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Research Paper

The Influence of Mental Accounting and Self Control on Boarding Students in Managing Finances

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ABSTRACT

Mental Accounting is a person's tendency to categorize and see the value of money differently. Just as each individual company also categorizes their personal income and expenses, boarding students of the Faculty of Economics and Business, University of Technology Sumbawa cannot escape from it, where they have their own character and way of managing finances which of course must be accompanied by control good self. This research is an associative quantitative study of causal relationship with a survey method with a population of 207 and with a sampling technique using purposive sampling obtained 78 samples. Collecting data in this study using a questionnaire. Analysis of the data used is multiple linear regression. The results showed that there was a partial and simultaneous influence of Mental Accounting and self-control on boarding students of the Faculty of Economics and Business, University of Technology, Sumbawa in managing finances.

Keywords: Mental Accounting, self-control, Financial Management

INTRODUCTION

Mental accounting is a type of decision categorization in which individuals are hypothesized to form a psychological account of the advantages and disadvantages of an event or option. This phenomenon was first investigated and coined by the University of Chicago Professor, Richard Thaler, who defined that mental accounting is a description of a person's tendency to code, categorize, and evaluate economic results by grouping their assets into a number of mental accounts into separate and non-transferable parts. in their minds (R. Thaler, 1980).

Just like a company and a household, every human being categorizes their personal income and expenses into the accounts they have in mind. Mental accounting phenomenon is part of behavioral accounting. Behavioral accounting itself is a tool that connects accounting and social sciences that deals with how human behavior affects accounting information and organizational decisions and how accounting information affects organizational decisions and human behavior.

This phenomenon is also inseparable from the way individuals or organizations manage finances, where each individual has his own character and way of managing finances depending on the nominal and where he gets the source of funds even the conditions being faced that produce economic decisions. In Behavioral Life-Cycle Theory relating to the use of income in consumption behavior. A person categorizes his wealth into three accounts, namely current income, current assets, and future income (Shefrin and Thaler, 1988).

Every individual will definitely be involved in a process of managing finances. Ranging from the simplest to the most complex, this can happen in any situation or situation. Self-control is an important point when it comes to managing finances. Baumeister (2002) says that "Self-control is usually defined as our ability to solve problems, the habit of resisting temptation and overcoming our first impulses Self-control". Self-control is usually defined as our ability to solve problems, the habit of resisting temptation and overcoming first impulses. Self-control is the ability to control ourselves when faced with certain conditions, if we do not have good self-control then we will act irrationally especially when it comes to financial problems.

Most students in Indonesia prefer to pursue higher education far from their hometown and family. Thus, of course a student is required to be able to manage or manage his own finances in order to survive well overseas. Hearing the word boarding house children will definitely be associated with the word "living frugally". Because that is the reality, overseas students who have to live in boarding houses will get used to managing their finances. They tend to categorize their income and expenses into certain posts in their heads, the treatment varies according to the situation they are currently facing and will be facing.

Students who live in boarding houses are often faced with two or more options in spending or spending the money they have, be it from pocket money sent by their parents, part-time work, or even scholarship funds. The same is true for boarding students of the Faculty of Economics and Business, University of Technology, Sumbawa, some of them are used to grouping the money they receive from their parents into several expenditure items, although it is not always in accordance with the financial plan that has been made due to certain conditions. certain. There are also those who do not categorize but follow the flow of the situation they face. For example, the condition where a student is faced with the choice of having to buy food raw materials which will later be processed for daily meals but requires more energy and time or buying ready-made food which tends to be more expensive or more wasteful than the first situation. The financial treatment for students with scholarships is also different, if they get scholarship money they tend to think of the money as a bonus and are usually used for things other than college needs. Seeing this, researchers are interested in conducting research on how mental accounting and self-control affect boarding students in managing finances.

Research Question

The research question in this research is:

1. Does mental accounting affect boarding students in managing finances?
2. Does self-control affect boarding students in managing finances?
3. Do Mental Accounting and Self-Control simultaneously affect boarding students in managing finances?

Research Purposes

The research purposes in this research is:

1. To examine the effect of mental accounting for boarding students in managing finances.
2. To examine the effect of self-control for boarding students in managing finances.
3. To examine the effect of Mental Accounting and Self-Control for boarding students in managing finances.

LITERATURE REVIEW

Behavioral Life-Cycle Theory

Behavioral Life-Cycle Theory was first discovered by Shefrin and Thaler in 1988, this theory explains how the use of income in a person's consumption behavior. Based on this theory, a person categorizes his wealth into three accounts, namely current income, current assets, and future income. This theory predicts that we spend on "permanent income" every year, even as current income, current assets, and future income fluctuate from year to year. According to this theory, a person does not treat their wealth in the same way, but it really depends on how he views the money he has as current income, current assets, or future income. Behavioral Life-Cycle

Theory emphasizes self-control, mental accounting, and framing.

Mental Accounting

Basically, humans manage their finances by categorizing their income and expenses into several accounts that have been created according to their needs and determine priorities. "Mental accounting is a series of cognitive operations used by individuals to code, categorize, and evaluate their financial activities" (Sari, 2018: 39). The definition of mental accounting can be related to the notion of accounting itself, because accounting can be said as a process of recording, identifying, measuring, and communicating economic information with the main objective of producing financial information that can be used for consideration and decision making by users of information.

Behavioral Accounting

A human behavior is formed from various kinds of experiences and human interactions with the environment that are manifested in the form of knowledge, attitudes, and actions. Behavioral science is a field of science that studies all aspects of human behavior as a certain regularity in terms of feelings (affects), thoughts (cognition), and predispositions to one's actions (conation) towards an aspect in the surrounding environment that can be observed directly or indirectly. directly" (Lubis, 2017: 11).

Accounting is a science that is always evolving. In its development, accounting plays a role in producing financial and non-financial information that is used by its users in the decision-making process which cannot be separated from human behavior as the main aspect, both as parties to information compilers and users of accounting information. Behavioral accounting connects human behavior with accounting.

Planning and Managing Personal Finance

As individuals, we should know our financial condition in detail, from how much money comes in, how much we spend on spending, until tomorrow we know what the money we have will be used for. If we don't know our financial condition, it will cause several problems including ignorance of financial conditions which will have an impact on spending being irrational and at the end of the month we can ask for additional money from our parents. Or forcing yourself to save excessively until basic needs are not met and even interfere with daily productivity.

Hypothesis Formulation

The influence of Mental Accounting on boarding students in managing finances. The influence of Mental Accounting on boarding students in managing finances is where the source of the funds comes from and the situation they face, and can be a positive thing or even a negative bias. As happened to boarding students, they will manage their finances according to the source of the funds they get, if the funds are obtained from routine transfers from their parents or the result of odd jobs, they will tend to be more orderly in their use. However, if funds are obtained from other sources, waste tends to occur or things that are not planned in advance. This means that Mental Accounting will affect a person's process in managing finances.

Effect of Self-Control on boarding students in managing finances. Self-Control is a complete fabric that is carried out by individuals to their environment. Individuals with high self-control will pay close attention to the right ways to behave in various situations. In managing finances, good self-control skills are needed, especially for boarding students this ability is needed so that they are not easily influenced by situations that cause their financial condition to become uncontrolled and produce irrational expenses.

The influence of Mental Accounting and Self-Control simultaneously on boarding students in managing finances. Howell (1993) in Zahroh (2014) states that personal financial management is one of the most basic competencies needed by modern society, because consumer choices from day to day will affect one's financial security and standard of living. Managing personal finances is not easy, but understanding Mental Accounting is a first step for the right application in managing personal finances, which is based on the premise that everything starts from the head, thinks before acting. Tangney, Baumeister, and Bonne (2004) discuss discipline which is self-awareness to obey the rules and self-ability to adapt to change, so it has explicitly touched on Self-Control.

MATERIALS & METHODS

Research Design

This research is a type of quantitative research associative causal relationship with survey method. (Sugiyono, 2018) a causal relationship is a causal relationship, where there are independent variables (influenced variables) and dependent (influenced) variables. Survey research is research conducted on large or small populations, but the data studied are data from samples taken from that population, to find relative occurrences, distributions, and relationships between sociological and psychological variables.

The population in this study were active students of the Faculty of Economics and Business, University of Technology, Sumbawa, class 2018. The sample taken from the population were active students who lived in boarding houses and had taken financial planning courses. The type of data used is primary data where the information needed is obtained by distributing questionnaires to active students of the Faculty of Economics and Business, Sumbawa University of Technology class 2018. Meanwhile, to test the hypothesis in this study, Multiple Linear Analysis was used.

Statistical Analysis

Respondents in this study were students of the economics and business faculty class of 2018 who lived in boarding houses and had taken financial planning courses and who met these criteria amounted to 78 people.

RESULT

Multiple linear regression test in this study was conducted to determine whether the independent variable has an effect on the dependent variable. The formula for testing the hypothesis of multiple linear regression is: $Y = a + b1X1+b2X2+e$.

Multiple linear regression test results can be seen in table 4.9.

Variable	B	Description
(Constant)	0.197	If knowledge of mental accounting and self control = 0 then managing finances = 0.197
Mental Accounting	*0.216*	The mental accounting variable has an influence of 0.216 on the financial regulating variable
Self Control	*0.526*	The self-control variable has an influence of 0.526 on the financial regulating variable

From the table above, it can be seen that:

1. The influence of mental accounting It is known that the significant value for mental accounting on the financial management variable is $0.000 < 0.05$ and the value is $3.775 > 1.695$ significantly between the mental accounting variable and the financial managing variable.
2. Effect of self control It is known that the significant value for self control on the financial management variable is $0.000 < 0.05$ and the value is $6.285 > 1.695$ significantly between the self control variable and the financial managing variable.

DISCUSSION

This research can add experience and broaden the writer's insight about behavioral accounting, especially regarding mental accounting and self-control. This research is also expected to add to the author's experience in writing scientific papers. The results of this study are expected to be a contribution to new research in the field of accounting, especially behavioral accounting at the Faculty of Economics and Business, Sumbawa University of Technology. The results of this study are expected to be a source of information and knowledge for readers or other researchers in the future.

For further researchers, it is recommended to add other independent variables that are possible in this study. For further researchers, it is recommended to use a larger sample, not only in one batch in one faculty, but in several other batches in different faculties as well. For boarding students to prevent the negative impact of Mental Accounting and self-control which results in wasteful behavior when managing finances, people need to be aware of this bias and the need for good self-control so that when managing and using money they become more focused. Because these two factors occur in the mentality of each individual so that the only one who can change it is the individual himself by increasing awareness. In addition, students can also limit themselves in shopping by determining the priority scale of needs from those that are really needed to those that are not so that there is no excessive allocation of money for certain needs.

CONCLUSION

The conclusions in this study are:

1. The results showed that there was an influence of mental accounting on boarding students of the economics and business faculty of the Sumbawa University of Technology in managing finances. Where in managing their finances students distinguish the value of money based on time. Application of money based on place. Furthermore, applying money based on where the money comes from,
2. In this study it can also be seen that self control has an effect on boarding students of the economics and business faculty of the Sumbawa University of Technology in managing finances. Where they have behavioral control can be seen from how boarding students prioritize shopping according to their needs.
3. In this study, it can also be seen that mental accounting and self control have a joint effect on boarding students of the 2018 Faculty of Economics and Business, Sumbawa University of Technology in managing finances.

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