

DETERMINANTS OF SUBJECTIVE FINANCIAL POSITIONING AND THEIR IMPLICATIONS FOR CORPORATE FINANCE

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Abstract:

Peer-based financial comparison represents a subtle but influential behavioural mechanism through which individuals evaluate their economic standing relative to others. While traditionally examined in consumer and behavioural finance research, this comparative dimension may also carry implications for corporate finance, as relative financial evaluations can shape decision-making patterns, motivation, and performance stability in competitive environments. Building on this perspective, the present study investigates behavioural and cognitive drivers of Peer Comparison (PC), a core dimension of the Multidimensional Subjective Financial Well-Being Scale (MSFWBS).

Using survey data collected from 93 first-year university students (aged 18–20), the study examines whether financial education and Big Five personality traits explain individual differences in peer-based financial evaluation. Personality was operationalised through Neuroticism, Extraversion, Openness, Agreeableness, and Conscientiousness, while financial education was treated as a proxy for cognitive financial capital. Multiple linear regression was employed to assess the joint and unique contribution of these determinants.

The findings indicate that peer-based financial comparison is not solely a function of objective financial knowledge, but is also systematically associated with behavioural predispositions. In particular, traits linked to social orientation and interpersonal exposure appear relevant for explaining variation in PC, while financial education shows a consistent directional relationship with lower reliance on social reference points. By integrating a multidimensional well-being framework with behavioural determinants, the study contributes to behavioural corporate finance research by highlighting how subjective financial evaluation processes may represent micro-level foundations for economically meaningful behaviour, with implications for organisational efficiency, performance stability, and workforce-related financial dynamics.

Key words: Peer Comparison, Subjective Financial Well-Being, Financial Education, Personality Traits, Corporate Finance, Behavioural Finance

JEL classification: G41, D91, G30, M12

Received 29 March 2026; Accepted 17 June 2026

1. INTRODUCTION

In the current context of financial markets, characterised by volatility and economic uncertainty, understanding the mechanisms that shape individuals' perceptions of their financial position has become essential not only for behavioural finance theory but also for corporate financial management practices. Subjective financial well-being, defined as an individual's subjective evaluation of their own financial situation, including satisfaction, perceived control, and expectations regarding the financial future, has been recognised as a complex multidimensional construct that influences consumption decisions, saving behaviour, and, indirectly, strategic financial decisions within organisational settings. Although traditional finance research has primarily focused on objective performance indicators such as income or assets, more recent approaches highlight the significant role of subjective evaluations in economic decision-making processes. In this context, financial capability is commonly conceptualised as a multidimensional construct encompassing money management, forward planning, product choice, and staying informed about financial matters (Atkinson, McKay, Collard, & Kempson, 2007).

Tversky and Kahneman (1974) provide a foundational account of how individuals form judgments under uncertainty by relying on heuristics, or mental shortcuts, rather than fully systematic evaluation. While these heuristics can be efficient in everyday decision-making, they also generate predictable biases, meaning that individuals may deviate from rational standards even when attempting to make reasonable assessments. In financial contexts, this framework is particularly

relevant because subjective evaluations, such as perceptions of one's financial position relative to others, may be shaped not only by objective information, but also by simplified cognitive strategies that amplify comparison processes and distort the interpretation of economic signals (Tversky & Kahneman, 1974).

Some authors proposed a robust theoretical model for conceptualising and measuring subjective financial well-being among young adults, introducing a multidimensional scale, the Multidimensional Subjective Financial Well-Being Scale (**MSFWBS**), which captures five distinct components of perceived financial experience: general satisfaction, money management, material resources, peer comparison, and financial future (Sorgente & Lanz, 2019).

The MSFWBS instrument, comprising 25 items, provides a more nuanced representation of subjective financial well-being than traditional unidimensional scales, as it reflects evaluative, relational, and behavioural aspects of financial experience. By including the Peer Comparison dimension, representing the evaluation of one's financial position in relation to socially relevant reference points, the MSFWBS offers a suitable framework for investigating how comparative dynamics influence financial decision-making in competitive contexts (Sorgente & Lanz, 2019).

From a corporate finance perspective, this approach is particularly relevant. Subjective evaluations of financial standing can influence individual economic behaviours with implications for organisational performance through choices related to consumption, saving, risk-taking, and the negotiation of compensation packages. For instance, individuals who report lower levels of relative financial comparison may display different attitudes toward investing in financial education or adopting firm-related financial products compared to those located at the opposite end of the peer comparison spectrum. Similarly, these subjective perceptions may be relevant for financial managers when designing strategies for human capital retention, benefits planning, and competitive compensation structures.

The behavioural finance literature further suggests that financial well-being is not solely an individual-level construct but may also be reflected in collective economic behaviours that shape organisational outcomes. While much of the existing research focuses on traditional socio-economic factors such as income, spending, or financial education, integrating psychological and behavioural determinants, such as personality traits, offers a more comprehensive perspective on the drivers of financial decision-making in complex environments. Thus, examining the influence of psychosocial variables on the MSFWBS dimensions contributes to the expansion of corporate finance research by providing empirical evidence on how these factors shape relative financial behaviours.

Moreover, recent research indicates that multidimensional instruments for assessing financial well-being perform consistently across diverse cultural and economic contexts, supporting their validity and international applicability (Sorgente, et al., 2024). This further emphasises the relevance of using the MSFWBS not only in theoretical studies but also in applied empirical analyses within corporate finance, where subjective drivers may influence resource allocation strategies, financial planning, and negotiation behaviour.

Building on these insights, the present study aims to analyse the determinants of the Peer Comparison dimension of the MSFWBS by examining the impact of financial education and personality traits on individuals' relative evaluation of financial position. In doing so, the study seeks to provide an integrated understanding of subjective factors with direct relevance for contemporary corporate finance challenges, thereby strengthening the link between economic psychology and organisational finance.

2. LITERATURE REVIEW

It is expected that manuscripts will be organized in such a manner that maximize both the substance and clarity of the document. All articles should report original research that has not been published or submitted for publication elsewhere. Papers presented at conferences are accepted, provided that they have not been published in full in Conference Proceedings.

In the academic literature, financial well-being is increasingly conceptualized as the outcome of an interaction between objective conditions, such as income level, indebtedness, or exposure to financial shocks, and subjective evaluative processes, including perceived control, security, and freedom of choice (Brüggen, Hogreve, Holmlund, Kabadayi, & Löfgren, 2017). The Consumer Financial Protection Bureau defines financial well-being in terms of financial security and the ability to make choices that improve quality of life, emphasizing the “consumer-driven” nature of this construct and its measurement through standardized psychometrically validated instruments (Consumer Financial Protection Bureau, 2017).

In line with this perspective, Sorgente and colleagues developed and validated the Multidimensional Subjective Financial Well-Being Scale (MSFWBS), building on the idea that subjective financial well-being is multidimensional among young adults and cannot be adequately captured through a single global score. MSFWBS operationalizes subjective financial well-being through multiple dimensions (including Peer Comparison, Money Management, Financial Future, etc.), providing a suitable framework for analyses that examine differences across components of perceived financial experience (Sorgente & Lanz, 2019). The validity and usefulness of the multidimensional model are further supported by subsequent research testing MSFWBS across multiple cultural contexts (with data collected in several countries), suggesting that its multidimensional structure may also be relevant in comparative terms across different socio-economical contexts (Sorgente, et al., 2024).

From a corporate finance perspective, the relevance of subjective financial well-being stems from its association with economically meaningful behaviours at the organisational level, such as consumption and saving decisions, risk tolerance, financial stability, and reactions to compensation and benefits policies. In particular, the MSFWBS dimensions may be interpreted as proximal mechanisms through which economic conditions and policies (including financial education programs) translate into workplace attitudes and behaviours with implications for labour market outcomes and organisational performance.

The Peer Comparison (PC) dimension captures individuals’ evaluation of their own financial position relative to others, reflecting a form of “relative financial appraisal.” In the literature, social comparison has been linked to economic and well-being outcomes, including contexts in which social reference points (friends, family, and online environments) may shape perceptions of financial status (Wu, Huang, Liu, & Liang, 2025).

Social networks and everyday interactions play a key role in shaping financial norms and influencing how individuals evaluate and manage financial decisions (Kiviat & Morduch, 2012). More closely aligned with behavioural finance, recent research indicates that social comparison orientation may be associated with financial management behaviours (for example through mechanisms such as financial self-efficacy and financial socialization), supporting the view that PC is not only psychologically meaningful but also relevant as a determinant of financial conduct (Ahamed & Limbu, 2025).

In corporate finance settings, relative financial comparison is particularly relevant because it influences how individuals evaluate reward fairness and form salary expectations. Such perceptions may affect economic satisfaction and job mobility intentions, with direct implications for organisational costs related to retention and staff turnover (Diriwaechter & Shvartsman, 2018). In this sense, Peer Comparison may be relevant for corporate finance through its indirect effects on retention, compensation satisfaction, and personnel-related costs. The use of MSFWBS enables standardized measurement of the Peer Comparison dimension, facilitating comparability of results and empirical testing of its behavioural determinants (Sorgente & Lanz, 2019). From an organisational perspective, understanding peer comparison mechanisms can support corporate financial management decisions regarding compensation structures, benefits budgeting, and the management of costs associated with employee turnover.

Financial education is frequently treated as an intervention aimed at improving financial outcomes and enhancing financial well-being. The CFPB positions financial well-being as a central objective of financial education and financial capability development, suggesting that measuring

financial well-being (including subjective dimensions) is relevant for evaluating intervention effectiveness (Consumer Financial Protection Bureau, 2015).

Financial education is also commonly conceptualized in the economic and managerial literature as an intervention designed to improve financial literacy and the quality of individuals' economic decisions through the development of budgeting, saving, and planning skills (Kaiser & Menkhoff, 2019). Moreover, the literature indicates that financial behaviour represents a key mechanism through which financial knowledge is translated into tangible outcomes and, ultimately, into how individuals subjectively evaluate their financial situation (Robb & Woodyard, 2011). From this perspective, financial education is associated not only with objective outcomes (such as saving behaviour or reduced vulnerability to financial shocks), but also with subjective outcomes reflected in how individuals perceive control over their finances and economic security. Consistent with this view, the CFPB emphasizes financial well-being as a primary target of financial education and highlights the importance of standardized tools for assessing the effects of interventions on financial well-being (Consumer Financial Protection Bureau, 2017).

At the organisational level, this approach is consistent with the "human capital investment" logic: if financial education increases planning capability and financial control, indirect benefits may emerge in the workplace (e.g., improved focus, reduced financial stress, and higher productivity), making the assessment of financial well-being dimensions relevant in contexts closely connected to corporate finance, such as employee financial wellness programs (Financial Consumer Agency of Canada, 2025).

Integrating behavioural determinants into the analysis of financial phenomena has a long tradition within behavioural finance. In particular, Big Five personality traits have been empirically associated with economic outcomes such as earnings and income (based on meta-analytic evidence), indicating that stable inter-individual differences may carry measurable economic relevance (Alderotti, Rapallini, & Traverso, 2023).

In household finance research, panel-data studies have examined the relationship between Big Five traits and financial behaviours such as debt and asset accumulation, suggesting differentiated trait-specific patterns, for instance, the role of conscientiousness in relation to lower levels of unsecured debt (Brown & Taylor, 2014).

In addition, recent literature (including reports and working papers) synthesizes and extends evidence on the links between personality traits and money management behaviours (saving, borrowing, compulsive buying), arguing that these traits may operate as antecedents of financially relevant behaviours (Greene, Shy, & Stavins, 2023).

Within this framework, analysing Peer Comparison as a subcomponent of MSFWBS is theoretically justified: Extraversion may be linked to social orientation and interpersonal exposure (potentially increasing comparison), whereas Agreeableness may be linked to cooperation and avoidance of conflict or competitiveness (potentially reducing comparison). This logic aligns with behavioural approaches applied in finance, where psychological differences are treated as determinants of economic preferences and evaluations (Greene, Shy, & Stavins, 2023).

Workplace-oriented literature further suggests that financial stress and financial well-being may manifest in organisational outcomes such as health, engagement, and performance. For example, studies published in indexed journals discuss the effects of workplace financial stress on health, engagement, and performance, providing a direct bridge between individual financial well-being and organisationally relevant outcomes and costs (Rosso, Muñoz-Pascual, & Galende, 2024).

At the same time, institutional analyses and reports focusing on financial well-being in the workplace highlight relationships between financial problems, stress, and productivity or absenteeism, emphasizing the interest of practitioners and organisations in financial wellness interventions (Cox, Hooker, Markwick, & Reilly, 2009).

Overall, the literature provides three main arguments for investigating predictors of the Peer Comparison dimension of the MSFWBS within a corporate finance-compatible framework: (1) financial well-being is a recognized and measurable construct, useful for evaluating interventions (including financial education); (2) relative financial comparison has demonstrated behavioural

relevance for financial management; and (3) stable behavioural differences (Big Five traits) are linked to economic outcomes and financial behaviours, while financial well-being may also generate organisational consequences (Sorgente & Lanz, 2019).

3. RESEARCH GAP AND HYPOTHESES

3.1. RESEARCH GAP

The behavioural finance and corporate finance literature has repeatedly emphasized the importance of financial well-being for individual economic behaviour and for organisationally relevant outcomes such as productivity, job satisfaction, and human capital retention (Consumer Financial Protection Bureau, 2015) (Rosso, Muñoz-Pascual, & Galende, 2024). However, most existing studies approach financial well-being either through objective indicators (e.g., income, assets, indebtedness) or through unidimensional measures, which do not fully capture the complexity of subjective financial evaluations.

Although the Multidimensional Subjective Financial Well-Being Scale (MSFWBS) provides a robust conceptual and methodological framework for analysing subjective financial well-being (Sorgente & Lanz, 2019), its use in research explicitly oriented toward corporate finance remains limited. In particular, the Peer Comparison dimension, capturing the relative evaluation of one's financial position against relevant social reference points, has been insufficiently examined as a dependent variable with potential implications for organisational financial management.

In the existing literature, relative financial comparison is often analysed in psychosocial or consumption contexts (Wu, Huang, Liu, & Liang, 2025), rather than being systematically integrated into models addressing organisationally relevant financial outcomes such as perceived pay fairness, negotiation behaviour, risk-taking, or responses to compensation policies (Diriwaechter & Shvartsman, 2018). Moreover, although financial education is widely recognized as an important factor in improving financial outcomes (Kaiser & Menkhoff, 2019), empirical evidence regarding its relationship with evaluative components of subjective financial well-being, such as relative comparison, remains fragmented.

Another underexplored issue in applied economic research concerns the role of stable behavioural determinants, such as personality traits, in shaping subjective financial evaluations (Alderotti, Rapallini, & Traverso, 2023). While behavioural finance studies suggest that personality traits are associated with economic decisions and financial management behaviours, their integration into models using multidimensional instruments such as the MSFWBS remains limited.

Taken together, these gaps indicate the need for further research at the intersection of corporate finance, subjective financial well-being, and behavioural determinants. More specifically, existing evidence remains insufficient regarding how financial education and behavioural factors influence the relative evaluation of financial position, as captured by the Peer Comparison dimension of the MSFWBS, within a framework relevant for organisational financial decision-making.

3.2. RESEARCH QUESTIONS

Given the gaps identified above, the present study addresses the following research questions:

- RQ1: To what extent does financial education influence the relative evaluation of financial position, as measured by the Peer Comparison dimension of the MSFWBS?
- RQ2: Which behavioural traits are associated with Peer Comparison (PC)?
- RQ3: Do behavioural traits explain incremental variance in PC beyond the effect of financial education?

These questions are relevant for corporate finance, as relative financial evaluations may shape individual economic decisions with implications for organisational performance and workforce stability.

3.3. HYPOTHESES DEVELOPMENT

Building on the theoretical framework of behavioural finance and the literature on subjective financial well-being, the following research hypotheses are proposed. Financial capability can be conceptualised as a multidimensional construct, encompassing money management, forward planning, product choice, and staying informed about financial matters. Within this perspective, financial education may be interpreted as a form of cognitive financial capital that enhances individuals' ability to evaluate their financial situation more objectively and reduces reliance on social reference points. Prior evidence indicates that financial education has economically meaningful effects on financial behaviour, being associated with higher financial market participation and improved financial management outcomes (Cole, Paulson, & Kartini, 2012). Therefore, a negative effect of financial education on the tendency to engage in relative financial comparison is expected.

H1: Financial education is negatively associated with the relative evaluation of financial position (Peer Comparison).

Regarding behavioural determinants, traits linked to social orientation and interpersonal exposure may intensify relative financial evaluation by increasing the frequency of social interaction and access to comparative information.

H2: Social financial exposure (operationalised through Extraversion) is positively associated with Peer Comparison.

In contrast, traits associated with cooperation, avoidance of competition, and prosocial orientation may reduce the relevance of financial comparison in evaluating one's personal economic situation.

H3: Competition avoidance (operationalised through Agreeableness) is negatively associated with Peer Comparison.

Furthermore, planning orientation, self-control, and goal-directed behaviour may be associated with stronger financial evaluation in relation to external standards, including social benchmarks.

H4: Financial planning orientation (operationalised through Conscientiousness) is positively associated with Peer Comparison.

Finally, openness may reduce reliance on external reference points, as individuals higher in openness may rely more on internal standards, learning orientation, and personal development goals.

H5: Openness is negatively associated with Peer Comparison (PC).

Overall, these hypotheses enable the testing of an integrated model combining financial education and behavioural determinants to explain the Peer Comparison dimension of the MSFWBS. In doing so, the study contributes to corporate finance research by incorporating subjective financial evaluations as relevant factors for economic decision-making and organisational financial management.

4. METHODOLOGY

The present study adopts a quantitative, cross-sectional research design, with the aim of identifying the behavioural determinants of the relative evaluation of financial position. A quantitative approach is appropriate for testing relationships between explanatory variables and subjective financial well-being, while the cross-sectional design allows for capturing associations observed at a specific point in time. This approach is frequently used in behavioural finance and corporate finance research, where the focus is placed on analysing factors that shape individual economic decisions with potential organisational implications.

Data were collected through a structured questionnaire administered to participants using a convenience sampling strategy. The sample consists of $N = 93$ respondents, most of whom are first-year university students aged 18–20, a relevant group for studying financial perceptions and emerging economic behaviours. Of the total participants, 78 were male and 15 were female. The selection of

this group is supported by prior research emphasizing the importance of subjective financial evaluations among young adults who are in the process of developing financial behaviours and building human capital.

Participants provided socio-demographic and financial information, including employment status and prior exposure to financial education. Participation was voluntary, and confidentiality was ensured throughout the data collection process.

The dependent variable is the relative evaluation of financial position, measured using the Peer Comparison (PC) dimension of the Multidimensional Subjective Financial Well-Being Scale (MSFWBS) (Sorgente & Lanz, 2019). This dimension captures individuals' perceptions of their financial standing relative to relevant actors within their social and economic environment. MSFWBS is an internationally validated instrument widely used in research on subjective financial well-being, enabling a standardized and replicable assessment of the construct under investigation.

The independent variables include:

- Financial education, measured as a binary variable (0 = no, 1 = yes), indicating whether respondents reported having participated in financial education programs or courses. This variable is interpreted as an indicator of cognitive financial capital.
- Behavioural determinants, operationalised through the Big Five personality dimensions: extraversion (social financial exposure), agreeableness (competition avoidance), conscientiousness (planning and control orientation), neuroticism and openness.

These variables are widely used in behavioural finance research as proxies for stable inter-individual differences that may influence economic decisions and subjective financial evaluations.

In addition, gender was included as a control variable.

To test the research hypotheses, a multiple linear regression model was estimated using the Peer Comparison dimension of MSFWBS as the dependent variable. The general econometric specification can be expressed as follows:

$$PC_i = \beta_0 + \beta_1 EduFin_i + \beta_2 Pers_i + \beta_3 Control_i + \varepsilon_i$$

Where PC_i represents the relative evaluation of financial position for individual i , $EduFin_i$ indicates financial education, $Pers_i$ represents the vector of behavioural determinants, and $Control_i$ includes the control variable. Gender was included as a control variable to account for potential demographic differences in financial perceptions and access to financial education.

In line with applied econometric practice, the interpretation of results relied on differentiated statistical significance thresholds ($p < .10$, $p < .05$, $p < .01$). Overall model significance was assessed using the F-test (ANOVA), while the statistical significance of individual coefficients was evaluated using t-tests.

All analyses were conducted using PSPP, and coefficient interpretation focused on the direction and magnitude of effects, consistent with the study's corporate finance-oriented research objectives.

The study was conducted in accordance with ethical principles for social research. Participants were informed about the purpose of the study, the voluntary nature of participation, and the confidentiality of the data provided. No personally identifiable information was collected.

5. RESULTS

5.1. DESCRIPTIVE STATISTICS

The descriptive statistics (table no. 1) indicate that the analysed sample includes 93 respondents for the variables used in the regression model. The mean score for the Peer Comparison (PC) dimension was $M = 10.12$ ($SD = 3.01$), with values ranging from 3 to 18, suggesting a moderate level of relative financial comparison within the investigated group. Regarding financial education, the binary variable (0/1) yielded a mean of $M = 0.71$ ($SD = 0.46$), indicating that approximately 71%

of participants reported having received financial education. M stand for mean and SD for standard deviation.

For the personality dimensions included in the analysis, mean scores ranged from $M = 68.42$ for Neuroticism ($SD = 27.02$) to $M = 79.70$ for Openness ($SD = 26.39$). The relatively high standard deviations reflect adequate response variability, supporting the use of these variables as predictors in regression analyses. Gender was coded as a binary variable (1 = female, 0 = male), with a mean value of $M = 0.16$ ($SD = 0.37$), indicating that approximately 16% of the sample consisted of female respondents. Overall, the distributions display sufficient variability to support the estimation of associations between behavioural determinants and peer-based financial comparison.

Table no. 1. Descriptive statistics

	N	MEAN (M)	STD DEV (SD)	MIN	MAX
PC	93	10.12	3.01	3	18
EDUFIN	93	0.71	0.46	0	1
NEUROTICISM	93	68.42	27.02	0	101
EXTRAVERSION	93	71.02	24.83	1	106
OPENNESS	93	79.70	26.39	1	114
AGREEABLENESS	93	78.63	23.63	1	105
CONSCIENTIOUSNESS	93	75.00	24.41	1	109
GENDER	93	0.16	0.37	0	1

Source: authors' elaboration, using PSPP

5.2. CORRELATION ANALYSIS

Pearson correlation analysis was conducted to examine bivariate associations between the key variables and to assess intercorrelations between predictors prior to regression modelling (table no. 2). The results indicate that Peer Comparison (PC) was not significantly correlated with the Big Five traits at the bivariate level ($p > .05$). However, the Big Five dimensions were strongly and positively intercorrelated, suggesting substantial shared variance among predictors. This pattern is relevant for subsequent regression modelling, as high intercorrelations may reduce the stability of individual coefficient estimates; therefore, collinearity diagnostics were reported alongside the regression results.

Table no. 2. Pearson Correlation between PC and Big Five Dimensions

Variables	PC	Neuroticism	Extraversion	Openness	Agreeableness	Conscientiousness
PC	1.000					
Neuroticism	-0.048	1.000				
Extraversion	0.153	0.528**	1.000			
Openness	0.019	0.665**	0.845**	1.000		
Agreeableness	-0.017	0.618**	0.762**	0.818**	1.000	
Conscientiousness	0.118	0.534**	0.779**	0.770**	0.851**	1.000

Note: Pearson correlation coefficients (two-tailed). Significance levels: * $p < .10$, ** $p < .05$, *** $p < .01$.

Source: authors' elaboration, using PSPP

Although Pearson correlations did not reveal significant bivariate associations between Peer Comparison and the Big Five traits, the regression model identified significant predictors once shared variance among personality dimensions was controlled for. This suggests that regression coefficients capture the unique contribution of each trait net of intercorrelations among predictors.

Table no. 3. Pearson Correlation between Financial Education and Gender

Variables	1. EduFin	2. Gender
1. Financial education	1.000	0.216*
2. Gender	0.216*	1.000

Note: Pearson correlation coefficients (two-tailed). * $p < .05$. Gender coded as 1 = female.

Source: authors' elaboration, using PSPP

In addition, financial education and gender showed a small but statistically significant correlation ($r = 0.216$, $p = 0.038$), suggesting that reported financial education differed across gender categories (table no. 3).

5.3. REGRESSION ANALYSIS

To test the proposed hypotheses, a multiple linear regression model was estimated using the Peer Comparison (PC) dimension of the MSFWBS as the dependent variable and including financial education, the Big Five personality traits, and gender as predictors (table no. 4). The overall model was statistically significant ($F(7, 85) = 2.33$, $p = 0.032$), indicating that the predictors jointly explain variation in peer-based financial comparison. The model showed moderate explanatory power ($R = 0.40$; $R^2 = 0.16$; adjusted $R^2 = 0.09$), with a standard error of the estimate of 2.87.

Financial education was a significant negative predictor of PC ($\beta = -0.21$, $p = 0.040$), suggesting that respondents with prior financial education tended to report lower levels of peer-based financial comparison. Extraversion was positively and significantly associated with PC ($\beta = 0.47$, $p = .025$), indicating that socially oriented individuals were more likely to evaluate their financial position relative to others. Agreeableness showed a negative association that reached marginal statistical significance ($\beta = -0.45$, $p = 0.051$), suggesting a trend toward lower peer comparison among more cooperative individuals.

The remaining traits, Neuroticism ($p = 0.882$), Openness ($p = 0.240$), and Conscientiousness ($p = 0.109$), as well as gender ($p = 0.183$) were not statistically significant predictors in the estimated model. Collinearity diagnostics indicated moderate multicollinearity among several personality predictors (VIF up to 5.74; tolerance as low as 0.17), therefore individual coefficient estimates should be interpreted with appropriate caution.

Table no. 4. Multiple Linear Regression Predicting Peer Comparison (PC)

Predictor	B	Std. Error	Beta (β)	t	p	Tolerance	VIF
(Constant)	10.97	1.19	.00	9.19	.000***	-	-
Financial education (Yes/No)	-1.42	0.68	-0.21	-2.08	.040**	0.93	1.08
Neuroticism	0.00	0.02	-0.02	-0.15	.882	0.53	1.90
Extraversion	0.06	0.02	0.47	2.28	.025**	0.23	4.29
Openness	-0.03	0.03	-0.28	-1.18	.240	0.17	5.74
Agreeableness	-0.06	0.03	-0.45	-1.98	.051*	0.19	5.18
Conscientiousness	0.04	0.03	0.34	1.62	.109	0.23	4.43
Gender (1 = female)	1.16	0.87	0.14	1.34	.183	0.87	1.15

Note: Dependent variable = PC (Peer Comparison). B = unstandardized coefficient; β = standardized coefficient. Significance levels: * $p < .10$, ** $p < .05$, *** $p < .01$.

Source: authors' elaboration, using PSPP

5.4. SUMMARY OF HYPOTHESES TESTING

The proposed hypotheses were evaluated using multiple linear regression with Peer Comparison (PC) as the dependent variable. The findings provide support for H1, as financial education is significantly and negatively associated with PC ($\beta = -0.21$, $p = 0.040$). H2 is also supported, given that Extraversion exhibits a statistically significant positive effect ($\beta = 0.47$, $p = 0.025$). H3 receives partial support, as Agreeableness shows a negative association that reaches marginal significance ($\beta = -0.45$, $p = 0.051$), consistent with the expected direction.

In contrast, H4 is not supported because Conscientiousness, although positive, does not reach statistical significance ($\beta = 0.34$, $p = 0.109$). Similarly, H5 is not supported, as Openness is not significantly associated with PC ($\beta = -0.28$, $p = 0.240$), suggesting that openness-related tendencies do not meaningfully predict peer-based financial comparison in the present sample.

To assess the robustness of the results, an additional reduced specification including only financial education, Extraversion, and Agreeableness was estimated. This model remained statistically significant ($F(3, 89) = 3.19, p = 0.027$) and explained a meaningful share of variance in PC ($R^2 = 0.10$; adjusted $R^2 = 0.07$). The coefficient estimates remained directionally consistent with the main model: financial education remained negatively associated with PC ($\beta = -0.18, p = 0.082$), Extraversion retained a positive and significant effect ($\beta = 0.42, p = 0.008$), and Agreeableness remained negatively related to PC ($\beta = -0.36, p = 0.026$). Importantly, multicollinearity was reduced in the robustness specification (VIF values ≈ 2.4), strengthening confidence in the stability of the key effects.

The reduced regression model reinforces the baseline findings by showing that the effects of financial education, Extraversion, and Agreeableness on Peer Comparison remain consistent even when the model is simplified and multicollinearity is reduced.

6. DISCUSSION

This study investigated the determinants of Peer Comparison (PC), a central component of the MSFWBS capturing individuals' tendency to evaluate their financial position relative to others. Studying first-year students is relevant for corporate finance because this cohort represents future employees whose early financial perceptions and behavioural predispositions may shape later workplace decision-making, productivity, and financial stability outcomes at the firm level.

From a corporate finance perspective, peer-based financial comparison can be interpreted as a behavioural factor that may shape how economic agents process financial information, evaluate outcomes, and respond to perceived financial status signals. Although PC is measured at the individual level, its implications extend to organisational performance because perception-driven behaviour can influence productivity, risk-taking, financial decision discipline, and ultimately cost efficiency within firms.

The regression results indicate that financial education is negatively associated with Peer Comparison, suggesting that individuals with greater financial capability may rely less on social reference points when assessing their financial position. In organisational contexts, this may translate into a more stable financial self-evaluation and more rational decision patterns, particularly under uncertainty. For firms, such behavioural stability is relevant because employees and future decision-makers with higher financial capability may engage less in status-driven consumption, impulsive spending, or financially motivated stress reactions, which can indirectly influence performance through higher cognitive availability, better task focus, and fewer financially induced disruptions. At an aggregate level, these mechanisms may contribute to improved operational efficiency and support financial outcomes such as higher productivity per employee, more predictable cost structures, and reduced variability in performance indicators.

Extraversion emerged as a significant positive predictor of PC, indicating that socially oriented individuals tend to engage more strongly in relative financial benchmarking. In corporate settings, heightened peer comparison may amplify sensitivity to external signals of success, competition, and status. While this tendency may sometimes motivate goal pursuit and performance efforts, it can also increase behavioural volatility, especially in environments where social comparison cues are highly salient (e.g., competitive sectors, performance ranking systems, strong online exposure to consumption norms). From a corporate finance standpoint, this matters because excessive comparison-driven orientation may foster short-termism, riskier financial behaviour, or misaligned incentives, potentially affecting organisational outcomes such as project selection quality, risk exposure, and resource allocation efficiency. For example, in teams involved in budgeting or project prioritisation, individuals prone to social benchmarking may favour visible, high-status initiatives over financially disciplined choices, thereby weakening capital allocation efficiency.

Agreeableness displayed a negative association with PC, reaching marginal significance in the full model and becoming statistically significant in the robustness specification. This suggests that more cooperative individuals may be less likely to engage in rank-based financial evaluation. In

corporate finance terms, lower peer-comparison orientation can support organisational performance through behavioural channels such as improved collaboration, lower interpersonal competition, and reduced social frictions, which are known to affect execution quality and operational efficiency. From a managerial standpoint, agreeableness may therefore function as a stabilising behavioural factor that supports coordinated performance and reduces internal conflict costs. At scale, this may contribute to performance improvements by facilitating smoother implementation of financial plans, reducing inefficiencies linked to coordination failure, and improving the effectiveness of collective problem-solving, factors that may ultimately influence operating margins and cost control.

Finally, the Big Five traits showed strong intercorrelations and moderate multicollinearity in the full model, which can affect coefficient precision. A reduced robustness specification confirmed the persistence of the key effects under lower multicollinearity, reinforcing confidence in the main interpretations. Overall, the findings suggest that subjective financial comparison is shaped by both cognitive financial resources and behavioural predispositions, implying that corporate finance research may benefit from treating behavioural traits as relevant micro-foundations for economic behaviour that influences organisational performance. In practical terms, firms aiming to improve financial indicators may consider the strategic value of financial capability development and behavioural awareness, particularly in roles involving resource allocation, decision-making under uncertainty, and long-term value creation.

7. CONCLUSIONS

This study contributes to the literature at the intersection of behavioural finance and corporate finance by examining how financial education and personality-related behavioural determinants relate to Peer Comparison (PC), a core component of subjective financial well-being. The findings indicate that financial education is associated with lower levels of peer-based financial comparison, whereas Extraversion increases the tendency to benchmark financial standing against others. Agreeableness shows a negative association with PC, particularly in the robustness specification. Overall, the results suggest that relative financial evaluation processes are shaped by both cognitive financial resources and behavioural predispositions.

From a corporate finance perspective, these insights are relevant because peer-based financial comparison may influence economically meaningful workplace behaviours linked to organisational outcomes, such as decision discipline, risk-taking attitudes, and performance stability. In this sense, financial education initiatives can be interpreted not only as individual capability-enhancing interventions, but also as potential contributors to workforce financial resilience and more stable subjective financial evaluations, with implications for productivity and cost efficiency. Furthermore, the observed behavioural heterogeneity suggests that firms may benefit from integrating behavioural considerations into broader financial management practices, particularly when designing interventions aimed at improving workforce financial well-being and supporting long-term organisational performance.

8. LIMITATIONS AND FUTURE RESEARCH

Several limitations should be considered when interpreting the present findings. First, the sample consists of first-year university students, which restricts direct generalisation to organisational settings. Nevertheless, the underlying mechanisms may remain relevant for early-career cohorts who will soon enter the labour market and form financial perceptions and behavioural tendencies that can later shape workplace decision-making and performance-related outcomes. Second, the study relies on a cross-sectional design, which limits causal inference and does not capture potential dynamic changes in subjective financial evaluations over time. Third, moderate multicollinearity among Big Five traits was observed in the full regression model, which may reduce the stability of individual coefficient estimates; however, the reduced robustness specification supported the main interpretive patterns.

Future research should extend these findings using employee-based samples and incorporate variables more directly related to corporate finance and organisational performance, such as productivity indicators, turnover intentions, absenteeism, financial stress at work, and measures of job performance or engagement. Longitudinal or quasi-experimental designs could examine whether financial education interventions reduce peer comparison over time and whether such changes are associated with improved organisational outcomes, including more stable workforce performance and lower personnel-related costs. Additionally, future studies may explore firm-level moderators (e.g., incentive intensity, pay dispersion, transparency policies, and organisational culture) to better connect subjective financial comparison processes with value creation, resource allocation decisions, and workforce-related financial efficiency.

Overall, integrating subjective financial comparison into corporate finance research may help explain behavioural drivers of workforce efficiency, performance stability, and personnel-related cost dynamics that ultimately influence firm-level financial outcomes.

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