

Factors influencing the modernization of military-investment economic appraisal systems

Abstract

Budgetary restrictions resulting from the present international economic crisis have tightened the need to improve efficiency in defense spending, leading to the armed forces having to undertake their duties with fewer resources. Previous reports on the subject have looked into the determining factors and effects of military spending but very few studies have analyzed the determinants for the modernization of the methodology for assessing efficiency. Thus, using a multiple regression statistical model, we have analyzed the appraisal systems in place in 28 countries to identify factors that influence the development of economic assessment of military expenditure. Our findings have revealed three factors that may favor the improvement of appraisal systems with regard to military expenditure: the quality of governance, size of the armed forces, and unemployment levels.

Keywords

Efficiency, Military expenditure, Military investment, Influencing factors

Results

Goodness-of-fit indicators of the final model

Coefficient	RMSA	GFI	AGFI	CFI	NFI	Chi-square	Degrees of freedom
Model value	0.044	0.97	0.93	1.00	1.00	245,90	36
Recommended value*	≤ 0.08	≥ 0.90	≥ 0.90	≥ 0.90	≥ 0.90	-	-

* Hair et al. (1999)

Results of the SEM (LISREL v8.8 software)

