who were public school teachers as primary respondents, who then recruited their co-teachers to answer the survey. The desired sample of 80 respondents would be enough given the short timeframe of the study, which was conducted for only a month.

2.3. Instrumentation

The instrument used in this study is an online survey form utilizing Google Forms. The form consisted of four parts. The first part is the profile of the respondents according to teaching designation, educational attainment, years of employment in the government, current accumulated debt, and years of practicing debt accumulation. The second and third parts are a 5-point Likert scale used to measure the level of respondents' loan addiction and propensity to extinguish debt, respectively. The last part is the proposed interventions by the respondents.

Table 1 shows the internal consistency of the questionnaire on 84 respondents using Cronbach's alpha, which is interpreted as acceptable and usually measured against a baseline of 0.7, in which the items are sufficiently consistent at this level and above to suggest the measure is reliable (Frost, 2023).

Table 1. Reliability statistics of the scales used.

	Cronbach's Alpha	Number of Items
Loan addiction	0.782	10
Propensity to extinguish debt	0.703	10

2.4. Analysis of Data

Data were analyzed using Excel and Jamovi 2.3.28.0-win 64. The profile of the respondents was presented using frequency and percentage distribution. The levels of loan addiction and propensity to extinguish debts were evaluated using Mean, and the respondents' recommended interventions were arranged using frequency and percentage distribution. The relationship between loan addiction and public-school teachers' propensity to extinguish debt was tested using a Pearson correlation coefficient. Lastly, multiple regression analysis was used to predict the relationship of teaching level, years of service, and size of debt with the propensity to extinguish debt.

2.5. Ethical Considerations

To preserve anonymity, the Google Form survey questionnaire does not collect the respondents' email addresses. Before the respondents proceeded to answer the questionnaire, they were asked about their willingness to participate, as documented in the Google Form survey questionnaire. The information gathered was handled with utmost confidentiality.

3. Results and Discussion

3.1. Profile of the Respondents

There were 84 respondents who participated in the survey, which exceeded the desired target of 80. Their profile is categorized as shown in Table 2. There are five categories, and they are grouped according to type.

Table 2. Profile of the respondents.

Category	Type/Group	No. of Respondents	Percentage (%)
Level of teaching	Basic Education	64	76.2
	Tertiary	20	23.8
Highest degree earned	Bachelors	43	51.2
	Masters	32	38.1
	Doctorate	9	10.7
No. of years employed in the government educational institution	1 - 10	49	58.3
	11 - 20	13	15.5
	21 - 30	18	21.4
	More than 30	4	4.8
Current accumulated debt	P1000 - P50,000	10	11.9
	P51,000 - P100,000	9	10.7
	P101,000 - P200,000	15	17.9
	P201,000 - P400,000	19	22.6
	More than P400,000	28	33.3
	No current debt	3	3.6
No. of years practicing debt accumulation	1 - 5	58	69.1
	6 - 10	7	8.3
	11 - 15	4	4.8
	16 - 20	6	7.1
	More than 20	2	2.4
	Never into debt accumulation	7	8.3

Most of the respondents were from basic education, which comprised 76.2% (64 out of 84 respondents), and tertiary education, 23.8% (20 out of 84 respondents). As for the highest degree earned, most were bachelor's degree holders of 51.2% (43 out of 84 respondents), followed by master's degree holders of 38.1% (32 out of 84 respondents), and doctoral degree holders of 10.7% (9 out of 84 respondents). The majority of respondents were employed in Government educational institutions for less than 10 years (58.3%), followed by 21 - 30 years of employment (21.4%),11 - 20 years of employment (15.5%), and more than 30 years (4.8%). Almost all of the respondents have current accumulated debt ranging from a thousand to more than P400,000, with a total of 96.4% or 81 respondents, with only 3 claiming that they do not have current debt. It is noteworthy that 91.7% of the respondents were practicing debt accumulation or debt rolling, ranging from a year to more than 20 years, and only 8.3% claimed that they never accumulated debts.

3.2. Loan Addiction

Table 3 presents the indication of loan addiction by public school teachers. It turned out that the respondents disagreed that they have loan addiction (M = 1.96 ± 0.77 though they agreed that they like loans that are easily applied for (statement no. 7, M = 3.5 ± 1.36).

Table 3. Mean of loan addiction.

	Mean	SD	Interpretation
1. The thought of not having a credit card leaves me sleepless at night.	1.94	1.41	Disagree
2. I have the willpower to stop myself from applying for loans, but I intentionally decided to avail loans.	2.04	1.34	Disagree
3. I use credit for purchases, knowing I have no available cash to pay it off.	1.65	1.06	Strongly Disagree
4. I keep my debt a secret from family and friends.	1.89	1.22	Disagree
5. I avoid looking at my banking and credit statements for fear of discovering how bad the situation has become.	1.76	1.13	Strongly Disagree
6. I am not interested in checking my financial statements issued by the school so I will not think much about how I earned for the month.	1.92	1.22	Disagree
7. I like it when loans are easily applied for.	3.51	1.36	Agree
8. I tend to buy things or properties on credit even if I do not need them.	1.48	0.87	Strongly Disagree
9. I am easily swayed to borrow more when others are doing the same thing.	1.65	.91	Strongly Disagree
10. I do not fear the consequences of borrowing since no one has been imprisoned yet.	1.62	1.07	Strongly Disagree
Overall Mean	**1.96**	**0.77**	**Disagree**

Legend: Strongly Disagree =1.0 - 1.8; Disagree = 1.81 - 2.6; Neither/Nor Agree = 2.61 - 3.4; Agree = 3.41 - 4.20; Strongly Agree = 4.21 - 5.00.

The denial of the respondents on their loan addiction does not coincide with their profile that most have loans and have practiced debt accumulation for several years. In a study by the Philippine Institute for Developmental Studies (PIDS), it was found that public school teachers have a 50 percent higher propensity to borrow than other government employees (Malipot, 2017), which is also proven in this study. The culture of borrowing as coined in the Filipino language as "loan dito, loan doon or Loandon", has been in practice for several decades and Mama (2023) cited that it is common for public school teachers to take out loans from private lending companies, even when they don't need the money.

Furthermore, according to behavioral economics theory, people frequently make poor financial choices as a result of cognitive biases such as present bias, overconfidence, and loss aversion, which can lead to loan reliance and chronic borrowing habits. With this, it leads to addiction to loans even without realizing it.

3.3. Propensity to Extinguish Debt

Table 4 shows the propensity to extinguish debt by public-school teachers, and it turned out that they agreed to be debt-free (M = 3.7 ± 0.47). They have the desire to extinguish their debt, though they are unsure if they have the willpower to do so (statement no. 2, M = 2.98 ± 1.47; statement no. 6, M = 3.02 ± 1.52, and statement no. 10, M = 3.0 ± 1.38). Willpower is an essential ingredient to get out of the debt cycle.

Table 4. Mean of propensity to extinguish debt.

	Mean	SD	Interpretation
1. I do not intend to pay my loans as soon as possible.	1.45	0.95	Strongly Disagree
2. I have the willpower to stop myself from applying for loans, but I intentionally decided to avail loans.	2.98	1.47	Neither Agree/ Nor Disagree
3. I do not intend to pay my debts slowly until all of it is fully paid.	2.08	1.29	Disagree
4. Even with all the financial literacy seminars I attended it did not affect my decision to avail myself of more loans.	2.23	1.27	Disagree
5. I do not intend to do budgeting so that I can slowly pay my debt.	1.8	1.10	Strongly Disagree
6. At times, I cannot stop myself from applying for loans but deep inside me, I feel like I want to stop this debt accumulation.	3.02	1.52	Neither Agree/ Nor Disagree
7. In the future, I want to be debt-free.	4.86	0.64	Strongly Agree
8. I want to experience the freedom of not worrying about interest rates and principal payments.	4.8	0.71	Strongly Agree
9. I wish to have more take-home pay and be able to save more.	4.85	0.67	Strongly Agree
10. I seriously need emotional support since I do not have the willpower to stop this debt accumulation.	3.0	1.38	Neither Agree/ Nor Disagree
Overall Mean	**3.7**	**0.47**	**Agree**

Legend: Strongly Disagree = 1.0 - 1.8; Disagree = 1.81 - 2.6; Neither/Nor Agree = 2.61 - 3.4; Agree = 3.41 - 4.20; Strongly Agree = 4.21 - 5.00.

According to research, people who are losing their willpower are more likely to spend more money and buy more stuff than people who haven't used their willpower in a while. Research indicates that having low willpower may result in less control over expenditure (American Psychological Association, 2012). Thus, it affirmed the studies of Mencias-Tabernilla (2023) and Jordan (2022), where public school teachers were being exploited by loan sharks to borrow more, knowing that they lacked the willpower to get out of the debt cycle. Despite this, their desire to extinguish their debt may spark the beginning of future interventions to strengthen their decision.

3.4. Proposed Interventions

The respondents were asked what kind of interventions they needed to get out of their loan, and Table 5 shows the arrangement of their answers from highest to lowest. The majority wanted the intervention of the government by creating policies to lower rates of their loans from the government and private lending institutions (statement no. 1, 65.5%), monitoring loan agencies, and raising their salaries (statement no. 6, 17.9%). Some need legal advice and seminars on protecting themselves from the damage of having loans (statement 2, 44%, and statement 4, 23.8%).

Table 5. Frequency and percentage distribution of proposed interventions.

	No. of Respondents	Percentage out of n-84 (%)
1. I hope that the government will help us control our debt accumulation, such as creating policies on reducing the interest charges to us from government loans and coming from credit cards and loan sharks.	55	65.5
2. I need to be legally protected from my loans, so I would like to attend some seminars regarding it.	37	44.0
3. I would like to enroll in financial support services, such as loan coaching on how to slowly extinguish my debts.	26	30.9
4. I need some legal advice on how to get out of my debts.	20	23.8
5. I do not like to be assisted in getting out of my loans, for I can handle it.	15	17.9
6. I would like the government would raise my salary and monitor loan agencies.	15	17.9
7. I do not need to attend financial literacy seminars, for I can handle my loans.	13	15.5
8. I would like to avail myself of spiritual and emotional support services since I feel like I need help much more than my own for I have no willpower to break free from this loan addiction.	10	11.9
9. I acknowledge that I am addicted to loans, so I need some spiritual, emotional, financial, and legal support.	6	7.1

Less than a third of the respondents need financial support services in handling their debts (statement no. 3, 30.9%) while some do not need legal advice and financial literacy seminars because they know how to get out of their loan cycle (statement no. 5, 17.9% and statement no. 7, 15.5%). It is noteworthy that a few bold respondents acknowledged they are addicted to loans and need spiritual, emotional, financial, and legal support (statement no. 8, 11.9%, statement no. 9, 7.1%). As we compare this result with Table 3, we generally noted that the respondents disagreed that they are addicted to loans, but it does not necessarily mean that there is no one among the respondents who is addicted to loans.

A recent study sponsored by the Bangko Sentral ng Pilipinas (BSP) measured the financial literacy of public-school teachers regarding their financial attitude, financial behavior, and financial knowledge, and found that they have higher financial literacy compared to the average population. Thus, there seems to be a discrepancy between teachers' indebtedness or savings behavior with the finding that they are more financially literate than the general public (Magante et al., 2023). Their being financially literate is the reason why only a few wanted to learn about financial literacy seminars.

Government agencies, particularly the Department of Education, endeavor to help teachers get out of their loans. These include working with the Government Service Insurance System (GSIS) on a debt buyout and lowering interest rates on loans through the growth of the Provident Fund (Mateo, 2017). Another is the free legal advice given by DepEd lawyers so that they can work out their loans together (Cervantes, 2023).

Regarding those respondents who acknowledge their loan addiction and have no willpower to get out of it, the government must assist and identify these teachers and properly refer them to financial and spiritual counselors. Without the necessary help, it might result in depression and even suicide, since one of the indicators of loan addiction is not telling friends and family about the loans (Christensen, 2022). It would be heartbreaking if some teachers suffered from depression because of too many loans (Seide, 2021).

Among the comments of the respondents in the survey, one is worth mentioning about the plea to God to help the respondent be set free from all the addictions, including loan addiction. To acknowledge support from a supreme being means this person badly needed comfort and strength coming from the Lord. In the book "Mind, Character, and Personality", authored by White (1977), it was mentioned that all unfounded fears would vanish if we could only truly believe this. Our lives would not be as disappointing as they are now if everything were in the hands of God, who is not perplexed by the myriad worries or overwhelmed by their weight. Following that, many of us should have a spiritual rest we haven't had in a very long time.

3.5. Relationship between Loan Addiction and Public-School Teachers' Propensity to Extinguish Debt

To ensure a more accurate analysis of the relationship between loan addiction and the propensity to extinguish debt among public school teachers in Philippines, key confounding variables were controlled. Income level was considered based on standardized government salary scales, making individual income data unnecessary. Financial literacy was addressed, as most respondents held advanced degrees and had attended government-sponsored seminars, with many indicating no need for further training. Although the number of dependents was not directly surveyed, census data and typical household structures suggest an average of 2 to 3 dependents per teacher (Philippine Statistics Authority, 2022). Controlling these factors helped strengthen the validity of the study's findings. **Table 6** presents the result of the Pearson Correlation Coefficient to see if there is an association between loan addiction and the propensity to extinguish debt by public-school teachers.

Table 6. Result of Pearson correlation coefficient.

	Propensity to Extinguish Debt		
	Pearson's r	df	*p*-value
Loan addiction	0.372	82	<0.001
N	84		

The present study investigated the relationship between loan addiction and the propensity to extinguish debt, revealing a statistically significant, moderate positive correlation ($r = 0.372$, $p < 0.001$). This finding suggests that individuals who exhibit higher levels of loan addiction also tend to report a greater intent or motivation to repay their debts. While this may initially appear counterintuitive, given that compulsive borrowing is often associated with poor financial management, the result aligns with emerging psychological and behavioral research that emphasizes the complexity of debt-related behavior.

Additionally, there was no differentiation between types of debt (e.g., credit card, GSIS loans, and informal lending). If there were differentiation, it might affect the relationship between loan addiction and propensity to extinguish debt.

One possible interpretation is that individuals who are more acutely aware of their problematic borrowing behavior may experience heightened psychological discomfort, such as guilt or anxiety, which in turn fuels a stronger desire to repay debts (Berkovich & Moulton, 2021). This may be particularly true for individuals who still possess a strong sense of financial responsibility or moral obligation, even amid compulsive financial behaviors. In this regard, the act of repaying debt may serve as a compensatory or restorative behavior aimed at reducing cognitive dissonance, which is connected with the Theory of Planned Behavior.

The correlation also supports findings by Meier and Sprenger (2010), who observed that individuals with present-biased preferences—often linked with impulsive financial choices—may still exhibit repayment intentions when the emotional or psychological costs of indebtedness become salient. Similarly, Bakkeli and Drange (2024) demonstrated that life uncertainties, such as health concerns, may influence repayment behavior independently of raw financial capacity. The observed relationship may reflect a dynamic tension between short-term borrowing impulses and long-term goals to regain financial control.

Another potential explanation is that the positive association reflects aspirational intent rather than actual behavior. Individuals addicted to borrowing may express stronger repayment intentions in surveys due to social desirability bias or internalized norms about responsible financial conduct (Gathergood & Weber, 2014). In this case, the self-reported propensity to extinguish debt may not accurately reflect real-life financial actions, highlighting the need for future studies to distinguish between intended and actual repayment behaviors.

Importantly, the moderate strength of the correlation ($r^2 = 0.138$) indicates that while loan addiction contributes to variability in repayment intention, a significant portion remains unexplained. This means that loan addiction explains only

13.8% of the variation in a person's propensity to extinguish debt. In practical terms, while individuals with higher loan addiction may show a slightly higher intention to repay, the vast majority (86.2%) of the factors influencing debt repayment remain unexplained by loan addiction alone. The correlation between loan addiction and the propensity to extinguish debt, while statistically significant, has limited practical significance. It explains only a small portion of the overall behavior. As such, interventions should not be based solely on this relationship. Instead, it should be considered as one contributing factor among many in a more comprehensive model of debt behavior. This suggests that additional factors, such as income, financial literacy, mental health status, or access to debt counseling, may moderate or mediate this relationship. Future research could employ structural equation modeling or longitudinal designs to disentangle these influences.

In sum, the findings challenge simplistic narratives that portray loan-addicted individuals as entirely negligent or indifferent toward repayment. Instead, the data point to a more nuanced behavioral profile in which the experience of loan addiction may coexist with a heightened psychological drive to extinguish debt.

3.6. Teaching Level, Years of Service, and Size of Debt Predict the Propensity to Extinguish Debt

The multiple regression analysis was conducted to determine the extent to which loan addiction, teaching level, years of service, and size of debt predict the propensity to extinguish debt among public school teachers. The results show that the model is statistically significant and provides a good fit to the data, as shown in **Table 7**.

Table 7. Model summary/ANOVA.

				Overall Model Test			
Model	R	R^2	Adjusted R^2	F	df1	df2	*p*
1	0.663	0.439	0.345	4.64	12	71	<0.001

Note: Models estimated using a sample size of N = 84.

The regression model yielded a multiple correlation coefficient of R = 0.663, indicating a moderate to strong relationship between the set of predictors and the outcome variable. The coefficient of determination (R^2) was 0.439, suggesting that approximately 43.9% of the variance in the propensity to extinguish debt can be explained by the independent variables included in the model. The adjusted R^2 of 0.345 accounts for the number of predictors and provides a more conservative estimate of explained variance.

The overall model was statistically significant, $F(12, 71) = 4.64$, $p < 0.001$, indicating that the combination of predictors significantly improves the prediction of the outcome variable compared to a model with no predictors. This confirms that the independent variables, taken together, contribute meaningfully to explaining the variation in debt repayment behavior among teachers.

Table 8 presents the result of multiple regression analysis. The analysis revealed that among all predictors, loan addiction was the only statistically significant variable (β = 0.5630, $p < 0.001$). This positive coefficient suggests that individuals with higher levels of loan addiction reported a higher propensity to extinguish their debt. Other variables, teaching level, years of service, and size of debt did not significantly predict the likelihood of repaying debt ($p > 0.05$), though having a small debt amount (P1000 - P50,000) showed marginal significance ($p = 0.055$), suggesting that those with smaller loans may be slightly more inclined to repay.

Table 8. Multiple regression analysis.

Model Coefficients—Propensity to Extinguish				
Predictor	Estimate	SE	t	*p*
Intercept[a]	1.8184	0.2572	7.0690	<0.001
Loan Addiction	0.5630	0.0939	5.9939	<0.001
Teaching level				
Basic education level—Tertiary level	0.1191	0.1339	0.8890	0.377
Tertiary level—Basic education level	−0.1121	0.5254	−0.2133	0.832
Years of service				
1 - 10 years – 21 - 30 years	−0.0100	0.1475	−0.0678	0.946
11 - 20 years - 21 - 30 years	−0.1513	0.1843	−0.8207	0.415
21 - 30 years - More than 30 years	0.1814	0.2742	0.6617	0.510
1 - 10 years, 21 - 30 years	0.7354	0.5228	1.4067	0.164
Size of debt				
P101,000 - P200,000 - More than P400,000	0.2516	0.1764	1.4261	0.158
P201,000 - P400,000 - More than P400,000	0.1327	0.1505	0.8820	0.381
P51,000 - P100,000 - More than P400,000	0.0591	0.2111	0.2800	0.780
P1000 - P50,000 - More than P400,000	0.3769	0.1929	1.9539	0.055
No current debt - More than P400,000	−0.2509	0.3237	−0.7752	0.441

Note: [a]Represents reference level.

The key finding is that loan addiction positively predicts the propensity to repay debt challenges conventional assumptions and prior studies that associate addictive borrowing with poor financial discipline. Using the Theory of Planned Behavior (Ajzen, 1991), this paradox may be explained by teachers' strong intentions to repay due to social expectations, a sense of financial responsibility, and confidence in regaining control. While these intentions suggest responsible behavior, they may mask deeper inconsistencies between intentions and actions.

Contrary to earlier research (e.g., Richardson et al., 2013; Livingstone & Lunt, 1992), which links loan addiction with denial and impulsivity, the findings may reflect the influence of cognitive biases described in Behavioral Economics Theory (Thaler & Sunstein, 2008). Teachers might feel compelled to repay out of guilt, anxiety, or the perceived manageability of small loans, even if their behavior remains erratic. This psychological motivation aligns with addiction theory and suggests that repayment may be driven more by emotional thresholds than rational planning.

Moreover, the study found that demographic factors such as teaching level, years of service, and total debt size did not significantly influence repayment tendencies. This implies that psychological traits and behavioral responses play a larger role than structural variables in shaping repayment behavior. The findings emphasize the need for debt recovery interventions that go beyond financial literacy, integrating emotional support, behavioral counseling, and cognitive reframing to help teachers break the cycle of loan addiction and foster sustainable financial habits.

4. Conclusion and Recommendations

The culture of borrowing in public schools cannot be easily reversed, but those in authority can help reduce its effects. There have been several studies conducted on this matter to understand the reason for accumulating debt and its relationship with mental and physical health, but none on their willingness to pay their debts. Therefore, this research found that public-school teachers agree to pay off their debts, though they are unsure if they have the willpower to do so. Moreover, some teachers are addicted to loans and in need of spiritual and emotional support. Generally, though, they did not acknowledge being addicted to loans. Regardless of their denial as loan addicts, they proposed interventions coming from the government by reducing interest rates and providing legal and financial seminars. Further, the study reveals that there is a statistically significant, moderate positive correlation between loan addiction and propensity to extinguish debts. Using multiple regression analysis, it was found that teaching level, years of service, and size of debt did not significantly predict the likelihood of repaying debt.

This study identifies two groups of public-school teachers: Group 1, those who have the willpower, and Group 2, those who acknowledge their loan addiction. The recommended interventions are based on the grouping mentioned. For Group 1, it is recommended that the government assist them by hiring financial coaches to teach them how to prioritize repayment of their loans by selecting which one to extinguish first.

For Group 2, the government should assist them in looking for spiritual, legal, and financial counselors until they fully recover from their addiction. This study proposes a Holistic Debt Recovery Model (HDRM) that aligns with both practical financial management strategies and the psychosocial-spiritual needs of educators. The model is grounded in three core domains: financial literacy and debt counseling, emotional and mental health support, and spiritual or values-based guidance.

Specifically, educational institutions, government agencies, and partner organizations should implement support systems based on three integrated pillars: 1) Financial literacy and debt counseling to equip teachers with practical tools for money management and repayment planning; 2) Emotional and mental health support to help individuals cope with stress, anxiety, and decision fatigue caused by financial strain; and 3) Spiritual or values-based guidance to encourage inner healing, moral clarity, and purpose-driven financial behavior. This triadic approach ensures that debt recovery is both effective and sustainable.

To operationalize this model, partnerships with established programs such as Christians Against Poverty, Crown Financial Ministries, and local faith-based or community-centered recovery initiatives like Celebrate Recovery are highly encouraged. These programs have demonstrated success in integrating practical assistance with emotional and spiritual empowerment (Christians Against Poverty, 2023; Crown Financial Ministries, 2021; Celebrate Recovery, 2022). Adapting their best practices to the Philippine context can provide a culturally relevant and spiritually sensitive framework for long-term debt recovery among public school teachers. **Table 9** below presents the Holistic Debt Recovery Model (HDRM).

Table 9. Holistic debt recovery model.

Domain	Core Components	Examples of Implementation
Financial literacy	Budgeting, credit management, and repayment plans	Teacher workshops, mobile finance apps
Emotional support	Counseling, peer support, and stress management	School-based mental health programs
Spiritual support	Devotions, moral instruction, and pastoral care	Church partnerships, Bible study groups

Generally, for all types of groups, the study recommends that the government create policies regarding controlling the interest rates of public and private financial institutions. Likewise, policies that loans will only be allowed to a teacher who has the financial capacity to repay it, while, for those who are unable, free financial assistance may be extended depending on the immediate need. An endeavor through constant reminders from authority to maintain their dignity as a teacher by setting an example of a life of contentment, that is, living within their means, is also recommended. Government authorities will give the following: 1) Seminars on the awareness of too much exposure to debt with its implications on mental and emotional health, 2) Seminars on livelihoods that do not contradict their work as an additional source of income, especially for those who are sole breadwinners.

Moreover, it is recommended that future research explore the potential moderating and mediating roles of factors such as income, financial literacy, mental health status, and access to debt counseling in the relationship between loan addiction and debt repayment. Studies should also distinguish between self-reported intentions and actual financial behavior, using advanced methods such as structural equation modeling or longitudinal designs to gain a more accurate and comprehensive understanding of debt repayment dynamics.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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