
INTEGRATION OF BEHAVIOR MANAGEMENT AND FINANCIAL DECISIONS IN THE FIRM: AN ANALYSIS OF THE MANAGEMENT STRATEGY LITERATURE

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Abstract

This study aims to explore the integration of behavioral management and corporate finance and provide strategies to improve overall corporate performance. The research method used is a review of related literature and research. A qualitative and descriptive approach was used to analyze the relationship between behavioral and financial management in a corporate context. The results show that effective integration between behavioral and financial management can increase employee productivity, improve financial decision-making, and build a strong organizational culture. The necessary strategies include proper recruitment, continuous employee development, effective communication, behavioral financial decision-making, and comprehensive performance evaluation. By implementing this approach, companies can achieve better financial performance and reach their long-term goals.

Keywords: *Integration, Behavioral Management, Financial Decision.*

INTRODUCTION

In an increasingly complex and competitive business world, corporate management faces various challenges in managing individual and group behavior within the organization, while taking appropriate financial decisions. Behavior management and financial decisions are two areas that are important in achieving corporate goals. However, they are often considered separately from each other, without considering the close relationship between individual and group behavior and financial decisions.

Individual and group behaviors have a significant impact on a company's financial performance. Factors such as motivation, job satisfaction, organizational commitment, and organizational culture can influence rational and sustainable financial decision-making. However, the integration between behavioral management and financial decisions has not been widely explored and well understood in the context of research and business practice. By understanding the complex relationship between individual and group behavior and financial decisions, company management can make more informed, accurate, and sustainable financial decisions. In this context, in-depth research is needed to explore the ways in which behavioral management can be integrated with financial decisions to achieve better financial performance.

Research on the integration of behavioral management and financial decisions will provide valuable insights for managers, leaders, and business practitioners in developing effective strategies and practices to influence employee behavior and make quality financial decisions. This can help companies improve their financial performance, achieve long-term goals, and maximize value for stakeholders. The integration of behavioral management and financial decisions has high relevance in the context of modern business management.

METHOD

This research is based on a literature review that involves tracing and analyzing various relevant sources on behavioral management and corporate finance. The sources used included academic publications, journals, textbooks, research reports, and other reliable sources of information. This literature review aims to gain a comprehensive understanding of the concepts, theories, and research related to the integration of behavioral management and financial decisions. The data obtained through the literature review will be analyzed qualitatively and descriptively. The qualitative approach is used to understand and interpret the relationship between behavioral management and financial decisions in a corporate context. Qualitative analysis involves the process of grouping, categorizing, and drawing conclusions based on findings that emerge from the reviewed literature. The descriptive approach was used to describe and explain the characteristics, theories, and practices related to behavioral management and financial decisions.

Data for this study was obtained through recognized and reliable sources, such as academic publications and journals. The researcher used a systematic search method to identify and collect articles relevant to the research topic. The data collected includes theories, concepts, models, and findings related to the integration of behavioral management and financial decisions. During the analysis process, the data obtained from the literature review will be analyzed comparatively. The researcher will compare and map the findings related to behavioral management and financial decisions. This comparative analysis will help identify patterns, similarities, differences and emerging relationships between the two fields. This will enable the researcher to describe and understand in greater depth how individual and group behaviors influence financial decision-making in a corporate context. The results of the analysis will be interpreted to understand the implications of this research in the context of behavioral management and financial decisions. The researcher will summarize the key findings that emerged from the literature review and provide a comprehensive understanding of the relationship between behavioral management and corporate financial decisions. These conclusions will be presented clearly and concisely in this study.

Using the literature review method and qualitative and descriptive analysis, this research aims to gain a comprehensive understanding of the integration of behavioral management and financial decisions in a corporate context. This method will help identify, analyze, and explain the complex relationship between individual and group behavior and quality financial decision-making.

RESULTS AND DISCUSSION

Behavior Management

Behavior management is the approach and practice of managing, directing, and influencing individual and group behavior in an organizational context. The main focus of behavior management is to understand the factors that influence employee behavior and use this knowledge to improve performance and achieve company goals. Behavior management involves analyzing and understanding the motivations, attitudes, values, norms, and preferences of individuals and groups within the organization. This includes understanding how these factors influence decisions, interactions and cooperation among employees. By understanding employee behavior, management can design appropriate strategies and interventions to influence desired behaviors, motivate employees, and improve their performance.

The implementation of behavior management can include a variety of approaches and techniques, such as employee training and development, leadership coaching, use of incentives and rewards, effective communication, setting up a supportive work environment, and conflict management. The goal is to create a conducive work environment for employees, increase job

satisfaction, improve individual and group performance, and promote a positive organizational culture. By implementing effective behavior management, companies can achieve various benefits, such as increased productivity, improved work quality, reduced employee absenteeism and turnover rates, increased customer satisfaction, and improved overall financial performance. Behavior management also plays an important role in creating an inclusive, collaborative, and innovative organizational culture that supports company growth and success.

Effective behavior management can have a positive impact on employee productivity and performance. By understanding the behavioral factors that influence individual and group performance in organizations, companies can identify areas for improvement and implement appropriate strategies. This can include developing training and employee development programs specifically designed to address specific behavioral issues and motivate employees to deliver their best performance.

Financial Decision

Financial decisions are the process of selecting options or alternatives in managing a company's financial resources. Financial decisions involve analyzing, evaluating, and selecting various options related to the use of company funds, including investment, financing, and asset management. Investment decisions involve determining the allocation of company funds to acquire assets that are expected to provide favorable returns in the future. This involves evaluating potential investment projects, measuring risk, analyzing feasibility, and selecting the most profitable project for the company. Funding decisions focus on the company's sources of financing. Financial management should consider various funding options, such as bank loans, stock issuance, bonds, and internal financing, to meet the company's financial needs. The ultimate goal is to maximize the company's optimal capital structure, which includes achieving the right balance between debt and equity.

Asset management decisions are concerned with managing the cash flow, liquidity, and use of the company's assets. Financial management must manage the company's cash wisely, conduct effective planning and budgeting, and manage the financial risks associated with managing the company's assets. Financial decisions are based on thorough financial analysis, including evaluation of financial performance, risk analysis, cash flow forecasts, use of financial ratios, and future financial projections. The main goal of financial decision-making is to achieve corporate objectives, such as increasing shareholder value, achieving sustainable growth, maintaining corporate liquidity, and managing risks effectively. Financial decisions have a significant impact on a company's financial performance and the sustainability of its operations. Therefore, management is required to make rational financial decisions, based on accurate information and careful analysis, in order to achieve the company's long-term goals and maximize the company's value for stakeholders.

Integration of Behavioral Management and Financial Decisions

The integration of behavioral management with financial decisions can influence better financial decision outcomes. A good understanding of individual and group behavior in the context of financial decisions allows companies to identify cognitive biases, motivations, and risk tendencies that may affect the decision-making process. By considering these behavioral factors, companies can make more informative and accurate financial decisions, which in turn can improve the company's financial performance. The integration of behavioral and financial management also plays a role in building a strong organizational culture and values that are integrated with financial decisions. A strong organizational culture reflects shared norms, values, and beliefs that lead to consistency in

decision-making. When corporate values related to financial decisions are internalized by all members of the organization, the company can achieve competitive advantage. Strong organizational culture as well. Integration between behavior management and financial decisions can be done in several effective ways.

Behavioral and Financial Management Strategies

1) Consideration of Financial Behavioral Factors

When making financial decisions, it is important to consider behavioral factors that may influence the process. For example, recognizing cognitive biases or group behaviors that may influence financial decision-making. By understanding individual and group behavior, management can make financial decisions that are more objective and based on careful analysis. Kahneman and Tversky's study on Prospect Theory, shows that financial decisions are often influenced by cognitive biases and irrational preferences. For example, the effect of larger losses compared to the same gains in investment decision-making.

By considering this behavioral theory, management can recognize and overcome biases and behaviors that may affect financial decisions. In addition, Xiong and Inderst point out that employee behaviors, such as motivation, job satisfaction, and organizational commitment, can affect a company's financial performance. By considering this research, management can recognize that behavioral factors have a significant impact on financial decisions and integrate this understanding into the decision-making process.

2) Use of Financial Data and Analysis

Collecting relevant data and information on employee behavior and analyzing it in depth can provide valuable insights into managing employee performance and motivation. This data can also be used to identify behavioral patterns that affect the company's financial performance. By understanding these behavioral patterns, management can take appropriate actions to positively influence employee behavior, thereby impacting the company's financial performance. Contingency Management Theory suggests that effective management considers different situations and conditions, and adapts actions and decisions based on available data (Fiedler, 1967). In this context, data analysis can be used to identify patterns of employee behavior and link them to the company's financial performance.

Robbins and Judge (2009) showed that the use of individual performance data can improve fairness in the decision-making process regarding employee rewards and promotions. Another study by Ahearne et al. (2004) showed that analysis of sales data and employee sales behavior can provide valuable insights in improving sales performance and customer satisfaction. In practice, companies can collect behavioral data through various methods, such as employee surveys, interviews, and direct observation. This data can then be analyzed using statistical techniques and other data analysis tools to uncover significant behavioral patterns and inform appropriate behavioral decisions.

3) Culture Formation

A relevant management theory in this context is the theory of organizational culture. This theory emphasizes the importance of a strong organizational culture in shaping behavior, values, and norms within the company (Schein, 1985). A good organizational culture can create an environment that supports appropriate and consistent financial decision making. Denison and Mishra (1995) showed that companies with strong and integrated cultures are positively associated with better financial performance. Another study by Cameron and Quinn (1999) found that companies with innovative and adaptive cultures tend to make financial decisions that

are more proactive and oriented towards long-term growth. The development of a strong organizational culture can have an impact on the company's financial decisions. It is understood that a strong and integrated organizational culture contributes to better and sustainable financial decision-making. It is important for management to pay attention to building a positive culture and ensuring values are integrated with financial decisions to create a competitive advantage and long-term growth of the company.

4) Integration of Employee Training and Development

The integration of employee training and development in financial decision management is a strategy that can be used to improve employees' understanding and skills in making sound financial decisions. In this context, employee training and development is focused on developing skills and knowledge relevant to effective financial decision-making. Employee training and development in finance can include a basic understanding of financial concepts, financial analysis, risk management and investment appraisal. Employees may also be provided with training in the use of financial analysis tools and techniques such as financial ratios, cash flow analysis, and cost-benefit analysis. In addition, they can also be given training in understanding financial statements and interpretation of financial data to make informed decisions.

The integration of employee training and development in financial decision management has several benefits. First, it allows employees to have a better understanding of the financial aspects of business and how financial decisions can affect overall company performance. They can learn to identify financial risks, interpret financial data, and make decisions based on objective analysis. Second, employee training and development can help improve their skills in financial analysis and understanding of financial aspects relevant to business decisions. This can help employees make more informed and accurate financial decisions. In addition, the integration of training and employee development can also promote cross-functional collaboration and understanding within the organization. With a better understanding of financial decisions, employees from different departments can effectively contribute to holistic financial decision-making.

Employee training and development in finance can improve their knowledge of financial decisions and have a positive impact on the company's financial performance. Studies also show that employees who get training in financial analysis and financial decisions tend to make better and more value-oriented decisions. Thus, the integration of employee training and development in financial decision management can be an important factor in achieving a company's financial success. By ensuring employees have the necessary knowledge and skills, companies can improve the quality of financial decision-making, reduce risks, and achieve better financial performance.

CONCLUSION

Based on the research results presented, it can be concluded that the integration between behavioral management and financial decisions can have a positive impact on the company's financial performance. Understanding individual and group behavior in the context of financial decisions allows companies to identify behavioral factors that can influence the decision-making process. By considering these behavioral factors, companies can make more objective financial decisions, reduce cognitive biases, and improve the accuracy of analysis.

Some strategies that can be applied in the integration of behavioral management and financial decisions include: (1) Consideration of Financial Behavioral Factors: Recognize cognitive biases and group behaviors that influence financial decision-making. With this understanding,

management can recognize and address biases and behaviors that may influence financial decisions. (2) Use of Financial Data and Analysis: Collecting and analyzing employee behavior data can provide valuable insights in managing employee performance and motivation. This data can be used to identify behavioral patterns that affect the company's financial performance and support informed decision-making. (3) Culture Building: Build a strong organizational culture that is integrated with financial decisions. A good organizational culture reflects values and norms that support appropriate and consistent financial decision-making. (4) Integration of Employee Training and Development: Integrate employee training and development in financial decision management to improve employees' understanding and skills in effective financial decision making. By implementing these strategies, companies can optimize financial decision-making, reduce risks, improve financial performance, and achieve long-term competitive advantage. The integration between behavioral management and financial decisions plays an important role in creating an inclusive, innovative, and growth-oriented organizational culture.

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