



# The Influence of Self-control on Personal Financial Management

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**Abstract:** The study explores the influence of self-control on personal financial management of Vietnamese students based on 611 samples from 6 universities in Vietnam. The data were analyzed using SPSS software version 20.0 through descriptive statistics steps, assessing the reliability of the scale, exploratory factor analysis - EFA, correlation analysis, and multiple regression. The results show that self-control affects students' financial management. From the research's results, the authors have made several recommendations for students, schools, families and society to improve students' personal financial management.

**Index Terms - Self-control, personal financial management, student.**

## I. INTRODUCTION

With the increasingly complicated domestic and international financial markets, personal financial management is essential in the present age. Each person's financial management ability plays a great and active role in improving the personal and family life as well as the development of modern society. In many countries around the world, personal financial management is always appreciated and has a significant meaning. According to Hanna and Lindamood (2010), personal finance management helps one increase the number of assets effectively, prevent the decline of assets in the bad case and stabilize personal consumption. With the attention to personal financial situation, having a specific plan will avoid mistakes when making decisions. Effective financial management helps you know how to use money appropriately, providing a stable life both now and in the future.

However, basic financial skills such as budgeting, making daily retirement plans, and preparing for long-term needs are barely practiced by the younger generation. Borden et al. (2008) observes that many young people begin their college education without ever taking personal financial responsibilities. Master Card conducts an annual "financial literacy" survey in 16 countries and territories in the Asia-Pacific region, with Vietnam ranking 14th and the index's bottom. Standard & Poor's Ratings Services Global FinLit Survey (2014) showed that Vietnam was one of the countries with the lowest financial literacy rates among the 148 participating countries. It is clear that personal financial management in Vietnam is currently inadequate. This causes many young people to waste their money without a strategy, resulting in a loss of discipline, resulting in many dangers, unexpected results, and problems for themselves and others. As a result, these principles are not widely accepted in Vietnam, especially among young people, and this study aims to explain the effect of self-control on students' personal financial control management behavior.

## II. LITERATURE REVIEW

### Self-control

Gottfredson and Hirschi (1990) define self-control as the individual's distinct tendency to avoid undesirable behavior with the specific situations which they perceive. Self-control allows us to control selectively, focus on what we choose, and block attention on other stimulating things. As an executive function, self-control is a cognitive process needed to adjust behavior to achieve specific goals (Diamond, 2013; Timpino and Schmidt, 2013). Therefore, the ability to control themselves is the ability to adapt and change the first response of the emotions, thoughts, actions, and behavior when faced with temptations and impulses, including self-control over emotions, thoughts, and behavior.

### Behavioral self-control

Behavioral self-control is called planning or reflex, made up of factors such as planning, persistence, and problem-solving (Wills and Dishion, 2004), link behaviors and consequences over time (Keough, Zimbardo and Boyd, 1999) and track progress toward goals (Hofmann, Wilhelm, Friese and Strack, 2009). In many real situations, the expression of behavioral self-control is the request to stop or change current actions and behaviors in front of a particular thing or event. Behavioral self-control is defined as a set related to aspects such as behavioral tracking, linking behaviors and consequences over time, considering alternatives before taking action, and behaving for a certain purpose.

**Emotional self-control**

Hinnant and O'Brien (2007) introduced the concept of emotional self-control as an individual's ability to examine and adjust his or her emotional response in a particular situation. Emotional self-control involves processing emotions to focus attention, comfort, motivation, and ability to remove emotions of anxiety, melancholy, or anger (Goleman, 2012). Emotional self-control is envisioned as individual's ability to use emotions to solve problems rationally and flexibly. From these definitions, emotional self-control is not about completely getting rid of our emotions, but the ability to adjust and bring feelings back into equilibrium in order to accomplish a particular goal.

**Thought self-control (thought suppression)**

According to Wegner, Schneider, Carter and White (1987), thought self-control (thought suppression) is defined as attempting to prevent or not think about a particular thought. Thought consists of a purposeful flow of ideas and associations that lead to a conclusion according to practical results. Thought self-control is how people deal with bad thoughts and reduce preoccupation with them partly by suppressing thoughts or redirecting them. Thus, thought self-control is very useful for people with their needs, goals, and desires when planning and trying to achieve the best goals. It can be understood that self-control is an attempt to prevent, repress or redirect negative thoughts, monitor and regularly evaluate one's own continued thinking.

**Personal financial management**

Al Kholilah and Iramani (2013) identified personal financial management as a person's ability to manage their daily monetary funds through planning, budgeting, controlling, searching, and saving. In other words, personal financial management is a person's financial responsibility through managing money and other assets effectively (Ida and Dwinta, 2010). Personal financial management includes the acquisition, allocation, and use of financial resources effectively towards certain purposes. Therefore, personal financial management is defined as an individual arranging, evaluating, controlling spending, planning, and implementing his financial resources effectively.

**III. METHODOLOGY****Measurement**

The study uses a 5-point Likert scale from point 1 - "Totally disagree" to point 5 - "Strongly agree" for both the dependent and independent variables. To measure the variable "Behavioral self-control", the scale-adjusted applied study of Strömbäck, Lind, Skagerlund, Västfjäll, Tinghög (2017). To measure the variable "Emotional self-control", applied research with scale adjustment of Strömbäck, Lind, Skagerlund, Västfjäll, Tinghög (2017). To measure the variable "Thought self-control", the scale adjustment applied study of Wells and Davies (1994). To measure the variable "Personal financial management" scale-adjusted applied research by Dew and Xiao (2011).

**Sample**

The study surveyed 611 students in Vietnam. Respondents were examined based on their gender characteristics, school year, club attendance, part-time work and monthly income to find out differences in the impact of self-control on personal financial management of these objects.

Regarding the structure by gender: with a sample of 611 observations, the surveyed object is female, accounting for 386 students, corresponding to 63.2% and male is 225 students, accounting for 36.8%.

Regarding the structure by school year: according to research results, the number of third-year students is the largest (228 students, accounting for 37.3%). The number of first-year students accounted for 26.2% (160 people), the number of second-year students accounted for 25.4% (155 people), the number of fourth-year students accounted for 9% (58 people) and the rest was the number of other-year students (five years or more) was 10 people (accounting for 2.1%).

Regarding the structure of the club participation: the survey participants had 332 students (54%) who said they were participating in the club and the number of students who did not join the club was 279 students (accounting for 46%).

Regarding the part-time work structure: according to the survey results, the number of students working part-time is 474 students (accounting for 77.58%) and the rest of students who do not work part-time is 137 people (accounting for 22.42%).

Regarding the structure by monthly income: according to research results, the number of students with an income of less than one million VND per month is the largest (270 students, accounting for 44.2%). The number of students having from one million to two million VND monthly accounted for 36.8% (225 people), the number of students with an income from two million to three million VND per month accounted for 12% (75 people) and the rest was the number of students with an income of over three million VND per month was 41 people (accounting for 7%).

Thus, the research team sample has ensured the diversity and abundance of students of different sexes, different school years, monthly income, and students working part-time and joining clubs. This makes the research objective and representative.

**IV. DATA ANALYSIS**

Data were analyzed using SPSS software version 20.0 with the following steps: Evaluate the scale's reliability through Cronbach's Alpha coefficients, Verify the value of the scale by exploratory factor analysis method- EFA, Analysis of correlation and multiple regression.

**Results of testing the reliability of the scale**

According to the analysis results, the independent variable "Self-control of behavior" running the test results showed that the observed variables have the appropriate total correlation coefficient  $\geq 0.3$  and Cronbach's alpha coefficient is  $0.763 > 0.6$  meet reliability requirements.

For the independent variable "Emotional self-control", Cronbach's Alpha coefficient is  $0.787 (> 0.6)$  and the total variable correlation coefficients are all  $\geq 0.3$ , so the scale "Emotional self control" is the scale used. relatively good.

The variable "Self-control thinking" running the test results for the first time shows that the observed variable SN6 will be rejected because SN6 has a total variable correlation coefficient of  $0.298 < 0.3$ . Cronbach's alpha coefficient is also when the variable type of SN6 is greater than Cronbach's alpha's ( $0.794 > 0.783$ ).

Run the second test after removing the variable SN6, we have the test results show that the observed variables have the appropriate total correlation coefficient  $\geq 0.3$  and Cronbach's alpha coefficient is  $0.794 > 0.6$ , so it is achieved requirements for reliability.

For the variable "Personal financial management behavior", Cronbach's Alpha coefficient is 0.805 ( $> 0.6$ ) and the total correlation coefficients are all  $\geq 0.3$ , so the scale of "Personal financial management behavior" is meter can be used very well.

After removing the inconsistently observed variables, the research team conducted to test the reliability of the scales for the second time. The values of Cronbach's Alpha coefficients showed that the scales were good, reasonable, and suitable practical. Specific results are shown in the table below:

**Table 1. Results of testing the reliability of the scale**

Variable encryption	Total variable correlation	Cronbach's alpha coefficients when eliminating variables
<b>SELF – CONTROL BEHAVIOR (Cronbach's alpha = 0.763)</b>		
SB1	0.536	0.721
SB2	0.534	0.721
SB3	0.480	0.735
SB4	0.542	0.719
SB5	0.630	0.697
SB6	0.350	0.776
<b>EMOTIONAL SELF – CONTROL (Cronbach's alpha = 0.787)</b>		
ES1	0.550	0.753
ES2	0.557	0.751
ES3	0.516	0.760
ES4	0.512	0.760
ES5	0.592	0.744
ES6	0.382	0.785
ES7	0.488	0.765
<b>SELF – CONTROL OF THOUGHTS (Cronbach's alpha = 0.794)</b>		
ST1	0.522	0.768
ST2	0.621	0.744
ST3	0.630	0.741
ST4	0.581	0.754
ST5	0.434	0.786
SN7	0.491	0.776
<b>PERSONAL FINANCIAL MANAGEMENT ACTION (Cronbach's alpha = 0.805)</b>		
FM1	0.431	0.793
FM2	0.456	0.791
FM3	0.446	0.792
FM4	0.411	0.796
FM5	0.517	0.784
FM6	0.555	0.780
FM7	0.354	0.801
FM8	0.609	0.774
FM9	0.589	0.776
FM10	0.382	0.798
FM11	0.393	0.797

Thus, the results of evaluating the reliability of the scale with Cronbach's Alpha show that the scales have ensured reliability and can be used in the next analysis.

#### Results of factor analysis to explore exploratory factor analysis

Analysis of the independent variable was conducted 3 times, the dependent variable was conducted twice. The results showed that each group of independent variables was eliminated 1 observed variable and the dependent variable group removed 2 observed variables. Group of independent variables: Self-control of behavior, Self-control of emotions, Self-control of thoughts.

**Table 2. Results of factor analysis to discover exploratory factor analysis**

KMO coefficients		P-value	Citation variance	Factor load factor	Conclude
Dependent variables	0,765	0.000	57,651	0,765	Qualified for analysis
The independent variables	0,860	0.000	53,075	0,860	Qualified for analysis

Thus, after testing EFA, the results show that the observed independent variables are grouped into 3 factors, the observed dependent variables are divided into 2 factors and the value Factor loading satisfies request. Therefore, the scales selected for the variables in the model all meet the requirements and can be used for further analysis.

To ensure that the scale is still reliable after eliminating some variables, perform a test of the scale reliability of Cronbach's alpha.

According to the analysis results, the variables "Self-control of behavior", "Self-control of emotions", "Self-control of thoughts" and "Personal financial management behavior" have Cronbach's Alpha coefficients respectively 0.776, 0.785, 0.786 and 0.794 ( $> 0.6$ ). At the same time, the observed variables have the appropriate total correlation coefficient  $\geq 0.3$ , so the reliability requirement is met.

Thus, the results of reassessing the scale's reliability with Cronbach's Alpha show that the scales are still reliable and can be used in the following analysis.

### Correlation analysis results

From the test results of Cronbach's Alpha and the analysis of EFA discovery factors as above, the research model has 3 independent variables:

SB: Self-control behavior (SB1, SB2, SB3, SB4, SB5)

ES: Emotional self-control (ES1, ES2, ES3, ES4, ES5, ES7)

ST: Self-control of thoughts (ST1, ST2, ST3, ST4, ST7)

The study used the Pearson correlation coefficient method to evaluate the correlation relationship between the variables in the model. The results showed that Sig correlated Pearson with the independent variables SB, ES, and ST with the dependent variable FM less than 0.05. Thus, there is a linear relationship between these independent variables and the FM variable. Between SB and FM has the strongest correlation with the coefficient  $r$  is 0.445, between ST and FM has the weakest correlation with the coefficient  $r$  is 0.391. Correlation coefficient  $r$  value  $r > 0$  represents the variables positively related to each other.

The independent pairs of variables have a relatively weak correlation with each other, so there is a high probability that multicollinearity will not occur.

### Results of regression analysis and hypothesis testing

The impact of self-control on students' personal financial management behavior.

The adjusted coefficient  $R^2$  is 0.283 - that is, the independent variable explains 28.3% of the variation of the dependent variable. Sig value. The t-test of the variables "Self-control of behavior", "Emotional self control" and "Self-control of thoughts" are all less than 0.05, so these variables have explanatory meanings for the dependent variable. "Personal financial management behavior".

The variance inflation factor (VIF) of the observed variables is less than 2, so there is no multi-collinearity phenomenon.

Sample regression model:

$$FM = 1.188 + 0.294 * SB + 0.179 * ES + 0.195 * ST$$

Of which:

FM: Personal financial management behavior

SB: Self-control behavior

ES: Self-control of emotions

ST: Self-control of thoughts

From the above regression model, we find that all three independent variables "Self-control of behavior", "Self-control of emotions" and "Self-control of thoughts" have positive effects on the behavior of wealth management. personal key. Specifically:

In the condition that other variables do not change, when the variable "Self control behavior" increases by 1 unit, the behavior of students' personal financial management increased by 0.294 units.

In the condition that other variables do not change in value, when the variable "Emotional self control" increases by 1 unit, students' personal financial management behavior increases by 0.179 units.

In the condition that other variables do not change, when the variable "Self-control of thoughts" increases by 1 unit, students' personal financial management behavior increases by 0.195 units.

In addition, consider the regression equation with standardized regression coefficients:

$$FM = 0.290 * SB + 0.180 * ES + 0.221 * ST$$

From the above regression we can see the impact level arranged in descending order of the independent variables as follows: Self-control behavior ( $\beta = 0.290$ ); Self-control of thoughts ( $\beta = 0.221$ ); Emotional self-control ( $\beta = 0.180$ ).

## V. CONCLUSION AND RECOMMENDATIONS

From the research results, the authors gave several recommendations for students, schools, families, and society, specifically: (1) For students: First, to built self-control, students need to make a detailed plan for the goal they want. Second, students have to develop positive habits. The way students recognize themselves with positive habits affects not only their mental health but also their longevity. Third, if students still feel uncomfortable and their negative feelings seem to be uncontrollable, try exercising as it is an effective way to adjust their bad mood. Besides, sleep is important to grow intelligence and emotion and maintain attention to self-control. When people sleep, their brains are charged and scanned all the day's memories to select, store or delete. This helps them stay alert and lighten their head when they wake up. Their self-control, attention and memory will be reduced if they don't get enough sleep. (2) For school, families and society: First, colleges and universities in Vietnam must innovate content and teaching method of psychology subject, life skills with the criterion of "learner-centered". This innovation helps develop students' quality and capacity towards international integration and create the best premises for learners to explore and improve self-control. Second, schools need to enhance organizational and student management capacity. The organization and management need to use and promote the role of modern technology and means to propagate and educate students about self-control. Third, each student should be raised awareness about self-control and motivated to improve it.



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