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International Journal of Engineering Technology Research & Management
Published By:
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FINANCIAL HANDLING CONSTRUCTS AMONG NEWLY ENLISTED SOLDIERS

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ABSTRACT
This paper examined the financial constructs among newly enlisted soldiers, focusing on how these constructs foster balance and prosperity in their lives. However, financial obstacles, such as lack of savings and tendencies toward overspending, can impede their pursuit of economic freedom. As they begin managing their finances, it is essential for these soldiers to understand the distinction between needs and wants. The study was a non-experimental quantitative design utilizing Exploratory Factor Analysis (EFA). This study assessed the reliability and validity of instruments designed to quantify financial handling practices, drawing on a sample of 150 respondents. A comprehensive survey was conducted to gather data on various aspects and uncover underlying financial influences within this population.
The researchers determined five dimensions: Peer Influence, Knowledge of Financial Management, Financial Prudence, Cost-Benefit Awareness, and Budget Flexibility. These dimensions influence financial handling constructs, providing newly enlisted soldiers with insights into their financial behaviors. This knowledge enables them to make more informed and strategic decisions, enhancing their economic well-being.

Keywords:
Newly enlisted soldiers, financial construct, peer influence, financial prudence, financial management, cost-benefit awareness, budget flexibility

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INTRODUCTION
Handling finances can be tedious, and many people consider attaining financial satisfaction onerous. Wan, Berlinguette, and Skomorovsky (2019) argue that military personnel are experiencing financial pressure and psychological stress due to the high demands of their lifestyle. A person's lifestyle shows one's living and spending attitudes and how to allocate them properly and responsibly. Thus, a lifestyle is often the person's pattern of interests and habits in spending money and how to allocate it. This contention was supported by Pulungan and Hastina (2018), who claimed that demographic and psychographic factors can affect a person's way of living. Skomorovsky and Wan (2019) asserted that the prevalent financial pressures and aspects that military personnel and ordinary people confronted were the increment of their debt, excessive way of life, and hampered retirement due to inadequate funds. The data from 2021 reveals that almost 84% of Army Personnel have debts from different financial institutions. According to Parker, Igielnik, Barroso, and Cilluffo (2019), these debts peak in July, October, and November, which are education enrollment months.

Proper management of finances is one of the most integral considerations directly related to financial management satisfaction (Ansar et al., 2019). In the Philippine setting, deficient research investigated the financial handling practices of military forces, particularly those new in the field. The study by Manila, Santos, and Reyes (2020) has concentrated on financial proficiency initiatives, debt-handling programs, and the vast socioeconomic burdens of Filipino military personnel.

However, these researches were inadequate due to a lack of comprehensive examination of how demographic and psychographic aspects affect financial management, particularly among newly enlisted military personnel. There is an urgency to empower financial handling initiatives in the Philippine Armed Forces to discuss career pressures, such as deployment-related costs and other factors like family responsibilities (Skomorovsky et al., 2019).

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In an international setting, studies have highlighted the role of financial management, personal spending habits, and government support in fostering financial handling among newly enlisted military personnel (Khalid, 2020; Lyons & Law, 2019). The findings of Ab Rani, Yahaya, and Nawi (2022) underscored that responsible handling of finances is a crucial consideration of financial management practices, notably shaping the capacity to save money, handle debt, and the ability to plan one's retirement.

Similarly, a report by the RAND Corporation Asch (2019) further emphasized the significance of governmental programs in alleviating financial literacy, particularly among newly enlisted military personnel, through organized initiatives like financial counseling. However, most studies on financial literacy among soldiers are focused on Western nations, compared to the socioeconomic context of those in the Philippines. Understanding spending habits can significantly aid people in making better judgments because these are based on many soft financial transactions (Hristoski et al., 2019).

OBJECTIVE OF THE STUDY

This study aimed to determine the dimensions of financial construct among newly enlisted soldiers. The identified factors were analyzed and utilized to develop a framework. In addition, the study sought to provide insights into how newly enlisted soldiers manage their finances, make spending choices, and approach their financial responsibilities.

METHODOLOGY

This paper employed an Exploratory Factor Analysis (EFA) and surveyed a sample of 150 newly enlisted soldiers, each with less than five years of service. A researcher-designed, 30-item questionnaire employing a 5-point Likert scale, each item centered on exploring financial handling constructs among this demographic. The collected data was systematically tallied, summarized, and statistically analyzed using SPSS Statistics, a software suite tailored for data management, complex analysis, multivariate assessments, business intelligence, and criminal investigation. Among the analytical methods applied, the Kaiser-Meyer-Olkin (KMO) Test was used to measure the adequacy of partial correlations between variables, and the correlation matrix's identity was verified through Bartlett's Test of sphericity (Noora Shrestha, 2021). In addition, the Scree Plot and Scree Test were employed, providing a line plot of eigenvalues that visualizes the range of factors analyzed (George et al., 2010).

RESULTS AND DISCUSSION

This section presented the analysis and interpretation of data.

The KMO and Bartlett's Test

The table below revealed the KMO Measure of Sampling adequacy and Bartlett's Test of Sphericity of this study. The KMO measures .732, which implies that the samples had a high correlation, which was appropriate for variable analysis that fits the data. Bartlett's Test provided a chi-square value of 1645.393 with degrees of freedom at 435 and a significance p-value <0.000 less than (p<0.05), which implies some underlying factors. Ergo, the sample applied in the study was appropriate; therefore, factor analysis is a suitable analytical tool. The findings showed that the sample size is large enough for factor analysis to permit.

Table 1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.732
Bartlett's Test of Sphericity	Approx. Chi-Square	1645.393
	Df	435
	Sig.	.000

In Table 2, the Exploratory Factor Analysis (EFA) conducted on the dataset identified five factors with corresponding eigenvalues of 5.563, 4.356, 1.846, 1.693, and 1.404. Identified factors explained the total amount of Variance represented by the eigenvalues. These values impart insight into how well the factors obtain the underlying patterns of variation in the data and serve as a crucial metric for assessing the goodness of fit of the EFA model (Yong & Pearce, 2018).

Table 2. Total Variance Explained

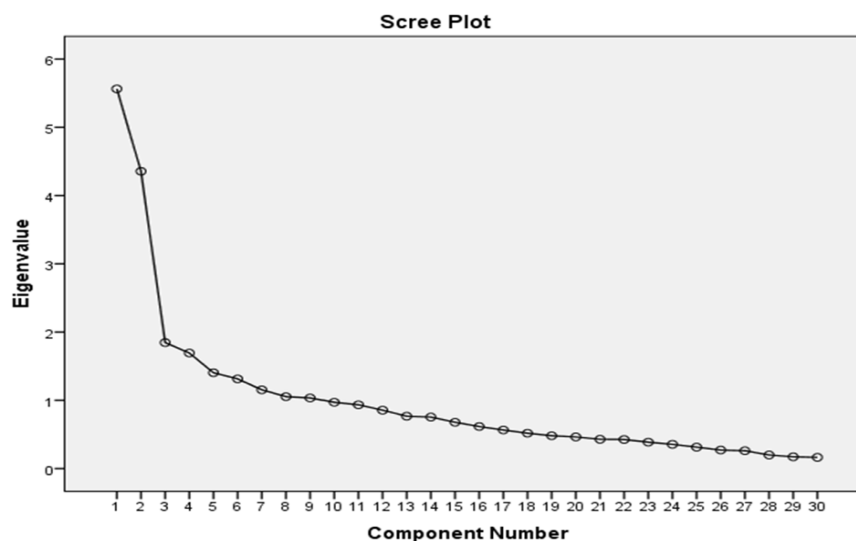| Component	Initial Eigenvalues	Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.563	5.563	18.545	18.545	4.355	14.516	14.516
2	4.356	4.356	14.519	33.064	4.176	13.919	28.435
3	1.846	1.846	6.154	39.218	2.646	8.820	37.255
4	1.693	1.693	5.643	44.861	2.020	6.734	43.989
5	1.404	1.404	4.680	49.541	1.666	5.552	49.541

Extraction Method: Principal Component Analysis.

Analysis of Variance Percentages, as shown in the Total Variance Explained Table, illustrates that Factor 1 has the highest significant contribution to the total Variance, which is 14.516%. It has significance in the variability of data sets. The second, third, fourth, and fifth factors explained 13.919%, 8.820%, 6.734%, and 5.552%, respectively. The first factor has the highest contribution to the Variance, and the fifth factor has the least created for a variable. The table shows that the five factors, taken together, explain a cumulative variance of 49.541%. In other words, they account for an almost overwhelmingly large proportion of the underlying variation in the data set and, thus, provide valuable insight into the data structure.

The Rotated Component Matrix has 24 attributes distributed to five dimensions. However, as shown in the table, six items fall outside these dimensions due to validity issues and low commonalities, which will not be included in the model. Hair et al. (2014) argue that items that are not representative or a factor should be deleted in support of this approach.

In addition, a scree plot was employed to determine the graphical representation of the number of financial constructs that explain the resilience among New Soldiers. Figure 1 shows how the scree plot was applied to determine which factors to include in the analysis. Yong and Pearce (2013) suggested that one or more significant eigenvalues will be considered; thus, this study has five different components.

Figure 1. The Scree Plot

This study was made to develop a framework based on the dimensions of the resiliency of the Financial Constructs among newly enlisted Soldiers. First, it determined the dimensions that influence the financial handling constructs. Employing the Exploratory Factor Analysis (EFA), five dimensions were extracted from the data collected through a 30-item questionnaire answered by the respondents.

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Financial Peer Influence. Table 3 shows that eight items fall under the first dimension, the Financial Peer Influence, and their corresponding loading coefficients. As shown, the item *'I buy the same product that my friends buy.*' obtained the highest loading coefficient of 0.787. The item '*I prefer to buy apparel and accessories with the latest trend design.*' obtained a loading coefficient 0.771. The item '*I prefer to buy branded goods rather than non-branded goods.*' obtained a loading coefficient 0.727.

Meanwhile, the item *'I accept my friends' recommendations on what product brand to buy.'* obtained a loading coefficient 0.700. The item *'I am involved in money-spending activities with friends.*' obtained a loading coefficient 0.683. *The item 'I allocate a portion of my salary for my vices.*' obtained a loading coefficient 0.670. Thus, the item *'I prefer buying branded yet durable clothes and apparel than low brands that will not last long.*' obtained a loading coefficient 0.524. The item *'If I receive bonuses, I tend to buy expensive goods.*' obtained a loading coefficient 0.519.

The finding showed that the newly enlisted soldiers tend to imitate their peers in their choices of products. They buy the same products as their friends, prefer to buy apparel and accessories with the latest trend design, branded goods rather than non-branded goods, and accept friends' recommendations on what product brand to buy and buy branded yet durable clothes and apparel rather than low brands that will not last long. A statement that consumers' principles in purchasing decisions are influenced by the opinions of their communities, involved in money-spending activities with friends. Theories on how people may follow whatever is considered popular and seek social approval for what they buy. The peer influence on them is more pronounced for branded products, which shows social validation considerations. They preferred to allocate a portion of their salary for their vices, and they received bonuses and tended to buy expensive goods.

This finding affirms with Kurniasari & Budiatmo (2018) that information from peers and social influences related to the products or services, the choices are more notable in everyday goods and ways of life than in personal spending habits using bonuses or spending on indulgences, the presence of peers who support a person's attitudes will also influence consumers to behave that way. Thus, peer pressure leads to all decisions on everyday purchases over personal or impulsive spending (Graft et al., 2018).

Table 3. Rotated Matrix with Group Attributes under Financial Peer Influence

Item No.	Attributes	Factor Score	Theme
24	I bought the same product that my friends bought.	.787	Financial Peer Influence
28	I prefer to buy apparel and accessories with the latest trend design.	.771	
29	I prefer to buy branded goods rather than non-branded goods.	.727	
25	I accept my friends' recommendations on what product brand to buy.	.700	
23	I am involved in money-spending activities with friends.	.683	
20	I allocate a portion of my salary for my vices.	.670	
17	I prefer buying branded yet durable clothes and apparel to low brands that only last for a while.	.524	
10	If I receive bonuses, I tend to buy expensive goods.	.519	

Knowledge of Financial Management. Table 4 shows the seven items that fall under the second dimension, the knowledge of Financial Management, and their corresponding loading coefficients. As shown, the item '*I update myself with economic and financial news.*' obtained the highest loading coefficient of 0.742. This result is supported by succeeding items on the coping strategies of the Financial Constructs among New Soldiers

The item '*I manage my cash flow.*' obtained a loading coefficient 0.683. The item *'I allocate a portion of my salary in savings and investments.*' obtained a loading coefficient 0.666. The item *'I am acquainted with the benefits of financial institutions'* obtained a loading coefficient 0.638. The item '*I plan my future purchases.*' obtained a loading coefficient 0.619. Moreover, the item *'If I receive bonuses, I allocate it for investments.*' obtained a loading coefficient 0.559. The item *'If my net take-home pay decreases, I tend to spend less than my usual spending amount.*' obtained a loading coefficient of 0.545.

The newly enlisted soldiers value staying informed about financial and economic matters. These findings reflect a solid foundation in wise financial management, which is integral for making informed financial decisions. They actively engage in financial planning, savings, and investment practices. However, their behavioral approach may only sometimes align with their knowledge despite their general understanding of the importance of saving and adjusting spending in response to financial challenges. Although they plan their finances and save, they may not prioritize saving or adjusting spending when receiving bonuses or experiencing a decrease in income, suggesting that other factors, such as immediate financial needs or personal priorities, can influence how their financial knowledge is applied.

The finding aligns with Ab Rani et al. (2022) that financial literacy among newly enlisted soldiers was moderate, yet overall, military personnel indicate good financial handling practices. However, lower-ranking soldiers need to have solid financial planning skills to navigate their financial challenges in the current environment.

Table 4. Rotated Matrix with Group Attributes under Knowledge in Financial Management

Item No.	Attributes	Factor Score	Theme
6	I update myself with economic and financial news.	.742	Knowledge in Financial Management
1	I manage my cash flow.	.683	
2	I allocate a portion of my salary to savings and investments.	.666	
5	I am acquainted with the benefits of financial institutions.	.638	
4	I plan my future purchases.	.619	
12	If I receive bonuses, I allocate them for investments.	.559	
14	If my net take-home pay decreases, I spend less than usual.	.545	

Financial Prudence. Table 5 shows that five items fall in the third dimension, the Financial Prudence, and their corresponding loading coefficients. As shown, the item '*I prefer lower-priced accommodation compared to pricey accommodation*.' obtained the highest loading coefficient of 0.607. This result is supported by succeeding items about the coping strategies of the Financial Constructs among New Soldiers. The item '*I prefer public school for my children/siblings*.' obtained a loading coefficient 0.598. The item *'If I receive bonuses, I tend to save more*.' obtained a loading coefficient 0.576. If *my net take-home pay decreases, I prefer to buy goods on sale rather than pricey goods*.' obtained a loading coefficient of 0.575. The item '*I compare prices of similar products with different brands before I purchase*.' obtained a loading coefficient of 0.546.

The newly enlisted soldiers value staying financially prudent and are informed that If they prefer lower-priced accommodation to pricey accommodation, it can affect economic matters. They actively engage in public school for their children. However, their behavioral approach may only sometimes align with their knowledge despite their general understanding of the importance of saving if they receive bonuses. However, they compare prices of similar products with different brands before purchasing regarding their net take-home pay decrease.

This finding corroborates Lou et al. (2019) 's cautious approach to spending and an inclination toward saving. The preference for buying discounted goods rather than expensive items and comparing prices before purchasing reflects a broader strategy of making thoughtful, value-driven financial decisions. The results presented a strong tendency toward financial prudence among newly enlisted soldiers, particularly in their preference for cost-effective options and strategies to manage their finances. This result echoes that people are more likely to recognize the price as a measure of monetary sacrifice.

Table 5. Rotated Matrix with Group Attributes under Financial Prudence

Item No.	Attributes	Factor Score	Theme
27	I prefer lower-priced accommodation compared to pricey accommodation.	.607	Financial Prudence
22	I prefer public school for my children/siblings.	.598	
11	If I receive bonuses, I tend to save more.	.576	
13	If my net take-home pay decreases, I prefer buying goods on sale rather than pricey ones.	.575	
26	I compare prices of similar products with different brands before I purchase.	.546	

Cost-Benefit Awareness. Table 6 shows the two items that fall under the fourth dimension, the Cost-Benefit Awareness, and their corresponding loading coefficients. As shown, the item '*I prefer buying secondhand clothes/apparel (ukay-ukay) with the same durability.*' obtained the highest loading coefficient of 0.597. Moreover, the other item, '*My monthly income is more than my monthly expenses.*' obtained a loading coefficient of 0.516. This result is supported by succeeding items on the coping strategies of the Financial Constructs among New Soldiers.

The results highlight a notable level of cost-benefit awareness among newly enlisted soldiers, as reflected in their purchasing behaviors of buying secondhand clothes instead of branded ones. Furthermore, their monthly income is more than their monthly expenses in financial management strategies. This result suggests that new soldiers prioritize value for money, opting for durable yet more affordable options.

This finding is in parallel with the statement by Smith (2023) that the financial discipline, where their income exceeds their expenditure, suggests that they are mindful of balancing costs and benefits in their financial decisions. It was also revealed that 83% of Gen Z Americans already shop to thrift secondhand items, and by 2027, Gen Z will account for approximately 28% of the secondhand market. Gen Z is at the front line of a significant growth period in the global secondhand shopping market, which saw a 28% increment in revenue.

Table 6. Rotated Matrix with Group Attributes under Cost-Benefit Awareness

Item No.	Attributes	Factor Score	Dimension
21	I prefer buying secondhand clothes/apparel (ukay-ukay) that have the same durability.	.597	Cost-benefit Awareness
8	My monthly income is more than my monthly expenses.	.516	

Budget Flexibility. Table 7 shows the two items that fall under the fifth dimension, the Cost-Benefit Awareness, and their corresponding loading coefficients. As shown, the item '*If my net take-home pay decreases, I no longer allocate for my savings/ investments.*' obtained the highest loading coefficient of 0.761. Moreover, the other item, '*I prefer to eat in fast food/ restaurants rather than prepare my food.*' obtained a loading coefficient of 0.641. This finding is supported by succeeding items on the coping strategies of the Financial Constructs among New Soldiers. The results reflect how newly enlisted soldiers adjust their financial priorities in response to changes in their income if their net income take-home pay decreases and is no longer allocated to their savings/investments. However, they preferred eating in fast food or restaurants rather than preparing food. The lack of financial buffers or flexibility in their budgeting practices significantly affects savings and investment activity.

Moreover, this finding coincides with the proposition of Santini et al. (2019) that prioritizing dining out and lifestyle choices remains, even with budget constraints, this reflects a lower degree of flexibility in managing discretionary spending. There is growing evidence that financial education may not improve financial behavior.

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Table 7. **Rotated Matrix with Group Attributes under Budget Flexibility**

Item No.	Attributes	Factor Score	Theme
15	If my net take-home pay decreases, I no longer allocate for my savings/ investments.	.761	Budget Flexibility
16	I prefer to eat in fast food/ restaurants rather than prepare my food.	.641	

Figure 2. Framework Develop Based on Findings

Presented in Figure 2 is the framework developed based on the findings. The researchers found that the financial handling construct factors among newly enlisted soldiers are financial peer influence, knowledge of financial management, financial prudence, cost-benefit awareness, and budget flexibility. Peer influence, knowledge in financial management, financial prudence, cost-benefit awareness, and budget flexibility.
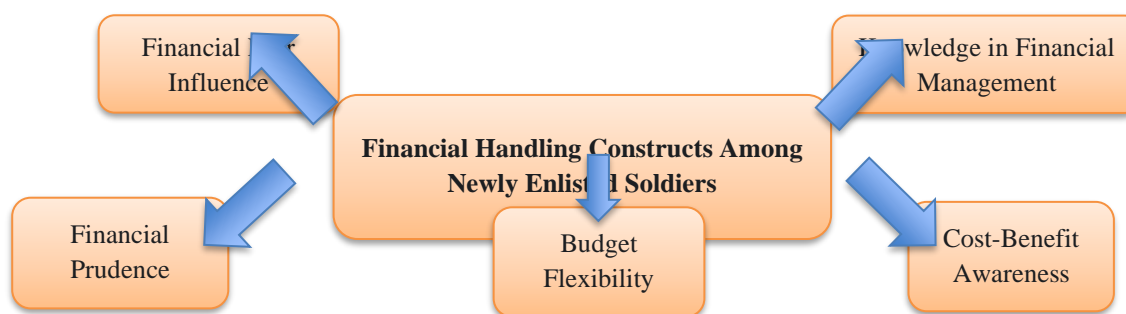
CONCLUSION

This study provided a valuable understanding of the financial constructs of newly enlisted soldiers. It also reinforces the idea that psychographic and demographic factors significantly affect newly enlisted soldiers' financial decisions. However, it is also worth noting that the study only encompassed part of the population of newly enlisted soldiers, as participants were limited in number. Nevertheless, this study could still identify five dimensions of financial peer influence: knowledge of financial management, financial prudence, cost-benefit awareness, and budget flexibility.

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