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ORIGINAL ARTICLE

Financial Self-Determination: An Endogenous Factor in Individual Financial Health

La autodeterminación financiera: un factor endógeno de la salud financiera individual

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Abstract
This article examines self-determination as a key endogenous factor in individual financial stability, highlighting its role in economic decision-making and the construction of financial freedom. Through a theoretical review, the foundations of self-determination are identified from a multidisciplinary perspective, integrating contributions from economics, psychology, and social sciences. The adopted methodology is based on the praxeological dimension of human action, complemented by an evolutionary approach inspired by the Evolutionary Theory of Economic Institutions. The findings suggest that self-determination directly influences time preference, savings, investment, and financial planning, establishing itself as an essential mechanism for autonomous wealth management. Additionally, structural barriers that limit its exercise are identified, such as institutional intervention and hegemonic ties that constrain an individual's ability to make decisions aligned with their financial goals. Although the study is based on a theoretical framework, it acknowledges that the lack of direct empirical evidence limits the conclusive confirmation of the proposed hypotheses. However, it is argued that the article incorporates references to relevant empirical research in other fields, which indirectly reinforces the validity of the developed arguments. This approach opens the door to future empirical research that delves deeper into the relationship between financial self-determination and financial well-being.

Keywords: economic self-determination, financial freedom, human action, spontaneous order, decision-making.

JEL Classification:*D01; D91; I31*

Resumen
Este artículo examina la autodeterminación como un factor endógeno determinante en la estabilidad financiera individual, destacando su papel en la toma de decisiones económicas y la construcción de la libertad financiera. A partir de una revisión teórica, se identifican los fundamentos de la autodeterminación desde una perspectiva multidisciplinar, integrando aportaciones de la economía, la psicología y las ciencias sociales. La metodología adoptada se basa en la dimensión praxeológica de la acción humana, complementada por un enfoque evolutivo inspirado en la Teoría Evolutiva de las Instituciones Económicas. Los hallazgos sugieren que la autodeterminación influye directamente en la preferencia temporal, el ahorro, la inversión y la planificación financiera, configurándose como un mecanismo esencial para la gestión autónoma del patrimonio. Asimismo, se identifican barreras estructurales que limitan su ejercicio, como la intervención institucional y los vínculos hegemónicos que condicionan la capacidad del individuo para tomar decisiones

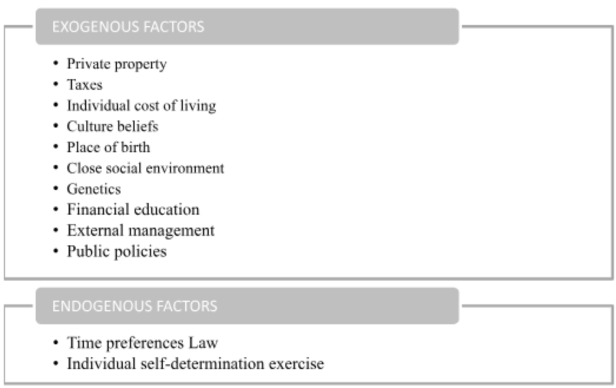
alineadas con sus objetivos financieros. Aunque el estudio se basa en un marco teórico, se reconoce que la falta de evidencia empírica directa restringe la confirmación concluyente de las hipótesis planteadas. Sin embargo, se argumenta que el artículo incorpora referencias a investigaciones empíricas relevantes en otros campos, lo que refuerza indirectamente la validez de los planteamientos desarrollados. Este planteamiento abre la puerta a futuras investigaciones empíricas que profundicen en la relación entre autodeterminación financiera y salud financiera.
Palabras clave: *autodeterminación financiera, libertad financiera, acción humana, orden espontáneo, toma de decisiones.*

Clasificación JEL: *D01; D91; I31.*

1. Introduction: Identified Problem

Financial health is a concept that transcends money management and is influenced by multiple economic, social, and psychological factors. It begins with a review of the notion of personal well-being (Sánchez-Bayón, 2021a-b), which must be sustained over time and achieved through sound personal financial management within a favorable context (Gómez López, 2023). Financial health is conditioned by both exogenous and endogenous factors. While the traditional analysis of financial stability has been based on macroeconomic indicators such as inflation, GDP growth, or the unemployment rate, this aggregate perspective does not reflect the reality of individuals, whose economic conditions and financial decisions are influenced by a diverse set of interconnected variables, necessitating a paradigmatic shift (Cueva et al., 2024a-b; Sánchez-Bayón, 2019, 2020a-b, 2021c-e, and 2022a-b; Sánchez-Bayón et al., 2023). In this regard, the economic literature has evolved towards identifying a broader set of factors that influence such well-being (Sánchez-Bayón et al., 2024), including structural variables such as job stability or access to credit, as well as psychological and behavioral elements, such as time preference [1] or risk aversion. The following figure summarizes the factors identified by Gómez (2024) that influence financial health.

Figura 1. Factors influencing financial health



Source: Own elaboration

Recent research has demonstrated that financial decision-making is not exclusively rational but is conditioned by biases (Sumba et al., 2024), as well as by financial education, fiscal structures, and each individual's perception of the future (Lusardi & Mitchell, 2014). Additionally, the macroeconomic

1. Under similar conditions, individuals will tend to prioritize goals they can achieve in the shortest possible time, unless they perceive that postponing the achievement of a goal will allow them to obtain a result of greater value. Since every action involves a temporal development, they will always seek, all things being equal, to achieve their goal as quickly as possible (Huerta de Soto, 2009). **Huerta2009**.

context plays a determining role in the evolution of financial health. The expansion and contraction of credit, driven by central banks' monetary policies and private banks' strategies, directly influence households' borrowing and saving capacities. The implementation of prolonged low interest rates, for example, may induce excessive indebtedness and generate speculative bubbles, which upon bursting, trigger economic crises with adverse effects on individuals' financial stability.

Despite the growing body of literature on this topic (Sánchez-Bayón et al., 2024), there is still no consensus regarding which set of variables offers the most accurate representation of financial health. The absence of a multidimensional analytical framework hinders the understanding of the interrelation between economic, social, and psychological factors, thereby limiting the effectiveness of strategies designed to improve the population's financial well-being. This article seeks to address this gap in the literature by exploring a key factor that influences financial health from a comprehensive perspective and proposing an analytical framework that captures the complexity of this phenomenon.

First, it aims to introduce a solid and rigorous conceptual framework within the social sciences to formally study one of the influential factors of financial health: individual self-determination. In the past decade, there has been growing global interest—both academic and political—particularly in developing countries, emphasizing the increasing importance of financial literacy and intelligent financial behavior as key elements for promoting a nation's socioeconomic health (Kebede & Kuar, 2015). Understanding financial self-determination as a key factor in individual economic stability is essential in an environment where knowledge and information are dispersed among economic agents. Inspired by Hayek's perspective in The Use of Knowledge in Society, this article recognizes that no individual or central authority can possess all the information necessary to make optimal decisions that benefit society as a whole. Each person, with fragmented knowledge and particular circumstances, must manage their financial resources in a context of uncertainty and constant change. In such a scenario, the exercise of individual self-determination is an influential factor in financial health.

2. Materials and Methods

The methodology adopted in this study is grounded in the praxeology of human action (Mises, 1986), with an evolutionary approach based on the Evolutionary Theory of Economic Institutions (Menger, 1983). However, in this case, evolution is not analyzed from the perspective of institutions, but rather from that of individual self-determination, encompassing the accumulation of information and a person's decision-making capacity throughout their life. The element of time is emphasized, as each financial decision made at a given moment is situated within a continuum of learning and readjustment, wherein the information available and the individual's capacity for action evolve. From a methodological standpoint, the analysis is based on the axiom of human action, the cornerstone of praxeology (Rothbard, 1976). This approach enables the examination of financial self-determination as a process inherent to human nature, acknowledging that individuals act deliberately to achieve their personal goals in accordance with their own values and constraints. Within this framework, economic propositions are regarded as synthetic a priori, meaning their validity is established through the logic of action without the necessity of direct empirical observation. This methodological approach allows for the integration of financial self-determination into an analytical framework that recognizes its subjective and evolutionary nature, highlighting the importance of the individual decision-making process, time preference, and the individual's capacity for adaptation in the face of economic constraints and opportunities throughout their life.

2.1 Theoretical Aspects of the Issue

Each individual is the result of a unique combination of aspirations, fears, achievements, relationships, and the subjective interpretation of their environment and historical context. In the course of their personal and professional development, they are faced with the need to obtain economic resources that enable them to achieve their goals, whose magnitude varies according to their nature and circumstances. This reality entails a series of fundamental decisions that affect the viability of their objectives. Financial needs are often a necessary condition for achieving a preceding non-financial goal. Life goals, translated into economic prices, determine the financial effort that an individual must exert and maintain over time in pursuit of that objective, without any guarantee of success. The definition of a life goal that requires financial intervention will determine the preference for certain things over others, structuring one's actions according to that subjective value scale. According to Mises (1986), human action has as its fundamental purpose the satisfaction of desires and longings experienced by the individual. To assess the extent to which such personal satisfaction is achieved, it is necessary to resort to individual value judgments, which vary among different stakeholders and even for the same person at different times. It is subjective valuation, in accordance with personal will and judgment, that determines the level of happiness or unhappiness experienced by individuals (Cueva et al., 2024b; Sánchez-Bayón, 2020a). There is no authority capable of determining which actions will provide greater well-being to others (Mises, 1986, p. 19).

The inherent dynamism of human experience influences the configuration of one's trajectory. Despite the efforts of external institutions to impose their own agendas and behavioral norms on society, the latter defines itself. According to Jesús Huerta de Soto (1992), society is a spontaneous and highly complex process of human interactions driven by entrepreneurial activity, which creates, discovers, and transmits information and competitively coordinates the misaligned plans of agents, thus enabling the expansion of human life (Huerta de Soto, 1992, p. 84). This process entails the creation, discovery, and transmission of information, as well as the competitive coordination of the divergent plans of individuals, facilitating the development of human life.

A deep reflection on the path to follow favors the alignment of actions with personal goals, which, in turn, are grounded in the values that shape each individual's identity. However, these values are not static but rather evolve as circumstances and challenges change over time (including changes in one's own understanding of them, Sánchez-Bayón, 2024). In this decision-making process, the individual evaluates the various options available and establishes a hierarchy of preferences based on their needs and goals. According to Mises (1986, p. 114), human action is based on the prioritization of ends, whereby individuals attend first to those needs they consider most urgent, relegating others to a lower level of importance. This value scale is dynamic and responds to changes in the environment and in individual aspirations, constituting a fundamental mechanism for interpreting and guiding the economic behavior of agents.

The diagnosis of financial health should be conceived as a flexible and constantly evolving life goal, which may serve as both an objective in itself and a means to achieve other personal ends. In this regard, each individual, based on their circumstances, priorities, and values, decides whether financial health occupies a central place in their life or whether its pursuit is subordinated to other aspirations. It is not an absolute ideal nor a guarantee of well-being, but rather an adaptable structure that allows for the improvement of economic stability without imposing it as a universal condition. Nevertheless, there is a natural tendency for better financial health to expand degrees of economic freedom [2], providing individuals with more options and opportunities to define their life trajectory. This relationship underscores the fundamental role of individual self-determination, as each person, according to their own judgments and preferences, will decide the extent to which the management of their personal finances becomes a key factor in achieving their goals.

Depending on the goal the individual has at a given moment in life, their personal inclinations adapt accordingly. Herbert Alexander Simon, Nobel laureate in economics for his "pioneering research into the decision-making process within economic organizations," suggested in 1947 that the decision-maker operates with limited information and that the chosen option is not always the best from a

2. Degrees of economic freedom are defined as each of the ordinal levels that a person's economic composition can reach relative to the context in which they are formulated and the goals pursued. A person has more or fewer degrees of economic freedom "relative to." Thus, a person's degrees of economic freedom are conditioned by three factors: 1) the first factor is the completeness of their economic composition, understood as the structure that comprises the set of assets, rights, and obligations that make up their economic assets and the flow of incoming and outgoing monetary units over a period; 2) the economic context in which they are analyzed; and 3) the goal that the person pursues.

mathematical perspective due to limitations in resources, information, and personal inclinations.

2.2 Historical Evolution of Self-Determination

The historical evolution of the concept of self-determination is examined below, from its early philosophical formulations to its development within the fields of social and economic sciences. Over time, this idea has shifted from being associated with notions of moral and political autonomy to becoming a key element in the study of human behavior and individual decision-making. In particular, attention is given to how self-determination has been integrated into psychological and economic theories, highlighting its role in shaping incentives and individual action.

a. Origin of Self-Determination Theory in Psychology and the Social Sciences
   Self-Determination Theory (SDT) has evolved over time and gained relevance in the mid-1980s, becoming an established empirical theory in disciplines such as psychology and the social sciences. Throughout its development, the theory has drawn from a broad range of research that has enriched its content and applications. Moreover, it is important to note that self-determination theory is not confined to a single discipline; rather, its influence has extended into various domains, including academia and the workplace. In these contexts, empirical applications have demonstrated the theory's relevance and utility.
   Self-Determination Theory was established in the mid-1980s as an empirical framework, primarily developed by Edward L. Deci, professor of psychology and social sciences at the University of Rochester, and Richard M. Ryan, professor at the Institute for Positive Psychology and Education at the Australian Catholic University and research professor at the University of Rochester. It is a theory of human motivation, addressing an extensive body of research on the basic psychological needs for competence, relatedness, and autonomy, which affect human development and well-being. This research focuses on innate motivation that drives individuals to make decisions without external influence or interference. The theory centers on the extent to which individual behavior is self-motivated and self-determined (Ryan & Deci, 2017).
   Motivation has been a fundamental topic in psychology, understood as the driving force behind human action. It is related to the energy derived from individual needs, the direction that guides the organism's response to internal and external stimuli, the persistence in performing behaviors, and the purpose of such actions. This concept encompasses both underlying intentions and observable behaviors, placing it at the core of the biological, cognitive, and social regulation of the individual (Ryan & Deci, 2013). By the 1950s, dominant twentieth-century theories that explained human motivation solely as a physiological phenomenon began to be questioned. Instead, it was recognized that a significant part of motivation arises from innate psychological needs.
   The analysis of intrinsic and extrinsic motivation is included here, as these are fundamental components of Self-Determination Theory, proposed by Ryan and Deci (1943), who adopt an empirical-humanistic orientation. This theory emphasizes the importance of the individual as an active human being, following the humanist perspective of Maslow (1943), and moving away from mechanistic approaches. It highlights the individual's role as an active agent in their own development, underscoring the importance of self-actualization and personal growth. This distinction is essential, as it allows for the analysis of how financial decisions may be driven by both personal satisfaction and external incentives.
b. Subpunto bIntrinsic and Extrinsic Motivation
   Studies distinguish between intrinsic motivation—when an activity is carried out for the pleasure it provides in and of itself—and extrinsic motivation—when the activity is performed with the purpose of achieving an external goal (Ryan & Deci, 2017). This distinction is not static, as individuals constantly create and adapt their motivations. In economic terms, Mises (1986, pp. 695–700) differentiates between introversive labor, driven by personal satisfaction, and extroversive labor, aimed at obtaining external compensation, as is the case with paid employment that does not bring enjoyment to the worker.

Internalization is the process by which an external motive becomes internal, assimilating behaviors that were previously imposed or learned (Ryan, 1995). This phenomenon occurs through experience and repetition, with those behaviors deemed most satisfying by the individual becoming predominant. Social imitation plays a key role in this evolutionary process, in which what initially exists as external gradually becomes integrated as part of personal identity. This mechanism, characteristic of spontaneous orders, reflects the adaptive nature of human beings, who learn and adjust their actions based on their environment and past experiences. The three basic psychological needs—competence, autonomy, and relatedness—are considered universal, innate, and psychological. It is also worth mentioning awareness, due to its association with autonomous functioning. Individuals who act with mindfulness exhibit behaviors consistent with their values and interests, and the possibility remains that being autonomous and engaging in actions that are personally enjoyable enhances conscious awareness of one's own actions (Brown & Ryan, 2003).

Human beings inevitably consume resources such as time and energy, which underscores the relevance of studying the relationship between subjective vitality and self-determination (Ryan & Deci, 2008). While some theorists have argued that self-regulation depletes energy, Ryan and Deci have demonstrated that only controlled regulation results in exhaustion, whereas autonomous regulation can be revitalizing (Moller, Deci & Ryan, 2006). When an individual fully exercises their self-determination, subjective energy increases, enhancing both mental and physical capacity to achieve goals. In this sense, self-determination may optimize decision-making and enhance abilities such as concentration, efficiency, and even physical and emotional resilience. Thus, it is hypothesized that freedom, by aligning with internal motivation, acts as a factor that energizes and strengthens the individual in their development and performance.

White, in his 1963 article Ego and Reality in Psychoanalytic Theory, and De Charms (2013), in Personal Causation: The Internal Affective Determinants of Behavior, propose that the foundations of motivation and intrinsic behavior lie in competence and autonomy. Conscious control of action is examined by Kuhl (1987) in the Theory of Self-Regulation. Self-Determination Theory has been consolidated as a macro-theory of human motivation, with theoretical development reviewed by Stover et al. (2017), who analyze its historical influences and contemporary relevance. Although it presents some inconsistencies inherent to its recent evolution, it is considered a robust theory with empirical support and application potential across various disciplines, including economic science. Previous research has demonstrated its impact in different domains: in education, individuals with autonomous motivational profiles show better academic performance (Cerasoli et al., 2014; Stover et al., 2014); in the workplace, higher self-determination is associated with greater satisfaction, commitment, and emotional well-being (Vargas, 2013); and in sports, self-determined athletes have been observed to achieve superior performance (Gillet & Vallerand, 2016).

3. Results and discussion: A proposal for individual self-determination

3.1 Self-Determination Gives Rise to Spontaneous Orders, While Environments Based on Hegemonic Ties Suppress It

Self-determination plays a key role in the formation of spontaneous orders within economic contexts, as it fosters voluntary interaction and the emergence of decentralized structures. However, in environments characterized by hegemonic ties and coercive exchanges, self-determination becomes restricted, hindering the emergence of these spontaneous orders. According to Meseguer (2006), social evolutionism lacked a solid theoretical framework until Menger established that institutions emerge in a spontaneous and evolutionary manner, influenced by thinkers such as Hume, Burke, and Savigny. Unlike organizations deliberately designed with specific objectives, spontaneous orders develop through rules that are not consciously imposed but arise as a result of human action. These orders tend to optimize coordination and the use of dispersed knowledge, allowing for the selection of more efficient solutions over time, which are then transmitted and refined by future generations. Spontaneous orders are characterized by:

1. The potentially infinite complexity they can reach, as they are nourished by the dispersed knowledge contained in each of the minds that compose them.
2. Their abstract nature, which surpasses any understanding through the senses or reason.
3. The absence of predetermined global ends; instead, they emerge from a network of self-determined goals that, paradoxically, facilitate the formation of relationships among members of the group, thereby enabling the achievement of individual aims.

Motivation is an essential driving force in self-determination, as it initiates decision-making processes based on needs, problems, or desires. When motivation is intrinsic and not imposed, both the process and the outcomes of the action differ significantly, affecting the level of commitment, responsibility, and focus toward the objective. In this regard, spontaneous orders promote self-determination, as individuals, through autonomous decision-making, generate exchanges of goods, ideas, and knowledge that shape a dynamic and decentralized environment.

Self-determination is a fundamental requirement for the existence of spontaneous orders, as such structures cannot arise without individuals making free choices in pursuit of their own goals. However, in hegemonic environments where rules are imposed by a central authority, self-determination is constrained, limiting the capacity for choice and encouraging adherence to directives rather than individual initiative. Even when interventionism is presented as a form of aid, it can become an obstacle to self-determination by fostering dependency rather than strengthening autonomy and informed decision-making. In this context, cultural differences play a key role in how individuals manage their resources, influencing tendencies toward saving, risk aversion, and investment strategies, thereby generating significant variations among different social groups and countries (Alesina & Giuliano, 2015).

3.2 (Re)definition of Individual Self-Determination

Individual self-determination is understood as the capacity of a person to make their own decisions, taking control of their life path without external impositions. This ability requires an adequate level of intellectual maturity that enables the individual to assess their options and confront the challenges inherent in each decision. It is the ability of a person to decide something for themselves [3]

Academy defines self-determination as "the decision of the citizens of a given territory regarding their future political status" in its first meaning and as "the capacity of a person to decide something for themselves" in the second. It comes from -auto, a prefix of Greek origin meaning "of or by oneself, and determination, from the Latin determinatio, meaning "the action and effect of precisely expressing a law, opinion, or matter." On the use of the word self-determination historically, it has been applied to the right of peoples to self-determination. In this work, the concept of self-determination is applied to the individual, not to the group of people. The act of decision-making demands a condition of intellectual maturity that allows the person to undertake this task. The theoretical foundation of the different phases of the decision-making process is outlined below:

1. First, a problem is identified. This problem may be motivated by an internal desire, need, or goal, or it may arise from an external circumstance. In both cases, motivation plays a significant role in the act of deciding.
2. Second, the problem is placed within a framework of action in which the individual must make the decision. That is, there are various types of constraints—physical or natural, legal, moral, or religious, among others—that influence the decision. Two categories of constraints can be distinguished, which condition the decision to a greater or lesser extent within a given framework of action.
   (a) First, physical limitations include the physical context, Newtonian time, and the capacities available to the person within the timeframe in which the decision is made.

3. The Dictionary of the Royal

(b) Second, conceptual constraints are the result of human evolution and have given rise to institutions through a complex process of trial-and-error adoption over time, which have gradually become established [4]. Physical constraints on individual self-determination can be classified into two categories: those external to the person and those inherent to their condition. Among the former are time and the three-dimensional space in which human beings operate—immutable factors that condition decision-making without the possibility of alteration, only adaptation. In contrast, limitations inherent to the individual, both physical and mental, evolve throughout life and may be modified depending on the environment, experience, and available resources. Mobility, cognitive abilities, or restrictions imposed by health conditions affect the range of action and, in many cases, depend on access to technology, education, or social support. Moreover, decision-making is influenced by multiple contextual factors such as culture, law, economics, and personal history. At the end of the 20th century, a new branch of Economic Science emerged—Behavioral Economics—highlighting the contributions of Gigerenzer[5] , Daniel Kahneman[6], Tversky[7], and Richard Thaler[8]. This field has demonstrated how the environment in which a person makes economic decisions, as well as their emotions, influences the decision-making process. It has revealed the role of heuristics, understood as "mental shortcuts," which affect various disciplines, including economics. Examples such as the value paradox [9] or non-transitive preferences [10]illustrate how context modifies choice, making the decision-making process dynamic and non-linear.

3. In the ideation phase, the individual considers various alternatives as possible solutions within a previously defined framework of action. These options have already been filtered by the existing limitations that affect decision-making. In this context, an idea is conceived as a mental representation with potential future impact on human action. This analysis excludes purely cognitive processes or the more advanced stages of idea materialization, focusing exclusively on the embryonic idea—that which arises internally within the individual and may be executed in later stages.
4. Fourth, the evaluation of alternatives. In this phase, the individual weighs the options using the information they possess—both private and subjectively interpreted—as well as that which stems from their unique evolutionary process and the aforementioned framework of action. This is a

4. The theory developed by the founder of the Austrian School, Carl Menger, in his 1871 work Principles of Economics, is based on the fact that the main institutions that underpin life in society are spontaneous and evolutionary, owing their formation to patterned behaviors that have emerged as a result of long processes of trial and error.

5. Of note are the works on heuristics by Gigerenzer and Gaissmaier (2011) "Heuristic decision making" and by Brandstätter, Gigerenzer, and Hertwig (2006) "The priority heuristic: making choices without trade-offs". The first addresses how the use of heuristics saves effort and entails greater errors than decisions made by more reflective logic or statistical models, highlighting that many of these models ultimately fail, concluding that people often rely on simple heuristics in an adaptive manner and that ignoring some information can lead to more accurate judgments than weighing and aggregating all the information, for example, for low predictability and small samples. In the second work, the authors define a framework based on Bernoulli's expected utility as a model for various psychological processes, including motivation, moral sense, attitudes, and decision-making.

6. In 2002, psychologist Daniel Kahneman and Vernon Smith received the Nobel Prize in Economics for integrating aspects of psychological research into economics, specifically with regard to human judgment and decision-making under uncertainty.

7. Amos Nathan Tversky (1937–1996) was, along with Kahneman, a pioneering mathematical psychologist in cognitive science. He co-authored the three-volume treatise Foundations of Measurement.

8. Richard H. Thaler received the 2017 Nobel Prize in Economics for his contributions to behavioral economics.

9. The "paradox of value" was a problem that puzzled classical economists, who could not explain why essential goods, such as water, were valued less in the market than dispensable goods, such as diamonds. Carl Menger, William Stanley Jevons, and Léon Walras resolved this paradox in 1871 by developing the theory of value based on marginal utility. Mises (1986) took up this concept in Human Action, explaining that the value of a good does not depend on its total utility, but on the subjective appreciation that the individual gives to specific units of it based on the end he hopes to achieve. Thus, economic choice is not based on comparing gold with iron in absolute terms, but on the preference between specific quantities of both in a given context. See "The Law of Marginal Utility" in Chapter VII of Mises's Human Action (1986)

10. Human decision-making does not always follow transitive logic, that is, if a person prefers A over B, and B over C, it does not necessarily imply that they prefer A over C. Unlike strict rational models, which assume mathematical coherence in choices, reality shows that the perception and evaluation of options are influenced by the context in which they are presented. The presence or absence of an intermediate alternative (B) can alter an individual's preference hierarchy, causing C to be preferred over A in certain circumstances, despite the previous choice.

dynamic process that varies in complexity and may extend over time, delaying the final stage of decision-making.

5. Fifth and lastly, a decision is made, and the individual chooses one of the options considered during the decision-making process.

For an effective decision-making process to occur, three essential elements must be present: first, the conscious awareness of the available options; second, the intellectual and emotional capacity to evaluate and select among these options; and third, the willingness to assume the opportunity cost associated with the chosen alternative. In the absence of these elements occurring simultaneously, the exercise of self-determination is compromised, limiting personal development and responsibility in decision-making. The social environment plays a crucial role in this process. In certain contexts, self-determination may be restricted if the number of available options is artificially reduced or if—despite the existence of multiple alternatives—specific goals are imposed that must be achieved mandatorily. These types of restrictions directly diminish the individual's level of awareness, as they do not engage in the process of evaluation and decision-making, thereby missing out on the personal growth and learning experiences it entails. Therefore, the exercise of self-determination not only requires an environment that offers real options but also the freedom to make decisions without external coercion. Historically, the defense of individuality has often been framed as an apparent opposition to collective values. However, in reality, both coexist within a network of interactions. Conflict arises when fundamental values are not shared between the individual and the collective, creating contexts in which the collective constrains the exercise of self-determination. In environments where individual autonomy prevails, specific skills are needed to exercise this freedom of action. Self-determination, understood as the ability to make personal decisions autonomously and in alignment with one's own values, directly influences personal financial management and the capacity to develop a life project consistent with individual goals.

3.3 *The Economic Approach to the Theory of Self-Determination*

This section addresses how the economic approach to Self-Determination Theory can enrich the field of economics, thus creating a new area of study referred to as financial self-determination and its degrees of freedom [11] , whose principles are based on methodological individualism. It is praxeological and apodictic in nature, with underlying mechanisms that emerge spontaneously within the field.

Self-determination is a key element in economic science and a necessary condition for a free society. Freedom, far from being a granted right, must be actively preserved to prevent its loss, as its scarcity in an intervened context tends to increase its subjective value. In the financial realm, it is hypothesized that individuals who exercise greater self-determination tend to achieve higher degrees of economic freedom. Following the logic of the Austrian School of Economics, the individual—if not constrained by coercive environments—will direct their resources—money, energy, time, and knowledge—toward the achievement of their economic goals. Although success is not guaranteed, the focus on a goal and the learning derived from repeated decision-making favor the progressive improvement of their economic situation.

Economic freedom, defined as the ability to prosper without external coercion, may be limited by regulations or structures that hinder human action. Thus, individuals who develop financial decision-making skills tend to expand their degrees of economic freedom, as observed in asset management practices aimed at achieving work independence and choosing activities aligned with their personal interests.

always directly perceptible, as the absence of visible action does not necessarily indicate a lack of self-determination but may instead result from a deliberate decision within the individual's framework

11. Gómez (2023) defines degrees of freedom as each of the levels, from lowest to highest, on a subjective evaluative scale relative to the context in which they are formulated that freedom can have. The term degrees of freedom is an open, subjective, dynamic, contextual, and gradual concept. There is a natural tendency to achieve greater degrees of freedom. When Mises (1986) defines human action, he refers to the aspiration to replace a less satisfactory state with a better one.

of freedom. It is hypothesized that self-determined individuals are more likely to engage in work they find fulfilling compared to those who are not. This assertion is based on the premise that individuals, when exercising self-determination, tend to direct their decisions toward achieving their own goals, rather than depending on choices imposed by others. In this regard, the intervention of institutions that impose objectives through coercion limits individual self-determination, as it alters the natural course of personal decision-making, eliminating the perceived need for action and restricting the individual's ability to define their professional and life trajectory. A representative example is retirement planning. The widespread belief that the state guarantees a pension to those who have contributed for a given period leads to a relaxation in individual preparation for this stage of life. In such a context, citizens in an intervened society perceive a sense of security that reduces the perceived risk of lacking future income, thereby delegating their economic stability in old age to third parties (Gómez López, 2021). This mechanism disincentivizes the construction of personal wealth that would allow individuals to sustain their desired standard of living after retirement. In this way, perceived uncertainty in the environment may serve as a driving force for self-determination, whereas systems structured around hegemonic relationships—where obedience to pre-established rules prevails over personal initiative—hinder the development of individual autonomy in financial decision-making

Individual self-determination plays a fundamental role in shaping financial well-being, acting as a necessary but not sufficient condition for its attainment. It is essential that the individual become aware of the potential gains associated with the act of saving. This awareness is acquired through the observation of social dynamics, personal introspection, and, most notably, through financial education. Prior knowledge and experience are therefore decisive in developing sustainable financial behaviors. The law of time preference, as stated by Huerta de Soto (2009), establishes that individuals value goals that are temporally closer more highly. Therefore, they will only be willing to undertake actions requiring long-term commitment, such as saving and investing, if they perceive that the benefits to be obtained outweigh the associated opportunity costs. This implies that the environment must be favorable and provide a clear perception of increased well-being or reduced discomfort, where saving serves as a key lever to achieve those objectives.

4. Conclusions

Self-Determination Theory has established itself as a macro theory of human motivation, supported by empirical evidence and with potential applications across various disciplines, including economics. The present study has addressed financial self-determination as an endogenous factor influencing individual financial well-being, distinguishing it from exogenous factors that affect financial health without being under the individual's direct control. Stover et al. (2017) review its theoretical development, highlighting both its contemporary nature and the historical influences underpinning it. Although it presents certain inconsistencies inherent to its recent evolution, previous research has demonstrated its impact in several areas: in education, where autonomous motivational profiles are associated with better academic performance (Cerasoli et al., 2014; Stover et al., 2014); in the workplace, where it is linked to higher satisfaction, engagement, and emotional well-being (Vargas, 2013); and in sports, where self-determined athletes achieve superior performance (Gillet & Vallerand, 2016). These findings indirectly support the hypothesis that self-determination may play a key role in the financial sphere. Nevertheless, it is acknowledged that this proposition remains theoretical, as the lack of direct empirical evidence prevents a conclusive confirmation of the proposed relationship. From an economic perspective, individual self-determination is linked to time preference and the ability to plan for the financial future. The existence of an institutional framework that respects property rights and promotes freedom of choice is essential to ensure that individuals can exercise financial self-determination. Self-determination is a fundamental requirement for individual freedom; in its absence, a third party—whether a person or organization—makes decisions on behalf of the individual. Freedom requires an active and continuous exercise, which means that even conscious and voluntary delegation forms part of the self-determination process. By recognizing that another person or tool can perform a task at a lower opportunity cost, the individual optimizes their resources to achieve their goals more efficiently. In this regard, in the economic domain, self-determination is not always directly perceptible, as the absence of visible action does not necessarily imply a lack of self-determination but may instead result from a deliberate decision within the individual's framework of freedom.

Self-determination does not operate in isolation; rather, it is conditioned by the context in which it is exercised. Additionally, cultural and social factors affect saving and consumption preferences, highlighting the importance of a holistic approach to understanding financial self-determination (Alesina & Giuliano, 2015). Throughout the analysis, it has been argued that self-determination directly influences key aspects such as time preference, saving, investment, and financial planning. Moreover, the importance of an environment that respects individual autonomy has been emphasized as essential for enabling people to manage their resources efficiently and achieve greater degrees of economic freedom.

It has been proposed that self-determination fosters the emergence of spontaneous orders in the economy, which enhances individual flexibility and adaptability in the face of changing environments. However, it is also recognized that institutional intervention and hegemonic structures represent barriers that may limit the exercise of self-determination.

In conclusion, financial self-determination is a fundamental element of financial well-being, but its exercise depends both on individual decisions and on the institutional and economic framework in which these decisions take place. The interaction between endogenous and exogenous factors shows that, while individuals have decision-making capacity, their economic freedom may be conditioned by external constraints. Finally, further empirical research is encouraged to explore the relationship between financial self-determination and financial well-being in greater depth, thereby contributing to the strengthening of the conceptual framework presented in this study.

Authors' contribution

Nombre del autor: Conceptualization, research, methodology, project management , validation, visualization, drafting the original draft, writing, revision, and edition.

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