

**LITERATURE STUDY: MENTAL ACCOUNTING,
TRANSPARENCY AND ACCOUNTABILITY IN SDGS 16**

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Article Info	ABSTRACT
<p>Article history: Received July 05, 2024 Revised July 25, 2024 Accepted Aug 05, 2024</p> <p>Keywords: Mental Accounting, Transparency, Accountability, and SDGs 16</p>	<p>The purpose of this study is to determine the role of mental accounting, transparency and accountability to SDGs 16 in various aspects and economic sectors. This study uses a literature study method. The results of this study show that mental accounting, transparency, and accountability play an important role in investment decision-making, interim optimization and life cycle of consumer behavior, financial reporting, taxpayer compliance, shareholder decisions, budget performance, management of village fund allocation and public trust in increasing public trust. Although there are some differences in the results of the study related to the influence of mental accounting and transparency on investment decisions and shareholder decisions, mental accounting, transparency and accountability consistently show a positive influence on the quality of investment decision-making, financial reporting, taxpayer compliance, budget performance, village fund allocation management and public trust in increasing public trust. This shows the importance of applying the principles of mental accounting, transparency, and accountability in various contexts to achieve sustainable development goals, especially in achieving SDGs 16. By implementing various strategies, such as education, regulation, increased access to financial information and technology support, the government plays an important role in promoting healthy mental accounting, accountability, and transparency in various aspects of people's lives. In increasing the application of mental accounting positively, every individual must animate all aspects in budget orientation, self-control, value for money benefit orientation. By understanding how mental accounting works and implementing the right strategies, governments, companies and society can make more rational financial decisions, looking at the long-term benefits.</p> <p style="text-align: right;">This is an open-access article under the CC-BY 4.0 license.</p> <div style="text-align: right;">  </div>

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INTRODUCTION

Failure to achieve the Millennium Development Goals (MDGs) set from 2000 to 2015, the MDGs are considered less ambitious and incapable of solving all global problems. The emergence of new challenges such as climate change, the global economic crisis, and rising inequality and the need to build a more sustainable and inclusive future for all, the Sustainable Development Goals (SDGs) are designed to replace the MDGs. In 2015 the United Nations (UN) adopted and established the SDGs agreed upon by 193 UN member states which include 17 important global goals and 169 targets designed to be more comprehensive and inclusive, covering broader issues and involving all countries, both developed and developing countries, in an effort to achieve sustainable development from various aspects, namely economic, social, and environmental development with a target of achievement by 2030 [1].

One of the goals of the SDGs is in SDGs 16, which aims to promote peace, justice, and strong institutions. SDGs 16 focuses on creating peaceful and inclusive societies for sustainable development, access to justice for all, and building strong institutions to become effective, accountable, and inclusive institutions at all levels. The role of mental accounting, transparency, and accountability is essential to achieve this goal. In the economic world, these three roles are intertwined. In this context, the concept of mental accounting and strategies to increase transparency and accountability play an important role. This literature study examines how mental accounting can affect transparency and accountability, as well as how these two concepts can help achieve the goals of SDGs 16 [2].

Companies that apply the principles of SDGs 16 are more competitive in the global market, because they are more trusted by investors, customers, and other stakeholders. In order to create a superior and competitive company compared to its competitors, the company must have a goal to manage the organization well. It is a must when in a competitive industry, the company must have its own competitiveness. One way to face competition is to analyze how the strength of an industry's characteristics is. Some of them are by paying attention to the concept of mental accounting and strategies to increase transparency and accountability of the company.

Companies that implement the principles of SDGs 16 are more sustainable in the long term, as they focus more on managing resources that are responsible for the social and environmental impact of their activities. The public, which is increasingly aware of the social and environmental impacts of the company's activities, demands that the company be more transparent and accountable in its operations. The role of the government must also be involved by implementing stricter regulations related to transparency and accountability of companies around the world. The demands of companies in the industry to compete give rise to various alternative business strategy decision-making in accordance with the company's goals. However, often a person behaves irrationally and makes erroneous estimates when making a decision caused by

things inherent in the individual, it is focused on mental accounting as an accountant's habit in making decisions [2].

Mental accounting can be called the way each individual's own mind works. The concept of mental accounting illustrates that although all money is functionally equivalent, individuals and organizations tend to regulate how to categorize, evaluate, and manage their money or resources in a variety of separate "mental accounts." Humans record and categorize expenditures to the accounts in their minds where there is an accounting process, just as companies do which includes bookkeeping and evaluation of decision-making in making consumption. Mental accounting emerged as part of an effort to understand how humans make financial decisions that are often irrational. The tendency to make financial decisions is based on the categories or mental labels they give to money, not on the basis of absolute monetary value.

In addition to rational decision-making, openness and ease of access to information are key to building trust and accountability. The rise of cases due to corporate non-transparency that is rampant, one of which is a corruption case. Many corruption cases have been revealed in various sectors. This must be addressed immediately by the government, the private sector, state-owned enterprises, civil society, the need to be transparent in resource management and decision-making. This transparency can be done through various ways, such as the publication of data and information, the holding of public hearings, and effective reporting mechanisms for progress in achieving the SDGs. Transparency and accountability are two fundamental principles and important pillars in good and essential governance in achieving SDGs 16. Transparency refers to the openness and clarity of information provided by an organization or government to stakeholders. This includes the accessibility of relevant data and information and the delivery of information honestly and comprehensively. Accountability, on the other hand, is the obligation of entities to explain, report, and take responsibility for their actions and decisions to stakeholders. The combination of transparency and accountability creates an environment where trust and integrity can be maintained, and the potential for corruption and misuse of resources can be minimized.

METHODS

This study uses a literature study method. According to Sugiyono (2018), Literature Studies is a theoretical study and other references related to values, cultures and norms that develop in the social situation being studied. In this study, the researcher relied on various literature studies to obtain research data

RESULT AND DISCUSSION

Mental accounting, transparency and accountability can affect various sectors, one of which is mental accounting can affect investment decisions in an irrational way. By understanding mental accounting and implementing strategies to overcome it, companies can make better investment decisions and achieve financial goals. This is

supported by previous research on "Over Confidence, Mental Accounting, and Loss Aversion In Investment Decision". Research conducted by Armansyah (2021) on 250 investor respondents in the capital market by means of collection shows that mental accounting has an effect on investment decisions [7].

The research on "Risk Attitudes, Mental Accounting And Overconfidence In Investment Placement Decision During And Post Covid-19". This study was conducted by Novandalina et al (2022) using a quantitative approach with an explanatory research type to analyze the influence of one variable on other variables. The object of the research is SMEs in Jepara Regency with a sample of 115 SMEs who have been in business for more than 10 years in their field and have more than 15 employees. The respondents were the managers and owners of each of the SMEs. This study found that overconfident behavior and risk-taking attitude have a significant influence on investment decision-making, but accounting mentality fails to influence investment decisions [8].

Apart from investment decisions, mental accounting affects other aspects such as those related to time and consumers. This is stated in the research on "Consumption Modelling Using Categorisation-Enhanced Mental Accounting". The results of the study state that mental accounting oriented to objects and categories of expenditure cannot be credibly represented using an interim optimization approach. The idea of strong and weak nonfungibility was introduced, and the behavioral life cycle model proved to meet the principle of nonfungibility only in a weak sense. Temporal optimization can lead to a lack of determination of variables that are a consumer problem or violate the principle of nonfungibility (in the sense of being strong or weak), or both. Thus, Mental Accounting has an influence on the optimization of time and the life cycle of consumer behavior [9].

The openness of the government, organizations or entities in providing information related to public resource management activities to stakeholders is transparency which is an important thing to do, because it will affect the agency. This is supported based on previous research on "The Effect of Financial Reporting Transparency on the Quality of Financial Reporting". Producing a hypothesis test that proves that financial reporting transparency affects the quality of financial reporting which states that financial reporting transparency has a significant effect on the quality of financial reporting. Financial reporting transparency has a significant effect on the quality of financial reporting of the Medan City SKPD [10].

The research conducted on "The Effect of Tax Transparency by Fiskus and Trust on Taxpayer Compliance (Case Study on Individual Taxpayers in East Belitung Regency)". This study shows that tax transparency has a positive effect on taxpayer compliance because when taxpayers feel that the fiscal office is doing its job well, which is always trying to collect tax revenue and its allocation is known to taxpayers, they will feel that there is no fraud that will be committed by the fiscal office. So that this will encourage them to comply with tax regulations by always being on time in paying taxes [11].

In addition, according to research conducted on "The Influence of Agency Cost on Company Value with Information Transparency as a Moderation Variable". Based on the results of the study, it shows that the hypothesis that information transparency can weaken the negative influence of agency costs on the company's value is unacceptable. This is because the transparency of information provided by the company to the public will not affect the decision making of shareholders in investing their capital in a company, on the grounds that shareholders usually look more at the profits or profits that the company gets than the transparency of information or CSR that the company provides to the public [12].

An obligation of an entity or individual to explain, report, and accountable for their actions and decisions to stakeholders, accountability being a fundamental principle after transparency that is influential to achieve good governance. This is supported by previous research according to a research journal on "Analysis of the Influence of

Accountability and Transparency on Budget Performance with the Concept of Value For Money Padarsud Djoelham Binjai". Produce research that reveals that accountability variables have a positive and significant effect on budget performance with the concept of value for money. Thus, the implementation of accountability at Djoelham Binjai Hospital, the better the budget performance. Accountability is an effort to account for the performance that has been carried out by an agency. The performance must be measured and reported in the form of a performance report Performance measurement is one of the tools to encourage the creation of accountability [5].

Another research on "The Effect of Accountability, Participation and Supervision on Budget Performance with the Concept of Value For Money at the Regional Financial and Asset Management Agency of Bengkalis Regency". Producing research that shows that accountability affects the performance of the budget with the concept of value for money, this shows that the higher the accountability, the more the performance of the budget with the concept of value for money increases [6].

According to research on "The Influence of Village Fund Allocation Accountability, Transparency, Village Policy, Community Participation in Development". Based on the results of the test that uses multiple linear regression as a tool for hypothesis testing, it can be concluded that the accountability of village fund allocation management has no effect on village development. The financial management of village fund allocation in Dahanrejo village is used for the fixed income of the village head, village apparatus and for village government operations. As for the cost of village development, it comes from village funds, because in PERMENDES village funds should not be used other than in the field of village development and empowerment [13].

Another study on "The Influence of Accountability and Transparency of Financial Management on Public Trust (Study on the HKBP Cendana Nauli Congregation). Based on the results of the research and discussion of research on how the influence of accountability and transparency on public trust, the following statements were drawn: (1) Accountability variables have a significant positive effect on public trust. (2)

Transparency variables have a significant positive effect on public trust (3) Simultaneously the accountability and transparency variables have an effect on public trust [14].

CONCLUSION

From previous research conducted on mental accounting, transparency, and accountability play an important role in investment decision-making, interim optimization and life cycle of consumer behavior, financial reporting, taxpayer compliance, shareholder decisions, budget performance, and management of public trust village fund allocation in increasing public trust. Although there are some differences in the results of the study related to the influence of mental accounting and transparency on investment decisions and shareholder decisions, mental accounting, transparency and accountability consistently show a positive influence on the quality of investment decision-making, financial reporting, taxpayer compliance, budget performance, management of village fund allocation and public trust in increasing public trust. It emphasizes the importance of applying the principles of mental accounting, transparency, and accountability in various contexts to achieve the sustainable development goals, especially in achieving SDG 16 which focuses on peace, justice, and strong institutions.

Suggestions from the conclusion above, in an effort to increase transparency and accountability to achieve the goals of SDGs 16, all parties must be involved in it, starting from the community, companies, organizations, private agencies, state-owned enterprises, and the government. Each of them has a role, especially the government which has an important role in promoting healthy mental accounting, accountability, and transparency in various aspects of people's lives. By implementing various strategies, such as education, regulation, increased access to financial information and technology support, the government can help people make better financial decisions and achieve financial goals. These strategies include:

1. Education

The Government can organize financial education and training programs in collaboration with educational institutions, civil society organizations, and the mass media to disseminate information about mental accounting and financial literacy to increase public awareness of mental accounting and its impact on financial decision-making.

2. Regulation

The Government can implement regulations that require financial institutions and companies to provide clear and easy-to-understand information about their products and services and strengthen financial supervisory agencies to ensure regulatory compliance and protect consumer rights.

3. Increasing access to financial information

The Government provides easy and affordable access to financial information for the public, such as financial market data, economic statistics, and information about financial products and services.

4. Technology support

By integrating technology in various aspects of governance and public services, countries can strengthen institutional systems, increase public trust, and ensure that the principles of justice and transparency are maintained, effectively supporting the achievement of SDG 16.

Mental accounting must also be considered in an effort to improve the application of mental accounting positively. Every individual must animate all aspects in budget orientation, self-control, value for money benefit orientation. Mental accounting can be a powerful tool to increase budget orientation, self-control, and value for money.

1. Budget orientation

Mental accounting can help individuals and organizations in managing the budget more effectively and efficiently.

2. Self-control

Self-control is the ability to control impulses and set actions according to long-term goals. Mental accounting plays an important role in improving self-control, especially in personal and organizational financial management.

3. Value for money

Benefit orientation is a concept that emphasizes spending that provides maximum benefits at minimal costs. Mental accounting can help individuals and organizations in achieving value for money.

By understanding how mental accounting works and implementing the right strategies, companies can make more rational financial decisions and achieve good financial goals.

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