

Low-Income Earners of Nueva Ecija: Their Budgeting and Decision-Making before and during the Covid-19 Pandemic

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Abstract

This research described the budgeting and decision-making before and during the COVID-19 pandemic of purposively selected low-income earners in Nueva Ecija, Philippines. Through this study, the researcher would be able to compare and evaluate the financial strategy and plans of the respondents. The researcher used the descriptive research design through a survey questionnaire administered to 60 respondents and found out that they earn between P150 to P420 (\$2.58 to \$7.22) per day. They had changed their budgeting before and during the pandemic, and additional expenses were included during the pandemic, such as the budget for internet load. Daily finances and prices of goods and services were their main factors in deciding when and how much to spend. The respondents are coping with the expenses before and during a pandemic, however, before the pandemic, they still can allocate money for savings, but during the pandemic, there's no money left for savings.

Keywords

Budgeting, Decision-Making, Low-Income Earners, Pandemic, Wages

1. Introduction

The COVID-19 pandemic is undeniably affecting the lives of everyone in the Philippines, but the effects differ significantly according to age, employment, social status and especially income level. This pandemic exposes significant inequalities and gaps in society, and many aren't sure how to deal with this crisis. Due to the sudden massive lockdowns and the imposing of quarantines, many

workers before the pandemic lost their jobs because many companies were laying-off employees to provide the first line of defense against the financial devastation brought by the unexpected crisis.

Even before the pandemic, millions of families had little to no savings for an emergency and struggled to meet their basic needs for housing, utilities, food, or medical care (Zuckerman, Karpman, Gonzalez, & Kenney, 2020). But some workers, who lost their jobs and found new ones with a lower income and those already suffering from a low income, are indeed the most likely to be affected in this predicament. They are facing a lot of difficulties now in terms of budgeting their salary for all the finances and their needs. They most likely reduced their spending on food, used up their savings and avoided significant purchases.

The crisis is also affecting the mental and emotional well-being of many Filipinos, but low-income households are most concerned about jobs, income stability, and healthcare coverage (Patrick & Garthwaite, 2020). Most citizens probably support stay-at-home COVID-19 measures, but their support is mainly based on their privileges. Many people can't still adjust to the devastating changes in society; there's still no guarantee for their financial safety. That's why, even if it's dangerous being exposed outside, they are in for it to work and find a job that can support their needs. This pandemic made them go through a lot of tough decisions, and their decision-making is affected by many factors that can't be avoided.

Inflations, high unemployment, recessions, shortages and many economic problems make everyone's life harder. Today, it is essential to have the means of coping with these changes, bouncing back the effect of this crisis, and coming up with better decisions to navigate the way out of every day's challenging situation caused by the lack of financial support and security. With this, the need for research concerning budgeting and decision-making is deemed necessary. Budgeting management has a fundamental importance no matter what the situation is. It allows an individual to create their spending plan and have enough money for the things they need and for important things (Buchenau, 2018). They can keep their spending in check and help plan for their future finances. Thus this study finds meaning and significance. It sought to describe the budgeting and decision-making of low-income earners of Nueva Ecija during the COVID-19 pandemic. It specifically focuses on the source of income, budgeting and decision-making, and factors that affect their decision making and budget planning of low-income earners in times of pandemic.

2. Literature Review

The COVID-19 pandemic has caused widespread devastation in all aspects of human life. It has caused the economy to slow and has exacerbated life, health, and livelihood vulnerabilities. It has a more excellent urban orientation and spreads across the globe, penetrating indiscriminately through cities in the global north and south (Fazal & Sultana, 2022).

The COVID-19 pandemic has had a significant impact on business operations. COVID-19 measures such as social distancing and lockdowns have had a substantial effect on global business operations. Many businesses have closed their doors, and many more are on the verge of doing so (Daniel, 2022). Although businessmen are affected by the pandemic, most victims are poor families and low-income earners.

In the latest findings from the Covid Realities project, going without food and heating has become a routine part of daily life for low-income families. According to researchers, low-income families feel the effects of Covid-19 and other disasters as the cost of essential goods and services rise sharply (University of York, 2022).

In the study by Singh et al. (2021), “the food insecurity during COVID-19 pandemic: A genuine concern for people from the disadvantaged community and low-income families in Province 2 of Nepal, most participants in the study expressed that families from low socioeconomic backgrounds and disadvantaged communities such as those working on daily wages and who rely on remittance had experienced increased food insecurity during the COVID-19 pandemic. Food insecurity among low-income and disadvantaged families has affected their health and well-being, making them increasingly vulnerable to the COVID-19 infection”. In conclusion, “Food insecurity among low-income and disadvantaged families was found to be a serious problem during the COVID-19 pandemic” (Singh et al., 2021).

Also, poor women were affected by the COVID-19 pandemic. The results of the study by Gani (2021) found that poverty that occurs in women is caused by restrictions on social activity behaviour in the community, resulting in a decrease in income in the family, which impacts women’s poverty.

Proper budgeting can assist individuals and businesses in surviving the threat of excessive spending during a pandemic. Budgeting is a management function. The process is by which businesses establish a plan for how they will use and spending their money appropriately. This technique aids these companies in making decisions because budgeting is the process by which businesses estimate their finances for the upcoming future period particularly in times of pandemic (Shaikh, 2021).

Padilha et al. (2022) researched on major indicators for public management decision-making during the COVID-19 Pandemic and their study provides inputs and resources for the development of a multi-analysis modeling to aid in decision-making by ensuring that the measures are constantly updated and adapted for each population, context, and culture. Based on the analyses conducted throughout the research, additional studies to aid in decision-making during the COVID-19 pandemic in various contexts are recommended.

3. Methodology

This study utilized the descriptive research design in determining the budgeting

and decision-making made by the respondents. According to Kumar (2014), as cited by Subia, Trinidad, Pascual, Medrano, & Manuzon (2019), “descriptive research systematically describes a situation, problem, phenomenon, service or program, attitude toward an issue or simply, it provides information on a subject”.

This study was conducted to describe the budgeting and decision-making of low-income earners of Nueva Ecija during the COVID-19 pandemic. To gather the necessary data, the researcher utilized the descriptive research method. In selecting the sample respondents, the researcher used a purposive sampling technique (Subia, 2018), with a total of 60 respondents who work in different parts of Nueva Ecija and earn below minimum wage. The researcher sought the permission of the respondents before conducting the survey. The data gathering lasted for 2 months. The collected data were then processed and analyzed by computing the frequency and percentages using Microsoft Excel.

4. Results and Discussion

4.1. Occupation

4.1.1. Source of Income

Table 1 presents the source of income of the Novo Ecijano respondents (Subia, Mangiduyos, & Turgano, 2020). Based on the gathered data, 46.7% of the respondents are working in a non-agriculture sector. The jobs of the respondents from the non-agriculture sector include security guards, janitors, construction workers, tricycle drivers, and jeepney drivers and operators. 36.7% of the respondents are working in the retail service sector, which includes being in customer service, working as a cashier, and food delivery persons. Meanwhile, 16.7% of the respondents are working in the agriculture sector, which includes farmers and animal care service workers.

4.1.2. Minimum and Below Minimum Wages (Region 3)

Table 2 presents the wage of respondents within the minimum and below minimum wage or the low-income earners' wage range. According to the respondents, they are receiving 150 - 200 pesos a day from their job, and 35% responded to this. But in the range of 251 - 300 pesos and 401 - 420 pesos, both had the same percentage of 16.7%. On the other hand, 13.30% received 301 - 350 pesos, and 10% responded that they were getting 201 - 250 per day. And also, there is 8.3% of the respondents that is having 351 - 400 pesos per day.

Table 1. Source of income.

Source of Income	Frequency	Percentage	Rank
Non-agriculture	28	46.70%	1
Agriculture	10	16.70%	3
Retail Service	22	36.70%	2
Total	60	100.00%	

Table 2. Minimum and below minimum wages (Region 3).

Wages (per day)	Frequency	Percentage	Rank
150 - 200	21	35%	1
201 - 250	6	10%	4
251 - 300	10	16.70%	2.5
301 - 350	8	13.30%	3
351 - 400	5	8.30%	5
401 - 420	10	16.70%	2.5
Total	60	100%	

4.2. Difference in Budgeting before and during the Pandemic

The findings revealed that the total number of respondents had changed their budgeting before and during the pandemic. As can be gathered from **Table 3**, a food ranked first both before and during the pandemic. However, there are changes in the 2nd rank. Pre-pandemic, electric bill, transportation, and internet load tied with 61.7%. During the pandemic, respondents noticeably included the budget for internet load more, which obtained 75%. This is mainly because of the new standard where work from home and remote learning and online education (Mina, et al., 2020) became the medium of participation in society.

As reflected in the table, vacation trips ranked last during the pandemic instead of 9th before the pandemic. This is evidently because of the lockdowns and quarantines mandated by the government. Insurance also became a higher priority during the pandemic. According to The Economic Times, insurance has always been a recommended instrument in financial planning. With the ensuing global pandemic, the significance of insurance is even more pronounced.

4.3. Factors that Affect the Decision-Making of the Respondents

Table 4 presents the factors that affect the decision-making of the respondents when it comes to spending. From the data gathered, daily finances ranked 1st with a frequency of 51 and a percentage of 85%. Prices of goods and services ranked 2nd with 75%, and geography ranked last with 3.30%. According to Los Angeles Times, the devastating economic effects of the pandemic have made it vital for people to reassess their finances and cut back on expenses.

4.4. Budgeting Management Plan

Considering that there are changes in the budgeting of the respondents before and during the pandemic, their answers are divided on whether they are coping with the financial crisis. There are 39 respondents with a percentage of 65% that claimed that they are coping up while 21 respondents with a percentage of 35% that said they're not able to cope.

Table 5 presents the variables before and during the pandemic regarding the budgeting management plan of the respondents. Based on the gathered data

Table 3. Differences in budgeting before and during the pandemic.

Were there any changes in your budgeting before and during the pandemic?	Frequency	Percentage	Rank
Yes	60	100%	
No	0	0%	
Total	60	100%	
Variables (BEFORE)			
Rent	8	13.30%	11
Water Bill	29	48.30%	6
Electric Bill	37	61.70%	3
Transportation	37	61.70%	3
Vacation trips	13	21.70%	9
Entertainment	11	18.30%	10
Food	48	80%	1
Internet/Load	37	61.70%	3
Clothes	28	46.70%	7
Vitamins and supplements	20	33.30%	8
Savings	30	50%	5
Insurance	2	3.30%	12
Variables (DURING)			
Rent	7	11.70%	9
Water Bill	28	46.70%	6
Electric Bill	39	65.00%	3
Transportation	21	35.00%	7
Vacation trips	1	1.70%	12
Entertainment	4	6.70%	11
Food	49	82%	1
Internet/Load	45	75.00%	2
Clothes	16	26.70%	8
Vitamins and supplements	29	48.30%	5
Savings	32	53%	4
Insurance	5	8.30%	10

regarding the claim that the respondents are coping during the financial crisis, 79.5% of the respondents have enough budget for daily food. According to the respondents, one of the most significant expenses of respondents was food, as it is part of our physiological needs.

And conferring to the gathered data concerning the claim that the respondents are not coping during the pandemic, 81% of the respondents have little to

Table 4. Factors that affect the decision-making as to their spending.

Factors	Frequency	Percentage	Rank
Daily Finances	45	75%	1
Prices of goods and services	31	54.70%	2
Allocating money for savings	23	38.30%	4
Investments	6	10%	5
Income	29	48.30%	3
Geography (residing in a crowded city or remote areas)	2	3.30%	6

Table 5. Budgeting management plan.

Are you thriving on coping with the financial crisis during the pandemic?	Frequency	Percentage
Yes	39	65%
No	21	35%
Total	60	100%
Variable (BEFORE)		
I/We have enough budget for daily food	31	79.50%
I/We can still allocate money for savings.	11	28.20%
I/We can pay the bills regularly	24	61.50%
I/We can buy groceries every week.	13	33.30%
I/We still have money to buy our wants.	7	17.90%
Variable (DURING)		
I/We barely eat 3x a day.	2	9.50%
There's no money left for savings.	17	81%
I/We hardly had enough money to pay the bills.	11	52.40%
I/We can make our budget last for a week.	6	28.60%
I/We stick to prioritizing our needs only.	8	38.10%

no money left to put in their savings. As perceived from the respondents' claims, they are setting aside their wants and putting their priorities first because they don't have the privilege to spend on their wants in this crisis.

4.5. Additional Source of Income

Table 6 presents the data regarding the willingness of the respondents to seek an additional source of income. 80% of the respondents were willing, while 20% were not confident in changing their line of work. Most respondents chose food delivery as a possible alternative or source for their additional income. 18.33% considered starting an online business regarding clothing, and 16.67% regarding food and sweet delicacies. According to Sun Life Philippines, finding an additional

Table 6. Additional source of income.

	Frequency	Percentage
Are you willing to look for and have an additional source of income?		
Yes	53	80%
No	7	20%
Total	60	100%
If yes, choose from the following a possible job alternative of your choice.		
Food delivery person (Grab, Manong Delivery, TokTok Food Delivery, etc.)	27	45%
Encoder	2	3.33%
Online business (handicrafts)	3	5%
Online business (clothing)	11	18.33%
Online business (food/sweet delicacies)	10	16.67%
Others: (please specify)	0	0%
None	7	11.67%
Total	60	100%

source of income is an advantage. It can help you stay afloat during these trying times. It can also be a means for you to make ends meet while coping with joblessness. However, not all businesses will thrive. Without the proper research and planning, you may fail in your venture.

5. Summary

The majority of respondents work in industries other than agriculture. Security guards, janitors, construction workers, tricycle drivers, and jeepney drivers and operators are among the non-agriculture jobs held by respondents. They all had altered their budgets prior to and during the pandemic.

During the pandemic, respondents increased their budget for internet access and cancelled vacations and insurance also became their higher priority.

When it comes to spending decisions, there are several factors that influence respondents' decisions. According to the data collected, daily finances ranked first, and prices of goods and services ranked second.

Given that respondents' budgets differed before and during the pandemic, their responses on whether they are coping with the financial crisis are mixed. Some claimed to be coping, while others claimed they were unable to cope.

In terms of budgeting, they have enough money set aside for daily food. The majority of respondents have little to no money left over to save. According to the respondents, they are putting their wants aside and putting their priorities first because they do not have the luxury of spending on their wants during this

crisis.

The majority of respondents chose food delivery as a possible additional source of income.

6. Conclusion and Recommendations

Most low-income earners are working in a non-agriculture sector. The majority of them are receiving P150 - P200 a day. There is an evident change in the budgeting of the respondents before and during the pandemic. Several factors affect the decision-making of the respondents. Still, daily finances and prices of goods and services were the most significant factors, and most of the respondents are coping with the financial crisis despite their low income, although they do not have enough money to save.

Based on the conclusions drawn, the following recommendations are hereby offered: Low-income earners should find additional jobs or ways to get more money, especially if the income from their current jobs isn't enough to support their daily lives. The respondents need to look for alternatives to lessen their expenses. They should prioritize their needs before unnecessary wants. The government should implement a plan to help low-income earners cope to lessen the poverty during the pandemic. The respondents should be aware of the various government assistances available during the pandemic to assist in getting by their daily life. The Sustainable Development Goals or SDGs can be considered for further study enhancement. To support the poorest and most vulnerable, the UN has issued a framework for the immediate socio-economic response to COVID-19, calling for an extraordinary scale-up of international support and political commitment to ensure that people everywhere have access to essential services and social protection. Further research should be conducted to broaden the scope of the situation of low-income earners during Covid-19.

Conflicts of Interest

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

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