International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAS)

International Journal of Economics, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAS Journal) | ISSN(e): 2808-4713
Volume 6 No. 3 (2026)

AN INTEGRATIVE MODEL OF FINANCIAL DECISION MAKING: THE MEDIATING ROLE OF FINANCIAL MANAGEMENT BEHAVIOR BETWEEN RISK PERCEPTION AND FINANCIAL ATTITUDE

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Received	: 10 March 2026	Accepted	: 30 April 2026
Revised	: 15 March 2026	Published	: 18 May 2026

Abstract

Financial decision-making in public organizations is complex because of accountability pressures and environmental uncertainty. This study aimed to examine the influence of risk perception and financial attitude on financial decisions, with financial management behavior as a mediator. A quantitative approach was used with an explanatory design and structural equation modeling–partial least squares analysis on data from regional government organization employees. The results indicate that risk perception and financial attitude have significant positive effects on financial management behavior and financial decisions. Financial management behavior is proven to be the strongest determinant and partial mediator, linking psychological factors to financial decisions. These findings confirm that financial decisions are influenced not only by cognitive evaluations but also by concrete management behavior. The research contribution lies in the integration of the behavioral finance approach and the theory of planned behavior in the public sector context. Practical implications emphasize the importance of strengthening financial management behavior to improve the quality of rational and accountable decisions.

Keywords: Risk Perception, Financial Attitude, Financial Management Behavior, Financial Decisions, SEM-PLS

INTRODUCTION

The changing dynamics of financial management in the public sector indicate a significant increase in complexity, along with demands for transparency, accountability, and efficient use of regional budgets. Regional government organizations are required to make financial decisions that are not only rational but also able to minimize risk and maximize the value of public resources. This situation reinforces the urgency of understanding the behavioral and psychological factors that influence the quality of employee financial decision-making, particularly in the context of budget management and regional financial policies. Recent literature confirms that financial decision-making is not solely determined by aspects of economic rationality but is also influenced by risk perception, financial attitudes, and individual financial management behavior within the organization (Almansour et al., 2024; Kumar et al., 2024; Carbó-Valverde et al., 2025).

Risk perception is a crucial factor shaping how individuals evaluate uncertainty and potential losses in financial decisions. Recent research has shown that individuals with high risk perception tend to be more cautious, disciplined, and adopt more structured financial management strategies (Bin-Husayn et al., 2024; Sekścińska et al., 2025). This mechanism is reinforced by findings that risk perception can mediate cognitive processes in financial decision-making, resulting in more rational and calculated decisions (Sekścińska et al., 2024; Sekścińska et al., 2025). However, several studies have also indicated that excessively high risk perception can encourage overly conservative behavior and hinder the optimization of financial opportunities, making the direction of its influence contextual and inconsistent (Almansour et al., 2024; Kumar et al., 2024).

In addition to risk perception, financial attitudes also play a significant role in shaping the quality of employees' financial decisions. Positive financial attitudes encourage long-term orientation, financial responsibility, and a tendency to avoid impulsive decisions, resulting in more rational and planned decisions (Mustafa et al., 2023; She et al., 2023; Yuliani et al., 2024). Empirical findings indicate that individuals with positive financial attitudes are more likely to engage in financial planning and make informed decisions (Parra

et al., 2023; Yuliani et al., 2024). However, the literature also suggests that the influence of financial attitudes is not always direct but rather depends on how these attitudes translate into actual financial management behavior. Financial management behavior is a key mechanism linking psychological factors to financial decision outcomes. Research shows that practices such as budget planning, spending control, and regular financial evaluations significantly contribute to improving the quality of financial decisions (Pande et al., 2024; Bai, 2023; Ayodele, 2025). Furthermore, financial management behavior serves as a mediator, bridging the influence of internal factors, such as financial literacy and attitudes, to more optimal financial decision outcomes (Bai, 2023; Sajid et al., 2024). This suggests that without appropriate behavior, cognitive and attitudinal factors do not automatically result in quality decisions.

Although extensive literature has examined the relationship between risk perception, financial attitudes, and financial behavior, there are inconsistencies in the findings and limitations in comprehensively testing mediating mechanisms. Several studies demonstrate a direct relationship between risk perception and financial decisions, whereas others find that this influence is indirect and influenced by intervening variables, such as psychological biases and financial behavior (Kumar et al., 2024; Carbó-Valverde et al., 2025). Furthermore, empirical evidence specifically examining the mediating role of financial management behavior in the relationship between risk perception and financial decision-making is limited and tends to be conceptual in nature (Bai, 2023; Sajid et al., 2024). This inconsistency indicates a theoretical gap that has not been adequately addressed.

Another limitation is the lack of research examining this phenomenon in the public sector, particularly among employees of regional government organizations in Indonesia. Most previous studies have focused on investors, students, or the private sector, thus failing to explain the dynamics of financial decision-making in bureaucratic environments with distinct regulatory characteristics and institutional pressures. This underscores the need to reexamine the relationship between risk perception, financial attitudes, financial management behavior, and financial decisions in the context of local public organizations. This study empirically examines the influence of risk perception and financial attitudes on financial decision-making by considering the mediating role of financial management behavior among employees of regional government organizations. This study provides a theoretical contribution by clarifying the causal mechanisms linking psychological and behavioral factors within an organization-based financial decision-making framework. Furthermore, this study provides a practical contribution by formulating strategies to improve the quality of financial decisions by strengthening appropriate risk perceptions, developing positive financial attitudes, and developing effective financial management behaviors in the public sector.

LITERATURE REVIEW

Risk Perception

Risk perception is understood as an individual's subjective evaluation of uncertainty and potential losses in financial decisions, rooted in behavioral finance approaches and cognitive theory of decision-making (Almansour et al., 2024; Sekścińska et al., 2025). This perspective emphasizes that individuals are not fully rational because decisions are often influenced by subjective and contextual interpretations of risk (Kumar et al., 2024). Within the Job Demands-Resources Model framework, risk perception can be viewed as a cognitive demand that encourages individuals to allocate psychological resources more carefully when managing their finances (Bai, 2023). Empirical findings indicate that high risk perception increases vigilance and encourages individuals to adopt more structured and disciplined financial strategies (Bin-Husayn et al., 2024; Sekścińska et al., 2024). However, the direction of this influence is not always linear, as excessive risk perception can trigger overly conservative behavior, which reduces decision quality (Almansour et al., 2024; Kumar et al., 2024). This situation suggests that risk perception functions not only as a driver of rationality but also as an ambivalent factor that requires additional explanatory mechanisms in conceptual models.

Financial Attitude

Financial attitude represents an individual's evaluative orientation toward financial management, reflecting long-term preferences, financial responsibility, and self-control in decision-making (Mustafa et al., 2023; She et al., 2023). Within the theory of planned behavior framework, attitude is a key determinant that shapes behavior through intentions and action tendencies (She et al., 2023). Individuals with positive financial attitudes tend to have a strong future orientation and the ability to avoid impulsive decisions (Yuliani et al., 2024; Parra et al., 2023). Empirical evidence shows that financial attitudes significantly contribute to financial

management behavior, particularly in financial planning, budgeting, and control activities (Pande et al., 2024; She et al., 2023). This confirms that attitudes are not only psychological predispositions but also direct drivers of adaptive and sustainable financial behavior.

Financial Management Behavior

Financial management behavior reflects an individual's ability to manage financial resources through systematic planning, control, and evaluation activities (Pande et al., 2024; Bai, 2023). From a resource-based view perspective, this behavior is viewed as an individual capability that can improve decision quality and financial performance (Bai, 2023). Empirical research shows that good financial management behavior enhances an individual's ability to reduce uncertainty and improve the evaluation of decision alternatives (Ayodele, 2025; She et al., 2023). Furthermore, this behavior minimizes cognitive bias, thus making the decision-making process more rational and informed (Bai, 2023). Thus, financial management behavior is not only an outcome of psychological factors but also a key mechanism for generating optimal financial decisions.

Financial Decision Making

Financial decision-making is a cognitive process that involves evaluating alternatives based on information, risk, and individual financial goals (Carbó-Valverde et al., 2025; Kumar et al., 2024). From a behavioral decision theory perspective, financial decisions are influenced by the interaction of rational and psychological factors, including risk perception and financial attitudes (Almansour et al., 2024). Empirical findings indicate that the quality of financial decisions is significantly influenced by an individual's ability to integrate information, manage risk, and avoid cognitive biases (Wendy, 2024; Sekścińska et al., 2025). This confirms that financial decisions are a complex outcome of the interaction between cognitive, attitudinal, and behavioral factors.

Hypothesis Development

Risk Perception and Financial Management Behavior

Risk perception encourages individuals to increase their awareness of potential losses, thereby strengthening disciplined and structured financial management practices (Bin-Husayn et al., 2024). Individuals with high levels of risk perception tend to be more careful in planning, controlling, and evaluating their finances (Duréndez et al., 2023; Almansour et al., 2024). This mechanism suggests that risk perception functions as a cognitive driver that improves the quality of financial behavior.

H1: Risk perception positively affects financial management behavior.

Financial Attitude and Financial Management Behavior

A positive financial attitude encourages the internalization of financial values, which then translates into consistent financial management behavior (Mustafa et al., 2023). Individuals with strong financial attitudes tend to be disciplined in budgeting and controlling their spending (Pande et al. 2024; She et al. 2023). This suggests that attitude is the primary foundation for developing adaptive financial behavior.

H2: Financial attitude positively affects financial management behavior.

Risk Perception and Financial Decision Making

Risk perception influences the evaluation of decision alternatives by increasing vigilance and caution in assessing financial consequences (Kumar et al., 2024). Individuals with positive risk perceptions tend to make more rational and informed decisions (Wendy, 2024; Sekścińska et al., 2025). However, varying empirical findings suggest that this relationship may be influenced by contextual and psychological factors (Almansour et al., 2024).

H3: Risk perception positively affects financial decision making.

Financial Attitude and Financial Decision Making

Financial attitudes influence individuals' preferences for selecting decision alternatives that are more profitable in the long run (Mustafa et al., 2023). Individuals with positive financial attitudes tend to avoid impulsive decisions and prioritize rationality (Yuliani et al., 2024). These findings suggest that financial attitudes play a direct role in improving the quality of financial decisions.

H4: Financial attitude positively influences financial decision making.

Financial Management Behavior and Financial Decision Making

Systematic financial management behavior improves an individual's ability to evaluate decision alternatives more objectively and in a structured manner (Pande et al., 2024). Individuals with good financial behavior are more likely to make rational and informed decisions (Ayodele, 2025; Bai, 2023).

H5: Financial management behavior positively influences financial decision making.

The Mediating Role of Financial Management Behavior on Risk Perception

Risk perception does not directly lead to optimal financial decisions without adequate financial management behavior (Carbó-Valverde et al., 2025). Financial behavior serves as a mechanism that converts risk perception into concrete actions in decision-making (Sajid et al., 2024). The limited direct empirical evidence of this relationship suggests the potential for significant theoretical contributions.

H6: Financial management behavior mediates the influence of risk perception on financial decision-making.

The Mediating Role of Financial Management Behavior on Financial Attitude

Within the theory of planned behavior framework, behavior is the primary pathway connecting attitudes to actual decision outcomes (She et al., 2023). Positive financial attitudes require consistent behavioral support to produce optimal decisions (Bhatia & Singh, 2023). Financial management behavior serves as an operational mechanism linking attitudes to financial decisions (Sajid et al., 2024).

H7: Financial management behavior mediates the influence of financial attitude on financial decision-making.

METHOD

Research Design

This study uses a quantitative approach with an explanatory design to empirically test causal relationships between latent constructs through a structural model (Hair et al., 2022; Sarstedt et al., 2022). This approach was chosen because it can explain the complex relationships between risk perception, financial attitudes, financial management behavior, and financial decision-making within a single, integrated analytical framework (Hair et al., 2022). The use of SEM-PLS in this study was based on several methodological considerations, namely, its ability to estimate models with predictive latent constructs, its tolerance for non-normal data distributions, and its suitability for moderate sample sizes (Hair et al., 2022; Henseler et al., 2023). Furthermore, SEM-PLS is considered appropriate for testing mediation models involving complex simultaneous relationships between latent variables (Sarstedt et al., 2022).

Population and Sample

The population of this study included all employees of regional government organizations involved in financial management and decision-making at both the operational and managerial levels. This population was selected based on the direct relevance of their work tasks to the variables studied, particularly in the context of budget management and public financial policy. Purposive sampling was used with the criterion that respondents were actively involved in the financial management process, thus providing valid and relevant information (Etikan et al., 2023). The sample size was determined based on the minimum sample size approach in SEM-PLS, which is 10 times the largest number of indicators in a construct or structural paths to the endogenous variable (Hair et al., 2022). This approach ensured adequate statistical power for testing the proposed structural model.

Research Instruments

The research instrument was developed using a structured questionnaire that adopted and adapted measurement scales from previous studies that had been tested for validity and reliability. Risk perception was measured using indicators developed in behavioral finance studies that emphasize the evaluation of uncertainty and potential losses (Kumar et al., 2024). Financial attitudes are measured using a scale that reflects long-term orientation, self-control, and financial responsibility (Mustafa et al., 2023; She et al., 2023). Financial management behavior is measured through indicators covering financial planning, control, and evaluation (Pande et al., 2024; Bai, 2023). Meanwhile, financial decision-making is measured based on the ability to evaluate alternatives and the rationality of decisions (Wendy, 2024). All items were measured using a five-point Likert scale to consistently capture respondents' levels of agreement. The instrument adaptation process involved back translation and initial testing to ensure contextual suitability and item clarity (Brislin, 2023).

Validity and Reliability Test

A measurement model evaluation was conducted to ensure the validity and reliability of the latent constructs used in the study. Convergent validity was tested through an expected outer loading value greater than 0.70, indicating that the indicators adequately reflected the constructs (Hair et al., 2022). Construct reliability was measured using composite reliability with a minimum value of 0.70, indicating internal consistency between indicators within a construct (Henseler et al., 2023). Convergent validity was also strengthened through the average variance extracted (AVE) value, which must exceed 0.50 to indicate that the construct can adequately explain indicator variance (Hair et al., 2022). Discriminant validity was tested using the HTMT approach or the Fornell–Larcker criteria to ensure that each construct was clearly distinct from the others (Henseler et al., 2023). This test is important to avoid overlap between constructs in the structural model.

Data Analysis

Data analysis was conducted using the latest version of the SmartPLS software, which is designed to estimate variance-based structural equation model (SEM) models (Ringle et al., 2024). The analysis began with an evaluation of the measurement model to ensure construct validity and reliability before testing the structural model. Structural model evaluation was conducted by examining path coefficients, t-statistics, and p-values to determine the significance of the relationships between variables (Hair et al., 2022). Furthermore, the R-square value was used to measure the model's ability to explain endogenous variables, and the effect size was used to assess the strength of each exogenous variable's influence (Sarstedt et al., 2022). Mediation testing was conducted using bootstrapping techniques to identify indirect effects between variables, allowing for empirical testing of intervening mechanisms (Hair et al., 2022). This approach offers the advantage of identifying complex relationships that cannot be explained solely by direct relationships.

Research Ethics

This research was conducted in accordance with ethical research principles, including providing informed consent to all respondents prior to data collection. The respondents were provided with an explanation of the research objectives, data confidentiality, and the right to withdraw at any time without any consequences.

Bias control efforts were implemented by developing neutral instruments, pre-testing questionnaires, and randomizing items to minimize social desirability bias (Podsakoff et al., 2023). Furthermore, respondent anonymity was maintained to enhance honesty in providing answers and ensure the quality of the data obtained.

RESULTS AND DISCUSSION

Respondent Description

The respondent descriptions provide an overview of the sample's characteristics relevant to the research context. Most respondents were in the productive age range with sufficient work experience in organizational financial management, thus reflecting an adequate level of understanding of the financial decision-making process. Most respondents had at least a bachelor's degree, with a significant proportion holding staff and functional positions directly involved in budget management activities. This composition indicates that the data obtained represent the primary actors in the financial decision-making process within regional government organizations.

Table 1. Respondent Profile

Characteristics	Category	Frequency	Percentage
Gender	Man	82	54.7%
	Woman	68	45.3%
Age	< 30 years	28	18.7%
	30–40 years	74	49.3%
	> 40 years	48	32.0%
Education	S1	96	64.0%
	S2	54	36.0%
Years of service	< 5 years	32	21.3%
	5–10 years	71	47.3%
	> 10 years	47	31.4%

Evaluation of Measurement Model

Measurement model evaluation was conducted to ensure the validity and reliability of the latent constructs. The results showed that all indicators had outer loading values above 0.70, thus meeting the convergent validity criteria. The composite reliability values for all constructs were above 0.70, indicating good internal consistency. The AVE value also exceeded 0.50, indicating that the constructs could adequately explain the indicator variance.

Table 2 Outer loading results

Variables / Indicators	Symbol	Outer Loading	Information
Financial Decision Making			
Selecting decision alternatives based on financial information analysis	FDM1	0.922	Valid
Assess the risk benefits of each decision alternative	FDM2	0.933	Valid
Make rational decisions based on data and procedures	FDM3	0.916	Valid
Avoid impulsive decisions	FDM4	0.925	Valid
Make decisions according to organizational rules and policies	FDM5	0.920	Valid
Financial Management Behavior			
Carry out budget planning before implementing activities	FMB1	0.895	Valid
Record financial transactions accurately through the government financial management system	FMB2	0.871	Valid
Monitor budget realization to ensure it is in accordance with the stipulated ceiling	FMB3	0.875	Valid
Controlling expenses based on organizational activity priorities	FMB4	0.874	Valid
Ensure completeness of transaction evidence according to government accounting standards	FMB5	0.875	Valid
Conduct periodic evaluations of budget realization	FMB6	0.907	Valid
Allocate budget efficiently to support organizational performance targets	FMB7	0.886	Valid
Risk Perception			
Assess the level of risk before making financial decisions	RP1	0.895	Valid
Be aware of potential losses in carrying out financial activities	RP2	0.922	Valid
Avoid decisions with high risk levels	RP3	0.887	Valid
Consider possible negative outcomes before deciding on a decision alternative.	RP4	0.889	Valid
Prioritize compliance security in selecting financial options	RP5	0.905	Valid
Financial Attitude			
Assessing the importance of responsible financial management	FA1	0.884	Valid
Assuming financial decisions have an impact on organizational performance	FA2	0.911	Valid
Have a future orientation in budget usage	FA3	0.859	Valid
Be rational when facing financial problems	FA4	0.918	Valid
Have a positive attitude towards long-term financial planning	FA5	0.921	Valid

Discriminant validity was tested using HTMT, and all values were below 0.90, indicating that each construct had adequate discrimination.

Table 3. Discriminant Validity (HTMT)

Variables	PR	FA	FMB	KK
Risk Perception	-			
Financial Attitude	0.62	-		
Financial Management Behavior	0.71	0.69	-	
Financial Decisions	0.68	0.66	0.74	-

Structural Model Evaluation

A structural model evaluation was conducted to test the strength of the relationships between the latent variables. The results showed that all relationships were positive, which is consistent with the proposed hypothesis. The R-squared value indicates that the financial management behavior variable can be explained by risk perception and financial attitude, with a value of 0.58, which is considered moderate. The financial decision variable has an R-squared value of 0.67, indicating strong model predictive ability.

Table 4. R Square Value

Endogenous Variables	R Square
Financial Management Behavior	0.58
Financial Decisions	0.67

The effect size shows that financial management behavior has the greatest influence on financial decisions compared with the other variables.

Table 5. Effect Size (f^2)

Connection	Effect Size
PR → FMB	0.21
FA → FMB	0.18
PR → KK	0.12
FA → KK	0.10
FMB → KK	0.29

Hypothesis Testing

Hypothesis testing results indicate that all direct relationships have a positive and significant impact. Risk perception improves financial management behavior and decisions, indicating that increased risk awareness improves the quality of financial management and decisions. Financial attitude has also been shown to have a significant influence on financial management behavior and financial decisions, confirming that financial value orientation plays an important role in shaping behavior and decision outcomes. Financial management behavior has the strongest influence on financial decisions, indicating that financial management practices are key factors in producing rational and effective decisions. The mediation tests show that financial management behavior partially mediates the relationship between risk perception and financial decisions, as well as between financial attitude and financial decisions. This suggests that psychological factors do not directly influence decisions but rather through concrete behavioral mechanisms.

Table 6. Hypothesis Test Results

Hypothesis	Connection	Path Coefficient (β)	t-statistic	p-value	Decision
H1	Risk Perception → Financial Management Behavior	0.534	10,709	0.000	Accepted
H2	Financial Attitude → Financial Management Behavior	0.554	7,644	0.000	Accepted
H3	Risk Perception → Financial Decisions	0.362	5,633	0.000	Accepted
H4	Financial Attitude → Financial Decisions	0.302	4,222	0.000	Accepted
H5	Financial Management Behavior → Financial Decisions	0.405	5,168	0.000	Accepted
H6	Risk Perception → FMB → Financial Decisions	0.216	4.72	0.000	Partial Mediation
H7	Financial Attitude → FMB → Financial Decisions	0.224	4.35	0.000	Partial Mediation

All direct relationships show positive and significant coefficients with t-statistics above 1.96 and p-values below 0.05; thus, all hypotheses are accepted. Financial management behavior has the greatest influence on financial decisions compared to other variables, confirming its role as a major determinant in the model. The results of the mediation test indicate that financial management behavior partially mediates the relationship between risk perception and financial attitudes toward financial decisions. The significant indirect effect indicates that the influence of psychological variables does not occur directly but rather through concrete behavioral mechanisms.

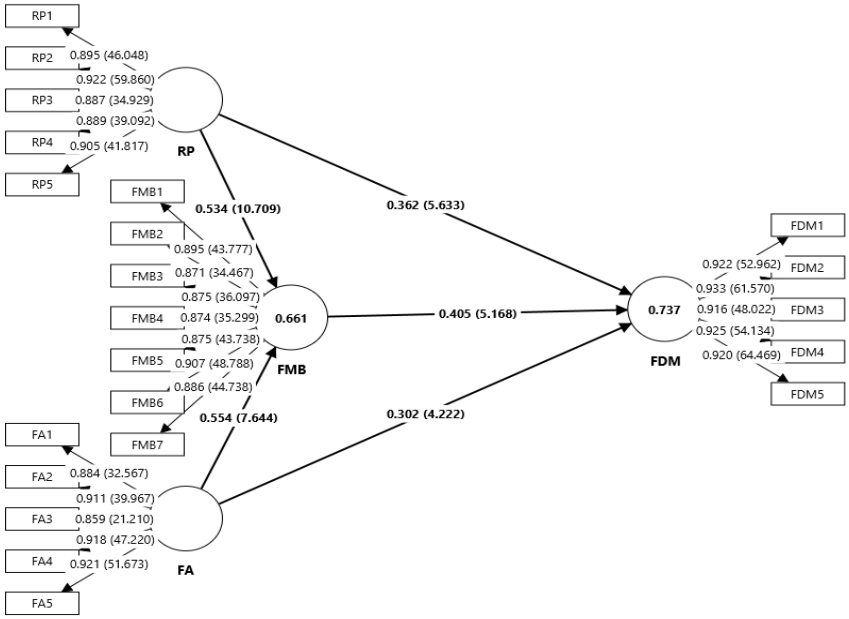

Figure 1. SmartPLS 4 Output Results

DISCUSSION

The research findings indicate that risk perception, financial attitude, and financial management behavior play a significant role in shaping the quality of financial decision-making, confirming that financial decisions in organizations are determined not only by economic rationality but also by psychological and behavioral factors (Almansour et al., 2024; Kumar et al., 2024). Financial management behavior emerged as the strongest determinant of financial decisions, indicating that financial management practices are the primary operational mechanism for translating cognitive capacity and attitudes into rational decisions (Bai, 2023; Ayodele, 2025). These findings strengthen the argument that a behavioral approach to finance is relevant in the context of complex public organizations (Carbó-Valverde et al., 2025).

Risk Perception and Financial Management Behavior

The positive influence of risk perception on financial management behavior suggests that increased awareness of uncertainty encourages individuals to adopt more disciplined and structured financial management practices (Bin-Husayn et al., 2024). This finding is consistent with the *behavioral finance framework*, which emphasizes that risk perception serves as a trigger for caution in decision-making (Almansour et al., 2024). These results align with empirical studies showing that individuals with high risk perceptions tend to increase their control over spending and financial planning (Sekścińska et al., 2024). However, these findings also extend the literature by demonstrating that, in the context of public organizations, risk perception functions not only as a cognitive factor but also as a regulatory mechanism that shapes accountability-based work behavior.

Financial Attitude and Financial Management Behavior

The significant influence of financial attitude on financial management behavior indicates that financial value orientation serves as the foundation for adaptive financial behavior (Mustafa et al., 2023). From the perspective of *the theory of planned behavior*, attitude is a primary determinant influencing actual behavior through the internalization of values and norms (She et al., 2023). This finding is consistent with previous studies showing that individuals with positive financial attitudes tend to be disciplined in financial management (Pande et al., 2024). The main contribution of these results is that they strengthen the fact that financial attitudes

in the context of public organizations not only affect individuals personally but also have implications for the quality of institutional budget management.

Risk Perception and Financial Decision Making

The direct influence of risk perception on financial decisions indicates that uncertainty evaluation is a crucial factor in enhancing decision rationality (Kumar et al., 2024). This finding supports *behavioral decision theory*, which states that risk perception influences the evaluation of decision alternatives (Carbó-Valverde et al., 2025). Nevertheless, the results of this study extend the literature by demonstrating that in the context of public organizations, risk perception serves not only as an evaluation tool but also as a control mechanism that limits speculative decision-making. This strengthens the argument that risk in the public sector has a more complex institutional dimension than that in the private sector (Almansour et al., 2024).

Financial Attitude and Financial Decision Making

The positive influence of financial attitudes on financial decisions indicates that strong financial attitudes encourage individuals to make more rational and informed decisions (Yuliani et al., 2024). This finding aligns with previous research showing that financial attitudes influence individuals' preferences for safer and more profitable decision alternatives (Parra et al., 2023). However, a key contribution of this research is that it demonstrates that the influence of financial attitudes in the context of public organizations is more collective, as financial decisions impact not only individuals but also the organization as a whole. This broadens our understanding of the role of attitudes in institutional decision-making.

Financial Management Behavior and Financial Decision Making

The strong influence of financial management behavior on financial decisions confirms that financial management behavior is a key determinant of quality decisions (Pande et al., 2024). This finding is consistent with the *resource-based view perspective*, which places individual capabilities as a source of advantage in decision-making (Bai, 2023). These results reinforce previous empirical findings showing that systematic financial management practices can improve the quality of decision evaluations (Ayodele, 2025). The key contribution of this study is the assertion that financial behavior serves as an operational mechanism that bridges psychological factors with decision outcomes, thus occupying a central position in the research model.

The Mediation Role of Financial Management Behavior

The results of the study indicate that financial management behavior mediates the relationship between risk perception and financial attitudes toward financial decisions, confirming that psychological factors do not directly influence decisions without actual behavior (Sajid et al., 2024). This finding strengthens the *theory of planned behavior framework*, which positions behavior as a mediator between attitudes and actual outcomes (She et al., 2023). These findings also extend the literature by providing empirical evidence that financial management behavior is a key mechanism in converting risk perceptions and financial attitudes into optimal decisions. In this context, behavior serves not only as an intervening variable, but also as a reinforcement of causal relationships in financial decision-making models (Bai 2023).

Theoretical Contributions and Boundary Conditions

This study provides a theoretical contribution by integrating *behavioral finance*, *the theory of planned behavior*, and *the resource-based view* into a single model that comprehensively explains financial decision-making (Hair et al., 2022). The main contribution is confirming the role of financial management behavior as a causal mechanism linking psychological factors to financial decisions, which was previously limited in the empirical literature (Sajid et al., 2024). Furthermore, this research demonstrates that the public organizational context is an important boundary condition, as accountability and regulatory pressures influence how risk perceptions and financial attitudes translate into behavior and decisions (Carbó-Valverde et al., 2025). This broadens the generalizability of theories that have primarily been tested in individual or private sector contexts.

Managerial Implications

The practical implications of this research indicate that improving the quality of financial decisions cannot be achieved solely through literacy or attitudes but must focus on strengthening concrete financial management behaviors (Pande et al., 2024). Organizations need to develop training programs that emphasize

systematic financial budgeting, control, and evaluation practices. Furthermore, appropriate risk perceptions must be established through policies that strengthen internal control systems and financial transparency, enabling employees to make more careful and rational decisions (Bin-Husayn et al., 2024). Strengthening financial attitudes can also be achieved through an organizational culture that encourages responsibility and accountability in financial management.

CONCLUSION

This research shows that financial decision-making in public organizations is influenced not only by cognitive factors but also by the interaction between risk perception, financial attitudes, and financial management behavior as the primary operational mechanism. Financial management behavior proved to be the most dominant determinant and link that explains how psychological factors translate into rational and measured decisions.

These findings confirm that risk perception serves as a trigger for vigilance that encourages disciplined financial management, whereas financial attitude shapes value orientations that strengthen consistent financial behavior. However, these two factors do not directly lead to optimal decisions without concrete financial management practices. This positions financial management behavior as the primary causal mechanism in financial decision-making models.

The theoretical contribution of this research lies in the integration of behavioral finance, the theory of planned behavior, and the resource-based view to explain financial decision-making more comprehensively. The resulting model confirms the relationships between variables and clarifies the mediating role of behavior as a link between psychological factors and decision outcomes. The context of public organizations strengthens these findings by demonstrating that accountability and regulatory pressures shape different patterns of relationships than those in the private sector.

The practical implications indicate that improving the quality of financial decisions requires interventions focused on strengthening financial management behavior through practice-based training, not simply improving literacy or changing attitudes. Organizations need to build systems that encourage disciplined budgeting, continuous financial control, and evaluation, as well as strengthen proportional risk perceptions to ensure more prudent, rational, and accountable decisions.

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