

Strategies to Provide Financial Literacy to Military Students

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By

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Abstract

This qualitative, exploratory study investigated and explored the experiences, perceptions, and beliefs of online military students attending a four-year university concerning what strategies universities can provide to reduce debt. This study used a combination of open-ended questions, whereas the closed-ended questions pertained to the backgrounds of participants and open-ended questions to elicit personal experiences regarding financial literacy courses, interaction and support from financial aid offices, current student loan debt levels, and financial outlook. Nine participant interviews resulted in six themes. The themes included; none of the nine participants received guidance or support from the financial aid office or financial literacy education from the university, universities should offer financial and career counseling, it is an individual's responsibility to become educated in financial literacy, investing, and retirement, counseling, and military benefits pay for college. The themes led to recommendations that colleges and universities should develop and implement financial literacy training for students, colleges and universities should provide financial and career counseling for students, and colleges and universities should form partnerships with outside organizations and the military to combine efforts in providing financial literacy training, education concerning military benefits, and career planning. The implications for future research, practice, and scholarship include researching strategies such as a 100-level course in financial literacy for educational credit, providing alternative methods of instruction, motivating individuals to take financial literacy, and explore how the strategies can provide support for military students who serve this country to better the lives of themselves and their family.

Keywords: *financial literacy, military students, counseling*

Dedication

This research project is dedicated to active duty and retired military personnel who have served this country with distinction and honor. Military personnel serve this country and seek advancement or careers after departure from the military. This research is dedicated to supporting our troops and their families to become financially educated and achieve financial stability and a career they can afford.

PREVIEW

Acknowledgments

I want to acknowledge many individuals for their support and encouragement during this dissertation project. I want to thank my loving wife and children for their love and support during this endeavor. If it were not for their support during the long hours, frustrations, and working nights and weekends to put forth the best research project possible, this project and my degree would still only be a dream.

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PREVIEW

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PREVIEW

Chapter 1: Introduction

Online military student debt incurred at the college and university level was the subject of this study. As a parent and educator, the financial burden of college loan debt affects students' ability to receive gainful employment and induces student stress and financial instability (Montalto et al., 2019). This exploratory study examined online military students attending a four-year university and financial literacy knowledge. The study sought to obtain specific strategies online universities can provide online military students to increase financial literacy and reduce debt.

It is important to explore strategies universities can provide to online military students because college students are in a vital stage of their lives as they start to enter a career and manage money more independently (Ramos-Hernandez et al., 2020). Ramos-Hernandez et al. said that financial literacy could be promoted and taught in colleges because that is a time in a student's life to start employment and make more independent financial decisions. Ramos-Hernandez et al. also point to more complex financial decisions at higher education ages because of credit card decisions, mortgages, and loans. Ramos-Hernandez et al. also included information in the study that younger adults have low financial literacy levels and poor financial behavior and are a susceptible population.

Jacobsen and Correia (2019) said today's students' financial literacy is essential to their long-term growth. Universities and colleges are working to improve approaches for teaching financial literacy to students, but colleges and universities are having difficulties in developing strategies or methods to educate students in financial literacy (Jacobsen & Correia, 2019). Jacobsen and Correia found that students that exhibit a lack of financial literacy are non-

business majors, those students who have not had prior financial literacy courses and lack confidence in money management.

González Canché (2019) said that according to the Quarterly Report on Household Debt and Credit, student loan debt remains the single form of debt that increased six-fold over the last 15-years, Baker and Montalto (2019) said that as college costs continue to rise, many higher education professionals are worried about the financial strain on students. Baker and Montalto also said that financial stress and significant student loan debt are linked to more students stopping coursework, dropping out of college, or taking fewer courses.

Bowles's (2017) study involved 32,000 undergraduate students at a public, urban university on the west coast. Bowles analyzed student participation and analysis of the Financial Literacy 101 online platform with objective and subjective analysis. Much like Bowles' study, this research project focused on the subjective aspects of financial wellness and recommendations by Bowles for further research into the qualitative study of financial attitudes concerning self-confidence in financial decisions and personal knowledge level. This qualitative study explored student interviews and financial satisfaction by asking questions about the students' financial stress.

Steele et al. (2018) found that military veteran students are similar to non-veteran students to graduate from for-profit institutions with student loan debt despite the availability of the Montgomery GI benefits. Steele et al. also noted that almost 2.4 million military members were deployed in 2011, with about 1.4 million separating from military service and entering life as a civilian. In contrast, the first civilian job may be the first civilian career after leaving high school. Steele et al. said that unemployment for some veterans might be as high as

8.6% versus about 6.8% of non-veterans in 2012. Education levels and veteran employment is closely related (Steele et al., 2018). Contrary to Steele et al.'s expectations, they found that veterans graduated with student loan debt at about the same rate as non-veterans.

There are limited and sparse specific qualitative studies concerning what tools and strategies universities can provide to reduce the student loan debt of online military students. Because tuition costs are rising and a lack of competent financial literacy levels of college students, this research intends to fill the gaps in the literature concerning these topics and find tools or strategies universities can provide to reduce student debt (Walstad et al., 2017). The exploratory study sought to identify participants' experiences in receiving financial literacy education, financial aid support and develop alternatives for universities to develop and implement to assist online military students.

Problem Statement

The problem is that it is not known what financial management strategies four-year colleges can provide to online military students to reduce their debt. The review of academic databases did not provide research into the strategies that four-year colleges can provide to online military students to reduce their debt. Beck and Garriss (2019) stated that increasing awareness and education in financial literacy is vital to the United States. Beck and Garriss stated that it is a significant concern that the number of families and students who do not handle student loans properly is because of a lack of financial comprehension.

Study Purpose

The purpose of this study was to explore and examine the financial management strategies that four-year colleges can provide to online military students to reduce their debt.

The exploratory design enabled this researcher to discover people's first-person experiences centering on a concept or a phenomenon (Creswell, 2018; Nigar, 2020). The purposeful sampling of nine students from social media platforms allowed the researcher to reach data saturation where further interviews did not result in additional and unique information (Malterud et al., 2016). Purposeful sampling was used based on specific characteristics of the population, which consists of online military students at four-year universities. Kalu (2019) identified purposeful sampling as one of the most widely used sampling methods in qualitative research and should be based on specific characteristics of the population this study identified. The results of this study provided themes about the students' debt level, university financial resources, benefits of the financial literacy training, areas of university improvement, and financial literacy areas needing more focus. DeDoose software assisted in analyzing transcripts and data to provide qualitative analysis of interview responses. This study's qualitative approach involved reviewing the literature to identify the potential shortcomings of financial literacy among college students and current financial literacy programs in college. An in-depth investigation into existing research provided a foundation to explore what financial management strategies four-year colleges can provide students to reduce their debt. This qualitative study explored student perceptions of online four-year college financial literacy programs, debt levels, and needs for financial literacy in college. The findings that colleges and universities did not provide financial literacy education assist in providing financial aid information. Participants thought providing a 100-level financial literacy class for credit would prove beneficial provides a framework for future research into examining assistance provided

by financial aid departments from their perspective. The findings also identify potential future practices of incorporating a financial literacy course to increase financial literacy.

Research Question

A thorough analysis of the literature did not reveal relevant and current scholarly information related to financial management strategies that universities offer military students. The literature review also did not reveal specific research or studies relating to incorporating financial literacy courses into the curriculum requirements that may assist online military students. Further exploration of colleges' financial management strategies can provide to online military students led to this exploratory research. The research question is:

What are the financial management strategies that four-year colleges can provide to online military students to reduce their debt?

Conceptual Framework

The phenomenon of interest in this research project was that colleges and universities are graduating students with high debt that is a financial burden on students in college and when seeking employment upon graduation. Velez et al. (2019) highlighted the increasing student loan debt and tuition rates. Velez et al. said that students might take out loans based on the potential earnings potential of future employment. The conceptual framework for this study was an adaptation of Bowles (2017) study.

This research incorporated the conceptual framework of Bowles to conduct a qualitative analysis of the financial wellness of online military students attending a four-year institution. Bowles used a conceptual framework assessing financial wellness, the status of financial situations, financial attitudes, and financial behaviors. Bowles incorporated three of the four

subconcepts from Joo's (2008) conceptual framework (financial satisfaction, financial behavior, and subjective perception) and did not utilize the objective status such as a participant's income. This research did not include the objective status because it was not part of the instrument and was not part of exploring what universities can do to provide financial management strategies to online military students.

Bowles examined the financial wellness concepts of participants' financial knowledge, perceived confidence in financial matters, financial satisfaction, and financial behaviors. This research used the financial attitudes and satisfaction aspects by asking participants about their perceived belief in their financial outlooks based on current student loan debt. This research used the participants' financial knowledge framework by asking participants about their current financial literacy knowledge and experiences in taking financial literacy courses, training, or seminars. The financial behaviors section of the conceptual framework in this study focused on exploring the financial behaviors of the participants and knowledge of other military personnel spending, savings, and retirement planning.

Participants were asked to take the Financial Literacy 101 course to become familiar with the various aspects of financial literacy and money management, such as budgeting, insurance, loans, spending, and savings. The Financial Literacy 101 course is an internet-based website, and the researcher provided a student username and password for the participant to register. The Financial Literacy 101 course includes modules on budgeting, insurance, loans, spending, savings, and other financial literacy topics, with quizzes at the end of the module to test the knowledge retained from each module. Because the financial literacy levels of participants were unknown, providing financial literacy information could enhance the

interviews to discuss previous financial attitudes and knowledge compared to attitudes and knowledge after reviewing the Financial Literacy 101 course. Participants completing or reviewing the Financial Literacy 101 course could assist in exploring participant financial behaviors about areas of personal finances.

Redmond (2015) said that the social exchange theory includes social exchanges where someone's motivation to obtain something of value must give up something in exchange. Redmond continued that the social exchange theory is an exchange to receive a reward more valuable than the costs. In the context of this study, the possible social exchange between the university and participants was explored to examine the rewards such as an increased financial literacy level as a cost to the student such as time, cost, academic credit, and other related factors. Zhang et al. (2018) said that the social exchange theory had been used in many disciplines to explore knowledge sharing. Zhang et al. said social exchange can be explored in more than a cost and reward system but could include expectations and long-term relationships. This research project also explored the potential expectations and long-term relationships between online military students and universities, specifically the financial aid office.

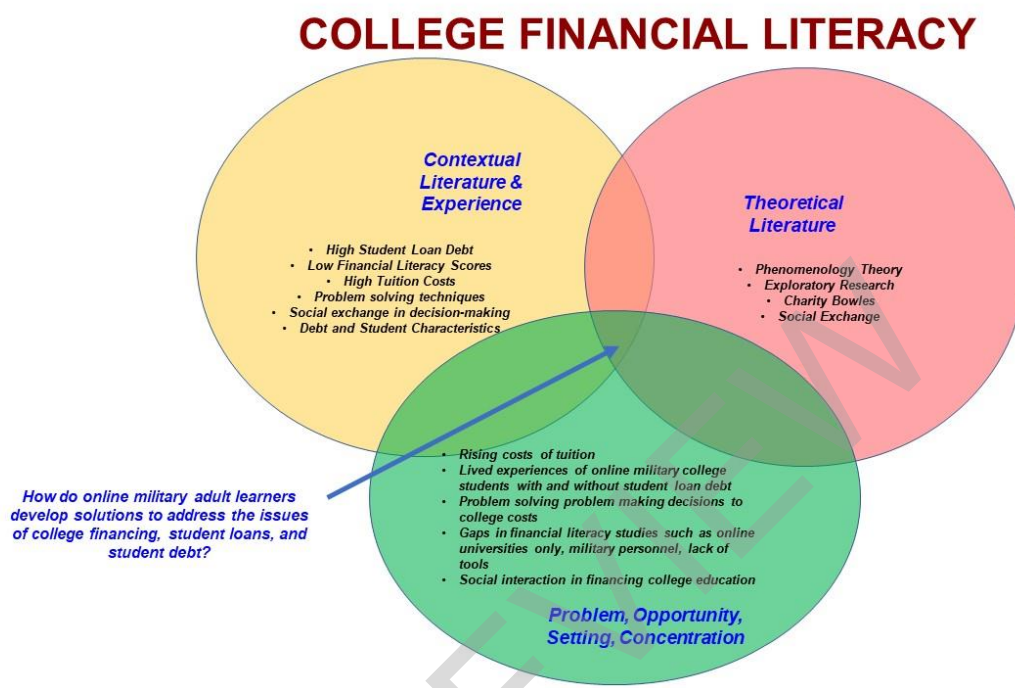
Jia (2020), a financial aid advisor at a community college, conducted a study of first-year students in a phenomenological design study to examine students' experiences and beliefs about student loans and financial literacy. According to Jia, the phenomenological design allowed the gathering of personal knowledge, experiences, and beliefs. By conducting qualitative interviews, Jia found that students wanted more visuals, one-on-one interaction from the financial aid office, and monthly newsletters that included inspiration and

encouragement. Jai's study said providing financial literacy to students should include input from all stakeholders and various methods to appeal to a diverse student population. My study explored the potential methods of providing financial literacy education to online military students based on their personal experiences of involvement with the financial aid office.

After students took the Financial Literacy 101 course, the student interviews concerning the students' self-perception of financial knowledge provided a subjective context. The additional variation from Bowles' study included not addressing the objective test scores within the quantitative analysis. The study did not incorporate a quantitative analysis of the actual test results. I intended to explore the subjective aspects of the course to ascertain the thoughts, beliefs, and attitudes of online military students at four-year institutions regarding the Financial Literacy 101 course as a potential online platform to assist military students and online academic institutions in providing financial literacy education to students. The students had access to their scores for each subject within the Financial Literacy 101 course to examine the progress during the course. Bowles (2017) said, "subjective perception is the driving force for savvy financial behaviors. Financial knowledge can influence financial attitudes and leads to better financial behavior, thus better financial wellness" (p. 8). I sought to incorporate a practical financial literacy application to increase self-confidence, financial satisfaction and behavior, and financial attitudes. I researched the applicability of implementing the Financial Literacy 101 as a strategy that universities can offer online military students to reduce debt, reduce student loan default rates, and reduce student stress, benefitting the students, institutions, and military. Bowles stated that financial wellness involves satisfaction with "current financial situations, actively saving in banking and retirement, budget management,

and carrying low debt levels" (p. 10). The interviews in this study assessed participants' financial wellness from personal experiences with budgeting, debt levels, and saving.

Figure 1: Conceptual Framework



Significance of the Study

The research identified several reasons for the implementation of a financial literacy program at the collegiate level. In the current economic volatility, increasing student loan debt, increasing need for a degree for fair pay, and limited college student financial literacy, the need for an interactive financial literacy program is essential to students' financial success beyond the college career. Wright (2016) said the Financial Literacy and Education Commission, the Jump\$tart Coalition for Financial Literacy, and the Office of Financial Education, Department of Treasury, believe financial literacy needs to be a part of curriculum development. Recommendations in prior research suggested that educators need to teach principles of

personal finance to help reduce an economic crisis. Wright identified low levels of financial literacy among high school and college students as they transition to a life of independence.

Pinnell (2020) identified an Army financial literacy problem and said that all levels of Army leadership need to be involved in solving it. Pinnell further explained that the Army, much like the educational system lacks personal financial courses or topics, and it would be beneficial to include personal finance topics. To serve soldiers better, Pinnell mentioned that more research is needed to examine what tools are most beneficial for military members, from new entrants who may need budgeting or savings to seasoned members that may need tools concerning tax planning and retirement. This study is significant to further serve our military members in exploring financial literacy offered by the university and suggestions for financial management techniques that can support service members.

The study is significant to provide information from online military students on the financial education topics or tools that the university can implement to improve military members' financial literacy, reduce debt, and help understand the potential effects of student loans. Qayyum et al. (2019) said that attrition and completion at online universities is a concern for universities where retention is the institution wanting to keep students enrolled. Exploring what universities can do to support online students to reduce debt and financial literacy may be beneficial for financial aid officials and other university stakeholders to retain online military students. Qayyum et al. also identified factors for completing a degree, such as finances, encouragement and support, social integration, and institutional commitment. Qayyum's research found that a student or family's ability to pay for higher education improved students' potential to persist in college. Colleges and universities recognized that students' finances

might differ between persisting and enrolling in college or dropping out. This study is significant in providing thoughts and experiences of online military students that may assist in enrolling, persisting, and reducing dropouts.

Definition of Terms

The definition of terms in this study appeared consistently throughout the research below. Most of the term definitions came from scholarly and relevant materials from a peer-review process. The terms serve as a basis for understanding the core concepts in this study.

Financial Literacy

There are numerous definitions of financial literacy. The definition of financial literacy in this study uses Hussain et al.'s definition. Hussain et al. (2018) said financial literacy could be defined as the ability of individuals to use basic financial knowledge and other skill sets and education to make progress toward specific life objectives. Chu et al. (2017) identified financial literacy as the ability to use financial knowledge to reduce the potential to make poor choices.

Financial Literacy 101

Financial Literacy 101 (2019) is a financial literacy program by Decision Partners. Since 2004, Decision Partners has provided financial literacy training to colleges and universities (Decision Partners, 2019). Financial Literacy 101 is a flexible program with customization, is easy to use and navigate, and allows various options to capture student progress. Decision Partners (2019) has course categories of budgeting, car and home buying, debt management, financial aid and paying for college, financial aid repayment success, financial health and planning, having a baby, identity theft, insurance, savings and investing, and many others.

Service Member

The Congressional Research Service (2019) defined a "servicemember" as someone serving in the Air Force, Navy, Army, Marine Corps, Coast Guard, National Oceanic Atmospheric Administration, and Public Health Service (p. 9).

Veteran

The Veterans' Administration (n.d.) identified a veteran from Title 38 of the Code of Federal Regulations as "a person who served in the active military, naval, or air service and who was discharged or released under conditions other than dishonorable." (p. 4)

Chapter Summary

Chapter 1 included a background of the problem concerning the high rate of student loan debt and lack of financial literacy among college students. Wright (2016) and Pinnelle (2020) identified the need for universities to provide financial literacy to students to make sound financial decisions and reduce debt. The problem that it is not known what strategies universities can implement to help reduce the debt of online military students is vital because military members face student loan options and debt and can transition to a new or different career different from the military. Chapter 1 also included the reasoning in studying military online students attending a four-year university such as Pinnelle, who said education institutions and the military need to serve military members better concerning financial literacy. Chapter 1 outlined the research question, potential biases and assumptions, limitations, and the problem statement. Chapter 2 includes a comprehensive examination of literature about student financial literacy levels, need for financial literacy, military student backgrounds, and gaps in the literature.

Chapter 2: Review of the Literature

The following chapter is a comprehensive review of the current literature that provides a theoretical and contextual view of financial literacy. The review focused on relevant topics relating to the problem: it is not known what strategies colleges and universities can provide to online military students to reduce debt. The review also centered on supporting the purpose of the study, which was to explore and examine the financial management strategies that four-year colleges can provide to online military students to reduce their debt. The review focused on the definitions of financial literacy, specifically college student financial literacy. The review also analyzed past research in college student financial literacy, needs for financial literacy, debt levels, and financial literacy educational programs. This literature review showed gaps and the need for further research to support the rationale for the study.

Literature Search Strategies

The literacy search strategy included extensive research using keywords such as financial literacy, student debt, higher education studies, qualitative studies, and other related keywords, peer-reviewed and publications in ProQuest Central and EBSCO, provided scholarly and published academic research. The process of limitation concerning specific papers in the literature review included filtering by year to include only publications within the last 5 – 7 years to help make them recent and relevant. Once relevant and recent papers and journals meet the criteria for recent, relevant, and scholarly, a narrow focus on the gaps in the literature, research methodology, and findings provided the basis of the following literature review.

Financial Literacy Definitions

There is no one exact definition of financial literacy or financial education, but three standard definitions in other research projects include the following definitions. Chu et al. (2017) provided an enriching study that focuses on financial literacy to make household decisions and avoid risky ventures. Chu et al. said financial literacy is the ability to use financial knowledge and determine routes of financial behaviors, behaviors that reduce the potential for poor choices, returns, and savings to ensure financial stability. Chu et al. also outlined the measures of financial literacy they used to complete the study. The first relies on fundamental financial knowledge of debt, savings, and loans. The second side proposed that financial literacy can also understand complex concepts such as investments in stocks and bonds and understand the different forms of investments. Chu et al.'s study proposed that households with a higher level of financial literacy delegate at least some of their savings and investment portfolios to professional managers and diversify and include mutual funds. Those with below-median financial literacy tend to have overconfidence and make poor investment choices (Chu et al., 2017). Additionally, Walker (2017) identified financial literacy as the capacity to take practical actions and make wise decisions about money management today and in the future, while financial illiteracy is the inability to understand basic financial concepts such as saving, investing, and budgeting. According to Ćumurović and Hyll (2019), financial literacy could be understood as understanding the impact of financial behaviors, developing opportunities to realize business and educational goals, and developing a secure path to success in society.

There are numerous definitions and aspects of financial literacy (Faulkner, 2015). Financial literacy is essential to learn and use financial literacy principles and apply them to current and future financial decisions to make sound decisions (Klapper et al., 2015).

Understanding financial literacy and money management decision-making principles help in identifying the need for learning money management strategies in the current economy (Lusardi, 2015). Bongini and Zia (2018) produced a couple of crucial characteristics that will define financial literacy. The first definition referred to the fact that it is an accumulation of personal abilities that will positively impact one's financial decisions for daily life. Bongini and Zia stated that financial literacy is the individual empowerment to use financial knowledge, skills, and information management to support economic decisions as they plan for the future. Ergun (2018) also stated that financial literacy characteristics include a person's ability to make informed decisions about retirement, debt, wealth, and financial planning.

Xiao and O'Neill (2016) outlined four components of financial literacy: objective financial literacy, subjective financial literacy, desirable financial behavior, and perceived financial capability. Objective financial literacy is the outside looking in, measured by scores on five financial questions. Personal financial literacy was the individual's self-assessment of their financial knowledge (Xiao & O'Neill, 2016). Desirable financial behaviors, those that help achieve financial well-being, were measured using a self-report questionnaire of behaviors relating to 20 items. Finally, the perceived financial capability was the perception of their financial understanding and ability to make confident financial decisions.

Need for Financial Literacy

College students are graduating with high loan debt, cannot manage finances, and do not understand the lifelong effects of repaying student loans (Hagadorn & Lahousse, 2019). Hagadorn and Lahousse (2019) said that college years are an important time in young adults' lives when they are faced with important personal financial considerations for the first time.