

Relationship Between Personal Financial Discipline and Impulse Buying Behaviour

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Abstract

This paper explores the connection between a personal financial discipline and an impulse buying behaviour based on the self-regulation theory and Daoist studies. Quantitative, cross-sectional design was adopted and a structured questionnaire was used to collect primary data on 350 urban consumers. The research focuses on the direct impact of personal financial discipline on impulse buying behaviour, and moderating impact of self-regulation and mediating impact of Daoist balance orientation. The analysis of the results with the help of the SEM shows that personal financial discipline is the very factor that decreases the impulse buying behaviour considerably. The mediation of this relation was noted to be partially done by self-regulation, which implies that disciplined people have a possibly stronger emotional and cognitive control and thus restrain impulsive consumption. Moreover, the relation is moderated by Daoist alignment of orientation reducing the financial discipline effect, which had more strength because of moderation and restraint, enhanced by the moderator Daoist alignment of orientation. The results add to the literature by combining behavioral finance and philosophical wisdom that provides a comprehensive perspective on consumer behaviour.

Keywords Personal Financial Discipline, Impulse Buying Behaviour, Self-Regulation, Daoist Philosophy, Consumer Behaviour, Behavioral Finance, Financial Literacy.

Introduction

The rise of digitalization of the contemporary consumer environment, the intensive aggressive marketing stimuli and easy access to credit are all becoming part of the consumer environment and have increased the effect of impulse buying behaviour. Impulse buying is a purchasing process in which individuals with varying personality and characters purchase products immediately and without prior thinking and planning (Organization, 2011). Empirical details enable us to know that this behaviour is strongly linked with immediate gratification, emotion arousal and powerlessness with their brain that is likely to cause regrets over making a purchase and the financial burdens. Personal financial discipline on the other hand reflects how the individual is willing to budget, be disciplined, patient and make good financial judgment.

The conflict between the desire and discipline is the heart of consumer financial behaviour. On the one hand, the contemporary economic regimes stimulate people to consume as much as possible; on the other hand, people have to control their desire to consume and not face financial instability. This contradiction is very much related to the rhetoric of the Daoist forest which focuses on moderation, harmony and a balance between the appeal of the natural desires and the regulation of the discipline.

Under the principle of wu wei (effortless action) and moderation, ideas like the balance to life and consumption of materials have been promoted without excess or without being extreme.

Behavioral finance also views impulse buying as an inability to exercise self control whereby emotional response takes precedence over logic in financial planning (Baumeister, 2002; Vohs and Faber, 2007). Research shows that low self-control makes one more susceptible to compulsive and impulsive buying with which negative financial consequences are associated. Financial discipline, on the other hand, is a process of controlling impulses which ensures financial health over the long term.

The growth of online payment systems, e-commerce apps, and customized advertisements in the Indian market has increased the propensity of consumers towards impulse purchasing. The implementation of the cultural philosophy especially that of Daoists provides a new perspective to rethink consumer behaviour with a focus on balance, restraint, and conscious consumption. Thus this research aims to explore the connection between individual financial discipline and impulse buying behaviour under a Daoist philosophical model to support behavioural finance literature as well as consumer psychology literature.

Literature Review

The study of impulse buying as a topic of consumer behavior has a long history of study; pioneers in the field include Clover (1950) and Stern (1962); and conceptual development was by Rook (1987). Rook (1987) explained impulse buying as an impulsive, compelling, and hedonically demanding purchase, which is often followed by a lowered consideration of the consequences. Subsequent research has further developed this conceptualization of adding psychological, emotional and situational determinants.

An influential body of work emphasizes the contribution of emotions in impulse purchasing. Positive affect (i.e. excitement or pleasure) has been reported to have a strong effect upon the probability of making impulsive purchases, whereby consumers aim to satisfy or improve their mood. On the same note, negative affects, such as stress and anxiety can also induce an impulse buying as a stress coping strategy (Verplanken and Sato, 2011). The studies indicate further the low self-esteem and psychological vulnerability associated with impulse buying, which supports its emotional basis.

Self-control and financial discipline is another dimension of critical aspect in literature. Baumeister (2002) represented self-control as a limited resource that controls behavior within people. Empirical research establishes that increase in self-control leads to lower tendency to compulsive buying and greater financial performance. An example is that Jain et al. (2023) observed that self-control greatly decreases compulsive buying behavior, mediated by psychological well-being. This implies that financial discipline is more of a behavioral restraint that produces impulsive consumption.

A well-known framework to learn about impulse buying is the Stimulus-Organism-Response (S-O-R) framework. Interactive processes between environmental triggers like the store atmosphere, advertising messages, and social factors trigger the interaction between the internal psychological processes. (Mehrabian and Russell, 1974). Research has revealed that such factors as sale promotions, peer pressure and modes of payment are highly influential factors in impulsive buying behavior.

Algorithms and visual content in the digital world also contribute to the impulsive nature (Ngo et al., 2024).

Another important factor that influences impulse buying behaviour is cultural attitudes. The study conducted by Kacen and Lee (2002) revealed that there were a high number of cross-cultural variations in the impulsive buying tendencies, which showed that cultural norms played an important role in consumer self-regulation. Moderation, simplicity, and non-attachment of Consumerism versus Daoist philosophy give a different paradigm. It promotes moderation between pleasures and limitations, and fits well with the notion of financial discipline.

There has been a growing emphasis on behavioral finance and psychology in dealing with consumer spending in recent literature. Impulse buying is typically considered non-rational buying building on cognitive biases and emotional shortcuts (Sharma, 2010). The self-regulation framework also attempts to articulate the impulse buying in terms of collision between short term desires and the long term goals where failure to regulate results in impulsive consumption.

Also, the way impulse buying behaviour has been transformed by the advances in technology has been huge. Online shopping provides the setting that demands less cognitive ability and more emotional appeal, which enables suicide buying. Research has shown that such digital stimuli as personalized suggestions and temporary offers have a great impact on the increasing impulsive purchasing behavior.

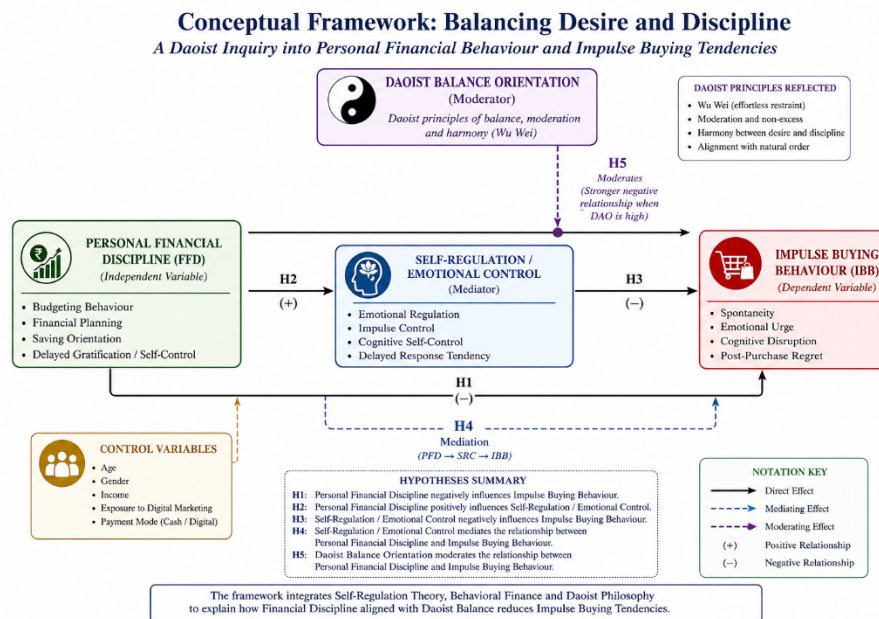
Although the topic of financial behaviour within a philosophical framework has been studied widely, there has been a loophole in incorporating philosophical frameworks, especially Daoism in the study. The literature available focuses on psychological and economic antecedents to the exclusion of stimuli of philosophical constructs on behavioral control development. Daoism harmony and moderation idea is a unique theoretical aspect that can be used to identify the coats of balance between financial discipline and craving to consume.

Therefore the paper will serve in bridging this gap by shedding light on the part that personal financial discipline plays in impulse buying behaviour within a Daoist framework. The blend of behavioral finance, psychology of consumers and philosophy in the research is what makes the study a subset of overall broader knowledge about consumer decision-making.

Objectives:

- To examine the relationship between individual financial discipline and impulse buying behaviour.
- To analyse the mediating role of self-regulation in the relationship between financial discipline and impulse buying behaviour.
- To investigate the moderating effect of behavioural finance models on consumer financial decision-making.
- To study the influence of consumer demographic characteristics on financial decision-making behaviour.
- To evaluate the impact of consumer digital exposure traits on consumer financial decision-making within the framework of behavioural finance.

Conceptual Framework



This theoretical framework has a self-regulation theory, behavioural finance and Daoism philosophy under which it attempts to integrate the relationship between individual financial discipline relative to impulse buying behaviour (IBB) (PFD). It is indicated that a primary factor, that adversely affect impulse buying behaviour, is personal financial discipline, encompassing budgeting, financial planning, savings orientation and delayed gratification. They will become less likely to be tempted by purchases, and they are more oriented towards long-term financial security.

The framework includes self-regulation or emotional control (SRC) as a mediating variable, and explains the impact of financial discipline on less impulsive behaviour. Positive financial discipline results to enhanced emotional and cognitive discipline that in turn minimizes the susceptibility to irrational buying choices.

In addition, there is an element of moderating measurement that is the Daoist Balance Orientation (DBO), which reflects the moderation, harmony, and wu assumptions. It strengthens the negative relationship between financial discipline and impulse buying, meaning that people who subscribe to the Daoist values are more reprehensive in consumption.

The model also included control variables such as age, income, gender as well as digital exposure to ensure that soundness in analytics is achieved. The framework is a holistic one to the extent that it incorporates both psychological processes and philosophical knowledge of the influence of discipline and balance on consumer behaviour.

Hypothesis:

H1: The personal financial discipline influences negatively on impulse buying behaviour significantly.

H2: The personal financial discipline shows a significant positive association with self-regulation.

- H3: There is a considerable negative effect H3 on impulse buying behaviour through self-regulation.
 H4: There is a mediation effect of self-regulation that exists between personal financial discipline and impulse buying behaviour.
 H5: Daoist balance orientation is significantly important in mediating the relations between personal financial discipline and impulse buying behaviour.

Methodology

Research design was a quantitative cross-sectional design to test relationship between personal financial discipline and impulse buying behaviour within a Daoist environment. Primary data that was collected using this scale were those that measured personal financial discipline, self-regulation, and Daoist balance orientation and impulse buying behaviour, gathered using a structured questionnaire which contained the 5-point Likert scale. The sample employed was 350 urban consumers in Nagpur region as the convenience/purposive sample. SEM was provided on SPSS and PLS to compare reliability, validity and model-fit. Mediation and moderation effects were tested using bootstrapping techniques but control variables such as age, income, gender, and the exposure to digital were added to enhance the study.

Results and Discussion

The data were analyzed using SPSS and SEM, on the 350 respondents collected. It was analysed in a systematic methodology, which included a description of the data, test of reliability and validity, correlation analysis and evaluation of a structural model. This was to determine the impact of individual financial constraint on the behaviour of impulse buying and the mediating impact of self-regulation and moderating impact of Daoist balance orientation.

Table 1 Descriptive Statistics and Reliability

Variable	Mean	Std. Dev.	Cronbach's Alpha
Personal Financial Discipline	3.82	0.71	0.89
Self-Regulation	3.76	0.68	0.87
Daoist Balance Orientation	3.69	0.73	0.85
Impulse Buying Behaviour	3.21	0.79	0.91

The descriptive statistics reveal that respondents were relatively well disciplined in terms of personal financial discipline (Mean = 3.82) and self-regulation (Mean = 3.76) indicating moderate and strong tendency towards controlled financial behaviour. The mean score of Daoist balance orientation (3.69) has a fair congruence on the principles of moderation and restraint, whereas the lower mean of impulse buying behaviour (3.21) is a moderate level of impulsive tendencies among consumers. The standard deviation values between the variables are at acceptable levels, which implies uniformity in responses. Moreover, the alpha values of the constructs are greater than the accepted values of 0.70, which attests the high internal validity. It is worth noting that the impulse buying behaviour has the best reliability (Alpha = 0.91) which is the consistency of measurement. On the whole, the findings confirm that the data is valid and can be used in any further multivariate and SEM analysis.

Table 2 Correlation

Variables	PFD	SRC	DBO	IBB
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Personal Financial Discipline	1			
Self-Regulation	0.62**	1		
Daoist Balance Orientation	0.58**	0.60**	1	
Impulse Buying Behaviour	-0.55**	-0.61**	-0.49**	1

The correlation table illustrates that there is a substantial relationship between all the important variables. Personal financial disciplines have a heavy positive relationship with self-regulation ($r = 0.62$), meaning that disciplined persons are higher in emotional and cognitive control. Likewise, the Daoist balance orientation correlates positively with financial discipline ($r = 0.58$) and self-regulation ($r = 0.60$) as indicates that being aligned to moderation philosophically fosters behavioral control mechanisms. Notably, impulse buying behaviour has a negative relationship with personal financial discipline ($r = -0.55$), self-regulation ($r = -0.61$) and Daoist balance orientation ($r = -0.49$) and therefore, the more discipline and balance, the less the purchase behaviour is impulsive. These statistically significant correlations ($p < 0.01$) confirm the theoretical assumptions of the model and give some preliminary support to the hypothesised associations.

Table 3 Validity Analysis

Construct	CR	AVE	Factor Loadings
Personal Financial Discipline	0.91	0.68	0.72@0.88
Self-Regulation	0.89	0.65	0.70@0.86
Daoist Balance Orientation	0.87	0.62	0.68@0.84
Impulse Buying Behaviour	0.92	0.70	0.75@0.89

There is high construct validity of the measurement model. The Composite Reliability (CR) values are above the recommended high internal consistency between items on measurement which is 0.70. The values of the Average Variance Extracted (AVE) of all constructs exceed 0.50 which proves the sufficient convergent validity. Factors vary between 0.68 and 0.89 in terms of factor loading implying that all the factors observed are important contributors to their respective latent constructs. The presented findings reveal that the given measurement model is sound and fit to structure analysis. Further, the findings support the fact that, other than being valid, the constructs are also reliable measurements of the theoretical variables, which can be tested further using SEM.

Table 4 Path Coefficients

Hypothesis	Path	Beta (β)	t-value	p-value	Result
H1	PFD \rightarrow IBB	-0.41	6.85	0.000	Accepted
H2	PFD \rightarrow SRC	0.59	8.12	0.000	Accepted
H3	SRC \rightarrow IBB	-0.46	7.34	0.000	Accepted
H4	PFD \rightarrow SRC \rightarrow IBB (Mediation)	-0.27	5.92	0.000	Accepted
H5	DBO \times PFD \rightarrow IBB (Moderation)	-0.18	3.45	0.001	Accepted

The hypotheses are all well supported by empirical evidence provided by the results of the structural model. It was found that the personal financial discipline negatively influences the impulse buying behaviour (Beta = -0.41, $p = 0.001$), which proves that the more people are financially disciplined, the less they buy impulsively. Moreover, self-regulation ($\beta = 0.59$) is largely positively impacted by a

personal financial discipline, and affects impulse purchasing adversely (Beta = -0.46), which makes the mediating role of self-regulation. The indirect effect (-0.27), also is significant, which proves the partial mediation. Moreover, the moderating effect of Daoist balance orientation has a statistically significant value (Beta = -0.18) which means that those who have a high Daoist alignment are those who have better responsibility in terms of impulsive behaviour. The model has strong explanatory value and a combination of behavioral and philosophical constructs is justified by adherence to the theoretical expectations.

Table 5 Model Fit

Fit Index	Value	Threshold	Result
CFI	0.94	> 0.90	Good
TLI	0.92	> 0.90	Good
RMSEA	0.052	< 0.08	Good
Chi-square/df	2.31	< 3	Acceptable

The value of the model fit parameters depict a good structural model. The Comparative Fit Index (CFI = 0.94) and Tucker-Lewis Index (TLI = 0.92) are above the targeted value of 0.90, which proves a good fit of the model. The value of RMSEA (0.052) is not more than the value that is equal to 0.08, which is the approximate size of data that is represented by the model. Also, the chi-square to the degrees of freedom ratios (2.31) are within accepted limit which verifies the adequacy of the model. These findings confirm that the conceptual framework proposed is effective to explain relationship between variables and those which are statistically strong to be empirically interpreted.

Discussion

The results prove that personal financial discipline also has significant decreases on impulse buying behaviour, which is a self-regulation theory and earlier studies involving controlled consumption. Financial discipline proved to be more effective among individuals so that impulsive tendencies were held back with budgeting, planning, and delay of gratifications being very important in handling impulsivity tendencies.

This is also indicated in the results as the mediating factor of self-regulation with financial discipline improving emotional and cognitive control which also decreases impulse buying. This implies that disciplined people cannot be easily affected by the situational and emotional factors because of the good control mechanism.

One of the main contributions of the research is the addition of the moderator of Daoist balance orientation. The results demonstrate that people who subscribe to the Daoist concept of moderation and harmony suffer in restraint, and thus, the negative association between financial restraint and impulse purchases deepens. This underlines the role of philosophical orientation as the determinant of consumer behaviour.

On the whole, the research shows that the only way to decrease impulse buying is to possess financial discipline with a good sense of self-regulation and a balanced attitude. These observations are

especially applicable in the present-day consumer online world where active stimuli promote impulse buying.

Conclusion

This paper examined how personal financial discipline correlates to impulse buying behaviour considering the elements of self-regulation and Daoist philosophy. The conclusion supports the view that individual financial disciplining plays a significant role of reducing impulse purchasing, directly as well as indirectly, through greater self, regulation. Budgeting, saving, delayed gratification have a better chance of controlling impulsive consumption choices by victims. The mediator between the two, self-regulation, indicates that financial discipline improves the internal control tools, therefore, limiting the impulse buys.

Secondly, the study identifies the importance of the Daoist orientation of balance in the role of a mediator. The people who always hold to the moderation, harmony and non-excess principles are better placed to transform financial discipline into controlled consumption behaviour. Such a combination of philosophical perspective and behavioral finance provides a broader perspective of consumer decision-making. Overall, the study finds that impulse buying can be addressed not only based on financial but also behavioural and value-based skills that should be addressed using discipline and balance.

Recommendations

The following recommendations can be made basing on the findings:

Improving Financial Literacy Programs: Financial education programs must be more focused than mere knowledge and aim to improve practical financial skills, including budgeting, saving planning, and delayed gratification, to improve personal financial discipline.

Behavioral Training: The methods to increase self-regulation (goal-setting, mindfulness, emotional control, etc.) should be incorporated in the programs so that the person could be resistant to the triggers of impulsive buying.

Promoting Value-Based Consumption: Daoism believes in the concept of moderation and balance, which could be considered as a tool of influencing consumers towards a more conscious and sustainable consumption pattern.

Policy and institutional support: Policy makers and financial institutions should design awareness campaigns to create awareness on the risks of impulse buying, more so in the digital sphere where credit is easily accessible and online shopping can be done.

Regulation of the digital space e-wise: E-commerce eco-system is to promote consumption based on environmental values because of the overuse of persuasion methods, such as flash sales and personalized advertising, eliciting similar motivation to buy.

Future Research Directions: Future studies in this direction could address the future findings by providing similar comparisons across cultures, cross-cultural longitudinal studies, and other psychological variables by offering more justification and extrapolation on the findings.

Overall, the discussion indicates that financial well-being is a multi-dimensional phenomenon that requires a combination of discipline, self-control and philosophical awareness so that one can master the tension between lust and moderation in consumption behaviour.

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