

Mental Accounting and Self-Control Over Daily Expenses of Students

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Abstract

Daily life expenses are defined as a number of expenditures to produce or obtain a number of goods. For students undergoing studies, they are often faced with various problems and challenges in financial management. Students frequently have limitations in terms of income and expenses, making it difficult for them to manage their finances. Understanding that influences decision-making processes in controlling daily expenses is crucial. Mental accounting is an important psychological concept in financial decision-making. This study collected data from students in Parepare City, which was then processed using an application to form quantitative data. The study population consisted of all students registered at 3 campuses in Parepare City from various study programs and academic levels. In this research, the researcher utilized Probability Sampling known as Simple Random Sampling as the sample technique. The research findings indicate that mental accounting behavior and self-control have beneficial impacts on managing daily expenses for students. Students with high levels of mental accounting awareness show high consciousness of their daily spending patterns.

Keyword:
Mental Accounting, Daily
Expenses, Students

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INTRODUCTION

Higher education serves as a crucial foundation for achieving success in the job market. Nowadays, some students choose to work part-time or have additional sources of income during their studies. However, despite many of them having income, many students still face challenges in effectively managing money, while others may not be able to save or invest due to extravagant lifestyles. Thus, the lifestyle they express through what they wear, consume, and how they behave towards others.⁴ The shift in societal lifestyles towards online or digital platforms has prompted productive sectors like students to contemplate effective money management strategies through efficient mental accounting practices.

According to Richard Thaler in his paper on the concept of Mental Accounting Matters in 1999, mental accounting, or psychological accounting, is an attempt to explain how humans categorize, classify, and evaluate economic outcomes. Mental accounting tries to track how financial decisions are made to reduce decision-making errors in the future.⁵ The basis of this theory is the concept of monetary equivalence. Money is fungible, meaning all

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⁴ Yuniarti, V. S. (2015). Perilaku Konsumen: Teori dan Praktik.

⁵ Hoesada, J. (2022). Teori Akuntansi: dalam Hampiran Historiografis Taksonomis. Penerbit Andi.

funds are the same regardless of their source or purpose.⁶ To avoid mental gaps in accounting, individuals must manage their money effectively, both in allocating it to various accounts and in controlling daily expenses. According to Niklas Karlsson, in his research using two experiments, the concept of mental accounting needs to consider cash payment decisions when income decreases, which becomes more frequent when consumption and saving motives align.⁷ Additionally, an increase in overall assets makes people more willing to use their savings to pay cash after experiencing a decline in income, thus showing their preference for mental accounting.

Mental accounting goes beyond theory, it offers practical tools to help navigate financial journeys confidently. People will find strategies for more effective financial management, avoiding common financial mistakes, and developing a better understanding of the forces that influence decisions. It can also avoid greed over inappropriate use of money. Greed often refers to a strong drive for financial gain without regard for ethics.⁸

Students are one of the community figures who have intelligence in thinking and acting and have a high intellectual level.⁹ Generally, students refer to individuals undergoing education at higher education institutions. The term 'student' refers to someone officially registered as a participant in higher education. One aspect that can affect students' ability to manage finances is the mental accounting mindset. Improvement in someone's financial behavior can occur along with an increase in their mental accounting. Meanwhile, financial literacy and individual understanding of mental accounting can influence their financial behavior through lifestyle influences.

Self-control includes the ability of a person to regulate themselves. One tool that can be used for self-control is how individuals treat and view money differently. Attitudes towards money show that money has many meanings depending on individual understanding and financial characteristics, and this attitude can play a role in enhancing self-control.¹⁰

This theory aligns with research Ahista & Fikri that shows mental accounting and self-control affect daily expenditures. Students with high mental accounting are more aware of their spending, and those with high self-control tend to spend less money because they are more disciplined in managing their daily budget.¹¹ Similarly, research v states that good financial management for students who work while studying is found to help implement the effective and efficient use of money,¹² and research Marteniawati states that the source of money received by students significantly affects their financial management, with differences in pocket money and earnings from work being treated very differently.¹³ However, research Arafah, A., Ginting, R., Yunita, K states that students still cannot make investment decisions due to insufficient periodic income to allocate for investment decisions and long-term needs.¹⁴

Based on the above explanation, this study aims to examine more efficient and sustainable financial education strategies by studying how mental accounting and self-control affect students' daily expenditures. By understanding these psychological components, it is

⁶ Arafah, A., Ginting, R., Yunita, K., Keuangan, M., & Investasi, K. (2023). Perilaku Mental Accounting Dalam Mengelola Daily Expenses : Sebuah Studi Fenomenologi Pada Mahasiswa. 4(April), 12–18.

⁷ Karlsson, N., Gärling, T., & Selart, M. (1997). Effects of Mental Accounting on Intertemporal Choice.

⁸ Sudirman, I., & Hasan, H. (2023). The Fraud Gone Model and Political Connection-Distribution Approach. *Journal of Distribution Science*, 21(12), 71-81.

⁹ Lubis, I. S. L. (2018). Hubungan regulasi diri dalam belajar dan efikasi diri dengan prokrastinasi akademik mahasiswa. *Jurnal Diversita*, 4(2), 90-98.

¹⁰ Haryana, R. D. T. (2020). Pengaruh Life Style, Self Control Dan Financial Literacy Terhadap Perilaku Konsumtif Mahasiswa Melakukan Online Shopping. *Equilibrium: Jurnal Ekonomi-Manajemen-Akuntansi*, 16(1), 29.

¹¹ Ahista, N., & Fikri, M. A. (2024). The Impact of Mental Accounting and Self-Control on the Daily Expenses of Students. 3(6), 1893–1904.

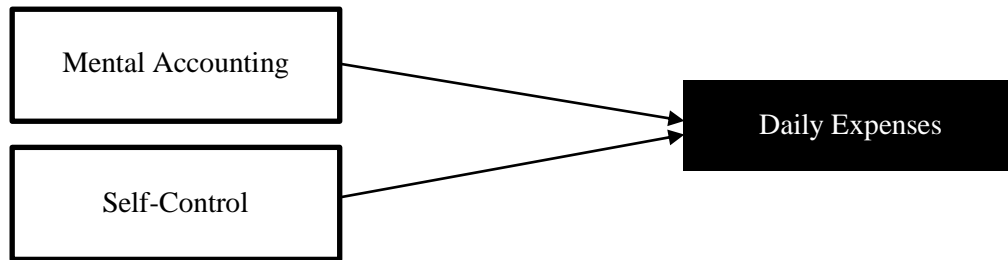
¹² Ricardo, W. N., & Ginting, R. (2023). Mental Accounting dan Problematika Pola Perilaku Keuangan Working Student: Berhasil Atau Gagal?. *Jurnal Pendidikan Akuntansi (JPAK)*, 11(3), 267-274.

¹³ Marteniawati, R. (2013). Mental Accounting dalam Pengelolaan Uang Saku pada Mahasiswa Universitas Kristen Satya Wacana (Doctoral dissertation, Program Studi Manajemen FEB-UKSW).

¹⁴ Arafah, A., Ginting, R., Yunita, K., Keuangan, M., & Investasi, K. (2023). Perilaku Mental Accounting Dalam Mengelola Daily Expenses : Sebuah Studi Fenomenologi Pada Mahasiswa. 4(April), 12–18.

hoped to help students in managing their finances more wisely, and based on the above explanation, the conceptual framework and hypotheses are made as follows:

Figure 1. Conceptual Framework



H1 : Mental accounting has an influence on students’ daily expenses.

H2 : Self-control has an influence on students’ daily expenses.

RESEARCH METHODS

Quantitative analysis involving respondents. The type of data used in this study is primary data collected through a questionnaire method.¹⁵ Questionnaires were distributed to students from three higher education institutions in Parepare City, namely the Institute of Social and Business Sciences, Muhammadiyah University of Parepare, and the Parepare State Islamic Institute from various study programs and levels. In this study, the researchers used the probability sampling method, specifically Simple Random Sampling, with random selection. A total of 100 questionnaires were distributed. The analysis tool used in this research is Partial Least Squares (PLS). PLS is a multivariate statistical technique that makes comparisons between multiple dependent and independent variables.¹⁶

The research instruments and their indicators are presented as follows:

Table 1. Research Instruments and Indicators

Variables	Indicators	Reference
Mental Accounting (X1)	1. Classification of Income into Expenditure Categories 2. Income earned from hard work is more valuable than pocket money 3. Allocation of income from work differs from pocket money 4. Treating the value of money differently based on time 5. Treating the value of money differently based on location	Marteniawati, R. (2013). <i>Mental Accounting dalam Pengelolaan Uang Saku pada Mahasiswa Universitas Kristen Satya Wacana</i> (Doctoral dissertation, Program Studi Manajemen FEB-UKSW).
Self-Control (X2)	1. Resisting the urge to shop 2. Self-restraint 3. Controlling income 4. Controlling expenses	Ahista, N., & Fikri, M. A. (2024). <i>The Impact of Mental Accounting and Self-Control on the Daily Expenses of Students</i> . 3(6), 1893–1904.
Daily Expenses (Y)	1. Concerned with expenses 2. Intention to buy 3. Saving 4. Price survey while shopping 5. Confidence in incurring costs	Ahista, N., & Fikri, M. A. (2024). <i>The Impact of Mental Accounting and Self-Control on the Daily Expenses of Students</i> . 3(6), 1893–1904.

¹⁵ Gunawan, H., Pala, R., Tijjjang, B., Razak, M., & Qur’ani, B. (2024). Global challenges of the mining industry: Effect of job insecurity and reward on turnover intention through job satisfaction. *SA Journal of Human Resource Management*, 22, 11.

¹⁶ Hartono, J. (2011). *Konsep dan aplikasi structural equation modeling berbasis varian dalam penelitian bisnis*. Yogyakarta: Upp Stim Ykpn, 55.

RESULTS

The respondents of this study are students enrolled at 3 higher education institutions in Parepare City, including both those who are employed and those who are not, totaling 100 individuals. The profile data of the respondents who are the subjects of this research is presented in the following table:

Table 2. Respondent Profile

N	Work	Not Work	Total
Men	12	29	41
Women	8	51	59
Total	20	80	100

Source: Primary data processed (2024)

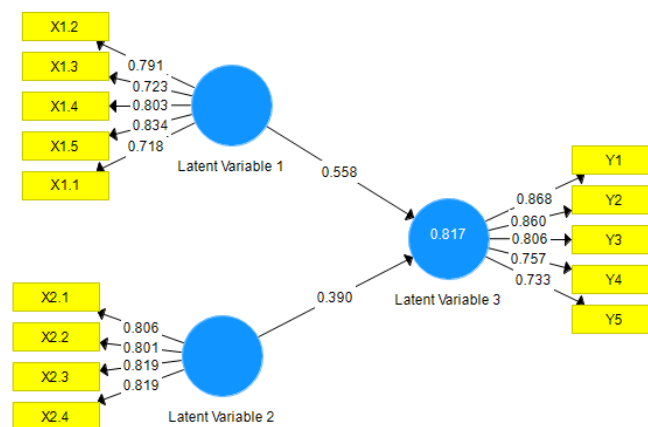
Table 3. Outer Loading Variable Indicators

		Muatan	Keterangan
Mental Accounting	X1.1	0.718	Valid
	X1.2	0.791	Valid
	X1.3	0.723	Valid
	X1.4	0.803	Valid
	X1.5	0.834	Valid
Self-Control	X2.1	0.806	Valid
	X2.2	0.801	Valid
	X2.3	0.819	Valid
	X2.4	0.819	Valid
Daily Expenses	Y1	0.868	Valid
	Y2	0.860	Valid
	Y3	0.806	Valid
	Y4	0.757	Valid
	Y5	0.733	Valid

Sumber: Data Processed (2024)

From the results above, all model loadings have values greater than 0.50, indicating that the construct is acceptable. Each indicator measurement is greater than 0.70, which can be considered valid.¹⁷ Therefore, it can be concluded that all constructs—namely, mental accounting, self-control, and daily expenses—studied have valid data as they are above 0.70.

Figure 2. Results of the SmartPLS Test



Source: Results of PLS-SEM, Data Processed (2024)

¹⁷ Widiyanto, A., & Aryanto, A. (2018). Kajian Perilaku Pengguna (User) Terhadap Penggunaan Sistem Informasi Industri Kecil Menengah (SI-IKM) Kota Tegal. Jurnal Riset Bisnis dan Investasi, 4(1), 1-13.

Figure 2 shows that each statement for every indicator in this research variable has achieved an outer loading value exceeding 0.70. Therefore, the statements in the research variable indicators have met the validity test criteria.

Table 4. Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Mental Accounting	0.833	0.842	0.882	0.601
Self-Control	0.828	0.831	0.885	0.658
Daily Expenses	0.864	0.868	0.903	0.650

Source: Data PLS, data processed (2024)

Table 4 shows that all constructs of the research variables meet the reliability testing requirements. This is indicated by the values in the Cronbach Alpha column and the Composite Reliability column, both exceeding 0.5.

Table 5. Determinate Koefisien Test

	R Square	R Square Adjusted
Daily Expenses	0.817	0.813

Source: Data processed (2024)

Table 5 shows an R-Square value of 0.817, indicating that the variables of mental accounting and self-control can explain 81.7% of the variation in the variable of daily expenses, with the remaining variation explained by other variables. This suggests that mental accounting and self-control have a strong relationship with the variable of daily expenses.

Table 6. Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
$X1 \rightarrow Y$	0.558	0.561	0.069	8.059	0.000
$X2 \rightarrow Y$	0.390	0.389	0.074	5.281	0.000

Source: Data processed (2024)

DISCUSSION

Mental Accounting and Students' Daily Expenses

Based on the calculations in Table 6, the statistical value obtained is 8.059 with a P-value of 0.000. This value indicates that the probability of the t-value or significance is less than 5% ($0.000 < 0.05$). Therefore, the test shows that H1 is accepted. This indicates that the mental accounting variable has a positive effect on daily expenses.

This study is supported by previous research showing that mental accounting influences daily expenses.¹⁸ In line with research,¹⁹ which states that mental accounting plays a role in helping students manage their daily expenses by allocating money. However, research (Yuniarsih et al., 2024) indicates that mental accounting negatively impacts the financial management of students receiving KIP (Kartu Indonesia Pintar) scholarships.²⁰

¹⁸ Ahista, N., & Fikri, M. A. (2024). The Impact of Mental Accounting and Self-Control on the Daily Expenses of Students. 3(6), 1893–1904.

¹⁹ Yuliza, F. (2024). Perilaku Mental Accounting dalam Mengelola Daily Expenses dari Sisi Gaya Hidup Sehari-Hari Mahasiswa Indekos. Reslaj: Religion Education Social Laa Roiba Journal, 6(4), 2007–2017.

²⁰ Yuniarsih, E., Tiarani, R., Fariyanda, R., & Raki, E. Y. A. (2024). Pengaruh Gaya Hidup Dan Mental Accounting Terhadap Pengelolaan Keuangan Mahasiswa Penerima Kip Kuliah (Studi Kasus: Mahasiswa FEB Untan). Jaakfe Untan (Jurnal Audit dan Akuntansi Fakultas Ekonomi Universitas Tanjungpura), 13(1), 111-137.

Theoretically, hypothesis 1 suggests that the relationship between mental accounting and students' daily expenses may not be due to chance but rather due to an actual influence. In other words, students with a high level of mental accounting will have lower daily expenses.

This is also why students with high mental accounting are more aware of their expenditures because they scrutinize their spending more carefully and categorize their money to help control their spending and avoid impulsive purchases, reducing overall spending and choosing to save rather than spend on non-essential items.

Self-Control and Students' Daily Expenses

Based on the calculations in Table 6, the statistical value obtained is 5.281 with a P-value of 0.000. This value indicates that the probability of the t-value or significance is less than 5% ($0.000 < 0.05$). Therefore, the test shows that H2 is accepted. This indicates that the self-control variable has a positive effect on daily expenses.

This study is supported by previous research indicating that self-control affects daily expenses.²¹ In line with research,²² which states that self-control is applicable in financial management, allowing individuals to be more cautious in making purchases or to consider further to avoid poor decisions.

Theoretically, hypothesis 2 suggests that the relationship between self-control and students' daily expenses is influential. Students with a high level of self-control are likely to have lower daily expenses. This is because self-control helps them avoid purchasing unnecessary items. They are also more disciplined in managing their budget and are less easily tempted by debt.

CONCLUSION AND RECOMMENDATIONS

This study examined the impact of mental accounting and self-control on students' daily expenses. The results of testing both hypotheses indicate that mental accounting and self-control have a positive effect on students' daily expenditures. Students with high mental accounting are more aware of their spending because they are more meticulous in tracking their expenses and allocating their money to specific expenditure categories to help control their spending and avoid impulsive purchases. Similarly, students with high self-control tend to spend less each day because they are disciplined in managing their daily budget.

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²² Ardiana, M., Agustina, R., Pertiwi, D. A., & Ervina, D. (2023, October). Pengaruh Self Control Terhadap Perilaku Keuangan Mahasiswa Fakultas Ekonomi Universitas Hasyim Asy'ari. In Prosiding Seminar Nasional Sains, Teknologi, Ekonomi, Pendidikan dan Keagamaan (SAINSTEKNOPAK) (Vol. 7, pp. 114-121).

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