

MODEL OF FINANCIAL FREEDOM ACHIEVEMENT BASED ON APPLIED PHILOSOPHY AND LIFESTYLE A SEARCH FOR AN ICON OF FAITH IN PRACTICAL LIFE

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ABSTRACT

Mekar Mukti, Sertajaya ,Pasir Gombang and Simpangan are four big villages in Jababeka industrial and residential area with more than 70.000 residents and 1.400 companies which function as supportive area to Jakarta city, Indonesia. Growth of facilities, infrastructure and new comers increase jobs and societal income. Ironically the increases of jobs and financial income do not necessarily bring about financial freedom to people. There are still many people who live in poverty and cannot achieve the financial freedom yet. This research is therefore intended to analyze deepest conceptual causes of such a condition and to contribute a new model of financial freedom achievement based on applied philosophy and life style. The research uses philosophical approach to analyze and synthesize ideas in the discourse of financial freedom. Accordingly, some applied philosophical principles are needed to build mindset, pattern of thought, action orientation and lifestyle toward financial freedom achievement. As a conclusion, action as a culmination of human thought is perceived as an icon of faith in the practical life. An individual comes out from himself and expresses his expectation, hope, trust and spiritual aspiration into decisions and necessary actions to achieve financial freedom.

Keywords: *Financial Freedom, Applied Philosophy, Lifestyle, Icon of Faith.*

JEL Codes: *D01, D14,D31, D87*

1. INTRODUCTION

Industrial and residential area of Jababeka, Cikarang Bekasi has more than 1.400 national and multinational companies (Compare President University, Propectus 2010-2011:8; PT Jababeka Business Patner 2007/2008 Jababeka Industrial /Estate, Cikarang Indonesia; Lembaga

Riset dan Pengabdian Masyarakat (LRPM), 2011:7). Most of the workers get jobs and income from those companies. However, an individual income is not merely factor that influences a financial freedom. Mindset, lifestyle, conceptual life principles and some other factors also determine an individual financial freedom achievement. Streit (2016) in the writing "9 Reasons You're Not Rich Yet" underlines that decent living, nice house and no debt are not the guarantee that someone achieves the true financial freedom.

Mindset of spending most all of the income to pay debt creates a financial bondage. An individual has to face worry, anxiety and tension about financial limitedness. He has to work hard in order to fulfill the financial demand and obligation without having any space to work for himself. Consequently there is no financial sufficiency to meet the daily needs. Such a mindset creates a certain pattern of thought and lifestyle that cause obstacles in achieving financial freedom.

Failure to achieve the financial freedom can be caused by lack of financial knowledge and a long term financial plan. It leads to a consumptive lifestyle that tends to spend the money rather than saving. A long term financial plan contains virtuous conceptual life principles such as saving first before spending, actionable financial literacy, budgeting plan, a 6 months cash reserve and good investment principles. Those virtuous conceptual life principles function as vision and deep motivation that become guideline and strength of controlling expenditure.

Hedonistic and consumptive lifestyle will weaken an individual will to say "no" to temporary desires. In turn, the expenditure is much bigger than earning. In such a condition an individual cannot cover his monthly basic necessities in life. Most of the activities are dictated to pay the financial demands and obligation from others. Monthly income and earning cannot cover the necessities. Accordingly the financial situation is far away from the financial freedom achievement.

Application of the conceptual principles in finance constitutes a mindset building, pattern of thought, lifestyle and personal belief that manifest in decision and action orientation. It will determine scale of choice, decision and action with regard to financial freedom achievement. In addition they create a deep motivation and personal belief to achieve financial freedom. With refer to the school of Webster Management and John Humphreys as the senior development of Athena Money Management Software, van K. Tharp (1998: xviii; 3-57) states that the most important factor of the financial freedom is ourselves with the setting of our objectives.

2. PHILOSOPHICAL CONCEPT OF FINANCIAL FREEDOM

Financial freedom should be understood in the context of human freedom. Human freedom basically consists of "free from" and "free to". The first one, freedom is perceived as a situation without any bondage or obstacles. It is a situation where an individual lives without being distracted by fear, anxiety, obstacles and challenges. The second sense of freedom is connected to human choices, decision and self-realization. Philosophically, human freedom and a must exist in togetherness with the same relational intensity or quality. As far as it is under a certain intensity of an obligation at the same time it is also under the same relational intensity/quality of human freedom. This relational intensity of both freedom and obligation is equal. Accordingly, a human being can respond "yes" under obligation or "no" by doing resistance. Those are two perspectives of seeing human freedom to do or to make self-realization.

It is a must that an individual has to undertake self-realization. Whatever an individual does (or does not do anything) it will be part of self-realization. How to make self-realization is under human freedom according to individual will. There are many choices in front of human freedom and obligation. The relational intensity of freedom and obligation will determine quality of self-realization. Double rhythms of human freedom contain activities towards himself which is called interiority, and activities towards other orientation which is called exteriority (Driyarkara, 2006). Hegel in his writing “Absolute Freedom and Terror” states that human consciousness towards fact is spirit essence in front of the absolute freedom (1996:84). He analyzes dialectic of subjective spirit, objective and absolute spirit in the perspective of the philosophy of history.

Latin word of “Liberalitas” and “libertas” express two different notions regarding financial freedom. Liberalitas implies a notion of societal or national prosperity in term of financial and spiritual wealth. In Plato (Rsp. II, 402 c) liberalitas has a meaning that is beyond finance. In Aristotle it contains two senses, namely greediness and financial wealth, and extensive condition of finance at the activities to be done in order to achieve one good goal (Lesniewski-Norris, 1982:40). Libertas implies a meaning of free will that is freedom to act. In the context of economy, freedom means to be winner in economics dealing with free competition by marginalizing others to achieve a certain subjective goal.

Financial freedom therefore is not just about finance only. It is a matter of creating sustaining happiness, joy and condition of being truly alive because an individual can do what he/she wants and deserves without any financial obstacle. It necessarily contains an absence of financial obstacle in human activities. For this reason financial freedom comes with having sufficient enough money to do what desired with enjoyment. It includes gratitude attitudes on love, material comfort, association and friendship with others. Accordingly, financial freedom is more a state of psychological and spiritual mindset. Concerning this, Tracy (2016) states that financial freedom is having enough money so you do not worry about money. Money can provide us resources and certain level of freedom if we use it wisely. Otherwise it will lead to an abyss of suffering and sorrow because of unhealthy lifestyle and uncontrollable temporary desires. Financial freedom penetrates every aspect of human life so that an individual feels relief from worry, anxiety, financial limitedness and inconveniences.

3. PATHS TO A FINANCIAL FREEDOM ACHIEVEMENT

Starting point towards financial freedom takes place when someone realizes his financial position. For this reason, Robert T. Kiyosaki (2012:1) raises a question on “which quadrant are you in?” at the very beginning of his writing in *Rich Dad’s CASHFLOW Quadrant. Guide to Financial Freedom*. The awareness of one’s status and condition constitutes a further step to set financial goal in life. Setting a financial goal becomes a necessary path to achieve financial freedom.

Clarity of financial goal in life works as final cause of a mindset building. According to Kiyosaki, there are two kinds of mindset in achieving financial freedom. The first mindset is achieving financial freedom by becoming officers or employee with high level of income. Accordingly an individual works for money. The second mindset is achieving financial freedom by making business and investment that create pipeline of cash flow. Accordingly this mindset produces a money machine that is supportive to an individual. This mindset building is therefore a further necessary path to a financial freedom achievement.

Applied philosophy in term of the actionable conceptual principles in finance basically contains financial literacy, financial habit, financial management, financial plan and ability to create additional income. Financial literacy consists of knowledge on how the money works, importance of having long term financial plan instead of short term plan, and knowledge of financial freedom levels. An individual can gradually achieve financial security, financial independence, and finally financial freedom. Financial security is characterized by financial sufficiency to meet basic human need such as house, food, cloth, car and education. Financial independence is characterized by without any work to get money everything is covered. Furthermore financial freedom is characterized by sufficiency of money to cover all thoughts that will be materialized.

Financial freedom achievement generally consists of 80 % of mental attitude and 20% of technicalities (TRA Profesional Services, 2012:17). For this reason, the applied philosophical principles and a personal deep motivation are very important for the mental attitude. Mindset will function to build a way of thinking and action orientation which manifest in lifestyle. It produces a money machine that will work for the financial tool, a way to create income in the rest of life without working. Accordingly an individual materialize thoughts and aspirations without any financial obstacle.

Practical way to achieve financial freedom is spending less than earning. The difference of income which is higher than spending can be used for investment. A conservative way to manage finance is policy of the use of money in such a way so that 70% of the income is used for life operational expenditure, 30 % for the investment (J. William Petty, Sheridan Titman, Artur J. Keown, et.al, 2011:53)

Philosophical principles in practice and lifestyle will create a mental attitude of creating money machine. Financial literacy will help ability to do activities which create money and to avoid the activities that just spend the money. Secker and Weaver (2010) offer the path to achieve financial freedom through forex.

4. ROLE OF APPLIED PHILOSOPHY, LIFESTYLE AND FAITH

To achieve financial freedom, the applied philosophical principles and personal conviction works as a power of faith that sustains endeavor and efforts to achieve the goal. Robert T. Kiyosaki places the power of faith as the 7th step in finding financial fast track in order to find someone's own world of financial freedom (2012: 275-280). The applied philosophical principles certainly will create a certain human lifestyle which is compatible to achieve the financial freedom.

Lifestyle is ways of an individual to perform, perceive, interact, materialize individual interests and make self-realization. Lifestyle of getting control of spending habit, minimizing debt and liabilities as well as that of building pipeline of cash flow to support an individual, family and life aspiration (Kiyosaki,2012:281-282)

Some conceptual principles work as a philosophy of life that strengthens personal faith and conviction. For this reason, the applied philosophy in finance and lifestyle can be bases for a new model of achieving the financial freedom. They provide very basic conceptual principles that are able to be integrated into personal spirituality as an icon of faith in the practical life

5. CONCLUSION

With refer to the explanations above, we may conclude that the increase of income is not enough to achieve the financial freedom. It is important the actionable conceptual financial principles constitutes an existence of applied philosophy that manifests in a certain mindset, supportive pattern of thought, lifestyle and action orientation towards financial freedom.

Applied philosophical conceptual principles in finance in term of personal conviction, self-denial, choices and decision are expressed in the practical life as a human concrete action. Choice, action orientation and decision therefore become a meeting point of human endeavor and individual belief to God. Accordingly, human concrete action as the culmination of human rooted conceptual principles, thought and personal belief can serve as an icon faith in which an individual comes out from himself and expresses response, expectation, hope, trust and spiritual aspiration in endeavor to achieve financial freedom.

As an icon of faith in the practical life there is a deep faith and motivation that are manifested in the single action. In contrast to faith as a content which is God, divine instructions and revelation in the Holy Scriptures, faith as an attitude contains a personal conviction and surrender attitude to God which are supportive to enliven faith and financial freedom achievement in the recent practical financial life.

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