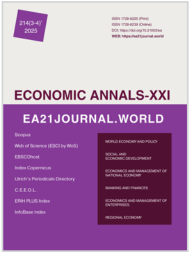

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Investigating the role of accounting and human resource management systems in household financial decision-making

Abstract. The importance of household financial management is increasing day by day in today's world. Today, the share of instruments available in financial markets in the household asset portfolio is increasing. However, household investments are affected by the limitations related to cognitive factors and emotions and behavioral biases. The most important dimension of cognitive factors affecting household investment is related to the issue of mental decision-making, which is modeled in this article through four variables of mental budgeting, current income, current assets and future income. Given the importance of the subject, the present study has examined the relationships between mental accounting, financial self-efficacy, financial attitude and financial behavior. The statistical population of the study was urban households in Uzbekistan and a sample size of 360 household heads was determined using the Cochran formula during 2024. This study is of an applied type in terms of purpose, descriptive-correlation in terms of method of conduct and survey-cross-sectional in terms of data collection method. The results of the study indicate that there is

a positive and significant relationship between mental accounting and financial self-efficacy, as well as between mental accounting and financial attitude. In addition, the results of the study indicate a positive and significant relationship between financial attitude and financial decision-making in the household. Finally, to more accurately assess the economic situation of the household, it is essential that families analyze their financial transactions properly and, with appropriate planning, move towards improving and achieving financial goals. By using appropriate financial tools and legal advice, one can achieve greater efficiency in financial management and contribute to the economic security of the household.
Keywords: Mental Accounting; Household Financial Management; Household Financial Decision-Making; Financial Self-Efficacy; Financial Behavior Management
JEL Classifications: E24; E41; E64; I18; J28; J31
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1. Introduction and Brief Literature Review

Household financial risk is a set of threats that can suddenly disrupt a family's economic stability, and targeted management of these risks requires a systematic and flexible plan. Accurately identifying sources of income, spending patterns, and basic financial reserves is the first step in reducing potential damage to family assets. To adapt to changing economic conditions, a continuous process of analysis, implementation, and review must be established so that financial activities are aligned with short-term and long-term goals. Reliable sources suggest that families use simple tools such as risk checklists and cash flow calendars to organize their affairs. Implementing any household financial strategy requires a timeline, division of tasks, and monitoring tools so that results can be measured monthly and necessary adjustments can be made. Using monthly reports, including the amount of deviation from the budget, the status of the emergency fund, and the performance of investments, helps to make informed decisions. Various factors such as inflation, unemployment, and government spending have adverse effects on household purchasing power (Dhanabhakyam & Mufliha, 2016). Due to the decrease in purchasing power, Uzbek households have faced financial constraints, and therefore borrowing has become one of their serious concerns (Okon et al., 2021). Financial planning can be considered one of the appropriate solutions for dealing with financial constraints in a principled manner. Given that financial planning is in the field of finance, therefore, examining and analyzing consumer choices in areas such as insurance preferences, investment portfolios, etc. can be of serious interest to researchers in this field, especially researchers in the field of wealth management (Enyi & Akindehinde, 2014).

Pavković et al. (2018) studied a model for measuring students' financial literacy, and they were able to present a model for measuring financial literacy at the university level. Lusardi & Mitchell (2011) conducted a study on financial literacy and the factors affecting it and its impact on retirement planning, which examined the factors affecting financial literacy (age, gender, education level, and income level) and the impact of this literacy on retirement planning. The results of this study indicate that the factors of age, gender, education level, and income level of individuals are effective on their financial literacy, and in turn, the effectiveness of this financial literacy on their effective retirement planning. The results of this study are similar to the study of Qian et al. (2024), which shows that families with low levels of financial literacy do not show much desire to plan for retirement. These households also borrow at higher rates (Guo et al., 2024; Hu et al., 2024), accumulate fewer assets for themselves (Safari et al., 2021), and participate less in the country's formal financial system than their peers who are at a higher level of financial literacy (Oh & Rosenkranz, 2022; Toshpulatov, 2024; Jasiyah et al., 2025; Jasiyah et al., 2025). In a study conducted in two of the world's most populous countries, India and Indonesia, Mireku et al. (2023) concluded that there is a strong relationship between financial literacy and financial behaviors.

Radianto et al. (2022) examined the role of financial self-efficacy and mental accounting in increasing motivation and financial behavior. The results showed that mental accounting has a positive and significant relationship with financial self-efficacy. This study finds that an individual's confidence in their ability to manage finances depends on the mental accounting mindset. Financial self-efficacy is also an important variable to encourage an individual's ability to plan and manage finances. Mental accounting can further improve and promote individuals' financial decisions, because the foundation of mental accounting is based on the principle that individuals assume that they do not have much money when spending; therefore, after preparing separate mental accounts for each expense, they attempt to track and control each expense (Huang et al., 2011; Yamali, 2025). Therefore, the present study attempts to study and examine the role, importance, and position of the mental accounting system in the financial decision-making process of urban households in Uzbekistan.

2. Method

In the present study, data collection was carried out through two methods: library and field during 2024. Library method was used to collect data related to literature and research background, and field method was used to collect data to confirm or reject research hypotheses. In order to explain and present the best financial management style in households with different demographic characteristics, this study was conducted on urban households in Uzbekistan, with a sample size of 370 people, calculated using the Cochran formula and Morgan table. A Likert-scale questionnaire was used to collect data, and this questionnaire was prepared as a virtual questionnaire using the Persal site and distributed through cyberspace. For data analysis, Excel and Spss26 software were used in the descriptive statistics section, and Spss26 was used in the inferential statistics section. A conceptual research model for household financial decision-making is presented in Figure 1.

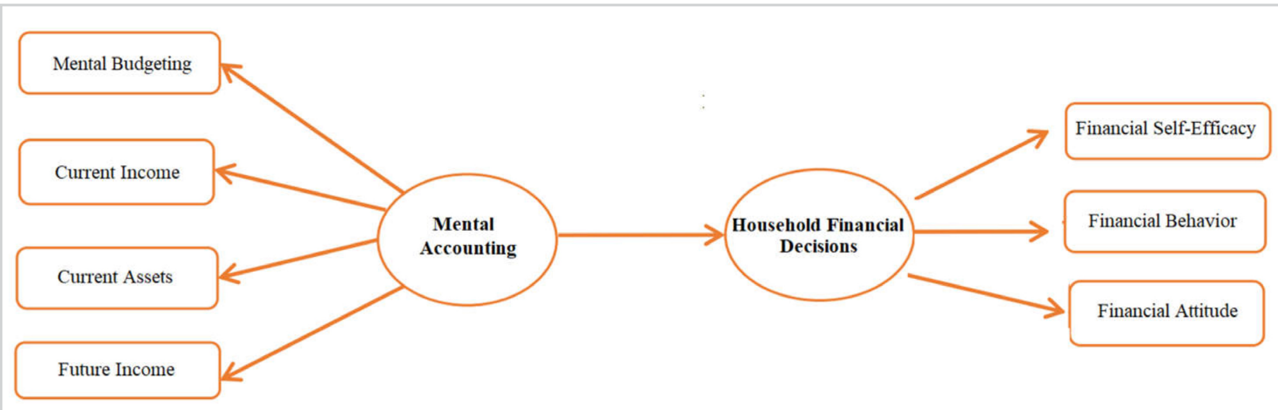

Figure 1:
Conceptual research model for household financial decision-making
Source: Authors' findings

3. Results

3.1. Descriptive Statistics

The aim of this section is to provide a context for familiarizing the respondents in the sample under study in terms of variables such as age, gender, marital status, education, etc.; therefore, before examining the relationship between the variables and the results of the hypothesis test, the results of examining the characteristics of the sample and the descriptive results of the questionnaire questions, which were carried out using SPSS software, will be presented. The results of the analyses conducted on the sample under study are presented in Table 1.

Table 1:
Descriptive statistics

Variable	Statement	Percentage	Variable	Statement	Percentage
Gender	Male	73.25	Number of Households	1 person	3.55
	Female	26.75		2 people	23.22
Age	Under 30 years	21.34		3 people	29.65
	30-40 years	56.78		4 people	25.35
	41-50 years	14.66		5 people or more	18.23
	Over 50	7.32	Work Experience	Less than 10 years	44.34
Education	Postgraduate Diploma and below	24.10		10-20 years	36.56
	Bachelor's	39.25		More than 20 years	19.10
	Master	31.27	Monthly income	Less than 400$	18.22
	PhD	5.38		400-600$	25.55
Job type	Public Sector	38.31		600-800$	38.11
	Private Sector	32.25		800-1000$	11.50
	Freelance	29.44		1000$ or higher	6.62

Source: Authors' findings

3.2. Data Normality Test

In the present study, exploratory factor analysis and confirmatory factor analysis were used to analyze the collected data. Before conducting research tests, it is necessary to ensure the normality of the data. For this purpose, there are various methods, and in the present study, Cronbach's alpha test was used to check the normality of the data. The results of this test showed that the reliability of all constructs was more than 0.72 and the reliability of the entire questionnaire was 0.85, which indicates a high degree of reliability and trustworthiness of the research tool and data (questionnaire). Also, to measure the reliability of the measurement tool, two composite reliability indices 1 and the mean variance were extracted, and to measure the validity of the measurement tool, two convergent validity indices 9 and divergent validity 4 were used (Table 2).

Table 2:
Results related to the reliability and validity of the model

Variables-component		CR	AVE	ASV	CA
Mental Accounting	Current Assets	0.544	0.812	0.112	0.069
	Future Income	0.518	0.811	0.122	0.072
	Mental Budgeting	0.661	0.802	0.120	0.287
	Current Income	0.516	0.823	0.118	0.276
Financial Self-Efficacy		0.548	0.819	0.110	0.116
Financial Attitude		0.601	0.806	0.095	0.077
Financial Behavior		0.611	0.846	0.088	0.198

Source: Authors' findings

The one-sample *t*-test for comparing the observed mean of the research variables with the theoretical mean of the measurement scale has shown that, considering the significance level of less than 0.05, the mean of all variables is significantly different from the theoretical mean (Table 3). Considering the estimated means of the variables, it can be concluded that the mean of the variables is greater than 3, so it is significantly greater than the average.

A summary of the research hypotheses based on the tests conducted and the results presented is presented in Table 4.

Table 3:
One-sample *t*-test for research variables

Variable	Mean	T-statistic	Significance level	Mean difference
Mental Accounting	3.567	12.660	0.000	0.801
Financial Self-Efficacy	3.824	13.167	0.000	0.811
Financial Attitude	3.967	14.390	0.001	0.931
Financial Behavior	4.011	13.873	0.000	0.956

Source: Authors' findings

Table 4:
Review of research hypotheses

Hypothesis	Standard coefficient	SD	T-statistic	P-value	Results
Current Assets: Financial Self-Efficiency	0.911	0.032	12.85	0.000	confirmed
Future Income: Financial Self-Efficiency	0.978	0.021	12.68	0.001	confirmed
Mental Budgeting: Financial Self-Efficiency	0.966	0.010	12.89	0.001	confirmed
Current Income: Financial Self-	0.958	0.017	12.13	0.000	confirmed
Efficiency Financial Self-Efficiency: Financial Attitude	0.565	0.045	4.253	0.031	confirmed
Financial Self-Efficiency: Financial Behavior	0.611	0.054	6.589	0.011	confirmed
Financial Attitude: Financial Behavior	0.701	0.039	5.563	0.000	confirmed

Source: Authors' findings

The results of the analyses showed that at a 95% confidence level, mental accounting has the greatest impact on financial self-efficacy through its four sub-components: mental budgeting, current income, current assets, and future income; that is, by increasing the level of mental accounting and integrating financial issues with the mind, the individual will have stronger self-confidence in financial matters, and the less familiar the individual's mind is with financial matters, the individual will suffer from a lack of financial self-confidence and will resort to herd behaviors. The results of this study are consistent with the research of Radianto et al. (2022). In the analyses obtained, the results indicate that at a 95% confidence level, financial self-efficacy has a significant impact on financial attitude. This means that the higher the individual's self-confidence and financial self-confidence, the higher the attitude towards financial matters, and the lower the individual's financial self-efficacy, the lower his or her view of financial issues and investment will be.

4. Conclusion

Financial transactions are one of the key tools for assessing the economic situation of households. With this in mind, it can be said that proper financial management and careful analysis of daily transactions help families to gain a better understanding of their financial situation. Financial transactions include all the economic activities that families carry out during the month, from daily purchases, to paying bills, to transferring funds and investments. This data allows us to identify trends in expenses and income and ultimately make better financial decisions. The important point is that by collecting and analyzing this information, households can easily identify their strengths and weaknesses. For example, if it is possible to save on some expenses, these financial resources can be used to invest in other areas. On the other hand, financial advisors and lawyers can also help families in financial planning and preventing legal problems by monitoring these transactions. Therefore, awareness of the importance of financial transactions and their management not only helps to improve the economic situation of families, but can also play an important role in preventing lawsuits and legal problems. The present study analyzes and validates the mental accounting measurement scale. This study also empirically estimates and validates mental accounting, which consists of four constructs: mental budgeting, current income, current assets, and future income. The results of the present study support the existence of a mental accounting system in the financial decision-making process among households. The results of the present study can be useful for households that intend to use and control the mental accounting process for themselves, because it can provide more savings and less unnecessary expenses. The results of the present study can also be useful in understanding investors' preferences and their classification by financial experts.

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