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The Effect of Financial Attitude on Financial Satisfaction with Financial Management as Mediator: Empirical Evidence on Gen Z in Karawang

Fitri Novilia[1], Syifa Pramudita Faddila[2], Budi Supriatono Purnomo[3], Imas Purnamasari[4]
[1,2,3,4]Universitas Pendidikan Indonesia

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ABSTRACT

The Indonesian population, especially Generation Z, still faces challenges in managing their finances, both in the present and the future. This issue arises due to a lack of knowledge about financial investment. The objective of this research is to assess the financial level of Generation Z using a questionnaire filled out by 96 respondents. The independent variables involve financial attitudes, the intervention variable is financial management, and the dependent variable in this study is financial satisfaction. The data analysis technique used is descriptive analysis. The results of the descriptive analysis indicate that financial attitudes are categorized as excellent, financial management is categorized as good, and financial satisfaction is categorized as good.

Corresponding Author:

Name: Syifa Pramudita Faddila
Institution: Universitas Pendidikan Indonesia
e-mail: syifa.pramudita@upi.edu

1. INTRODUCTION

Financial management is a crucial aspect of daily life. How individuals manage their finances can impact the financial satisfaction they experience. However, financial management is also influenced by one's financial attitude. Financial attitude, defined as a personal inclination towards financial matters, plays a vital role in shaping an individual's financial behavior and, ultimately, their financial satisfaction. This attitude is influenced by various factors, including background, environment, and education. Financial behavior, on the other hand, involves a person's actions related to money management. It is closely tied to financial attitude and influenced by factors such as financial literacy, experience, and socialization. Financial management, encompassing activities like budgeting, saving, and investing, mediates the relationship between financial attitude and financial satisfaction. Research has indicated that a positive financial attitude leads to better financial management behavior, consequently resulting in greater financial satisfaction [1].

Generation Z, composed of individuals born between the mid-1990s and mid-2000s, has been a primary focus in studies of finance and consumer behavior. In this context, it is essential to understand how the financial attitude of Generation Z influences their financial satisfaction and how financial management can mediate the relationship between these two factors.

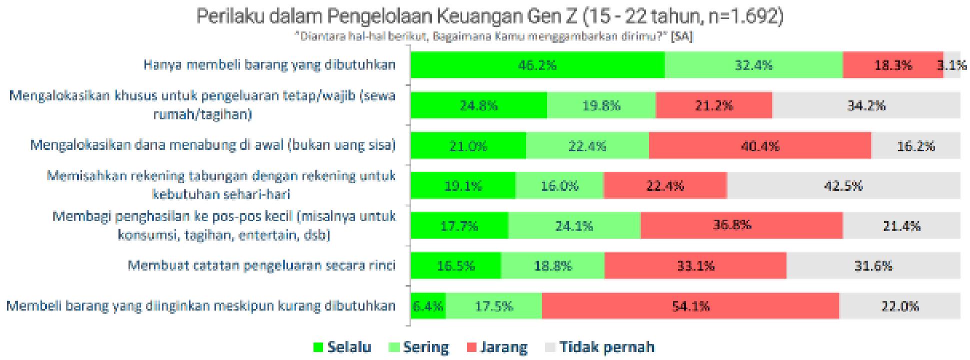

Figure 1. Gen Z Financial Management Behavior

From Figure 1, it is evident that a significant portion of Gen Z does not specifically allocate savings but rather saves any remaining money. About 56.6% rarely or never allocate savings from the start. Gen Z also prioritizes purchasing necessary items over allocating funds for fixed/mandatory expenses compared to other generations. A survey conducted by Katadata Insight Center Zigi.id regarding the financial behavior of Generation Z explains that the largest allocation of funds for Gen Z's routine needs is for communication-related expenses (26.7%), groceries (22.8%), regular bill payments (22.2%), and savings and emergency funds (7.0%) [2].

The financial attitude of Generation Z, influenced by experiences, values, and financial education, can significantly impact their financial decisions. This attitude can affect how they manage money, save, invest, and handle debt. Subsequently, financial management can serve as a mediator in the relationship between financial attitude and financial satisfaction. In other words, how Gen Z manages their finances can influence the extent to which their financial attitude affects financial satisfaction [3].

Therefore, understanding the influence of financial attitude on the financial satisfaction of Generation Z, mediated by financial management, can provide valuable insights in developing more effective financial education strategies and financial services for this generation.

2. LITERATURE REVIEW

2.1 Financial Attitude

Financial attitude can be explained as an individual's state of mind, opinions, and judgments regarding finances. This financial attitude influences an individual's behavior in financial management, personal budgeting, and investment-related decisions. A positive financial attitude can have a favorable impact on an individual's financial condition, thereby enhancing the level of financial satisfaction. According to [4], attitudes consist of three main components: cognitive (opinions or beliefs), affective (feelings), and behavioral. An individual's financial attitude will assist them in determining their stance and behavior regarding finances.

According to research conducted by Woodyard and Robb, there is a significant correlation between financial attitude and financial satisfaction, wherein a positive financial attitude enhances financial satisfaction [5]. Furthermore, a study by Herdjino and Damanik indicates a connection between financial mindset and financial management. An individual's financial mindset has a substantial influence on how they handle money. Individuals tend to make wiser financial management decisions if they possess good financial management skills [6].

2.2 Financial Management

Financial management is an individual's ability to plan, budget, audit, manage, control, seek, and store daily financial resources. The emergence of financial management is a result of an individual's strong desire to meet their living needs in line with the level of income earned. Financial management is related to an individual's financial responsibility regarding how they manage their finances. Factors influencing financial management include income, gender, age, financial knowledge, attitudes toward finances, locus of control, and financial self-efficacy.

Financial management also involves aspects such as consumption, cash-flow management, saving and investment, as well as credit management. Cash flow, savings, investments, and debt management are crucial components of financial management. Thus, theoretical studies on financial management indicate that an individual's ability to manage daily finances is influenced by various factors and involves diverse aspects, including the management of cash flow, savings, investments, and debt.

2.3 Financial Satisfaction

According to Sahi [7], **Financial Satisfaction** is a subjective measure of financial well-being that reflects the level of satisfaction perceived by individuals regarding various aspects of their financial situation. Meanwhile, according to Hira & Mugenda [8], financial satisfaction can be measured through an individual's perspective on satisfaction derived from their income, the ability to cope with financial problems, the capability to meet basic needs, the amount of debt owned, savings, the availability of funds for future needs, and life goals. Additionally, subjective assessments of financial satisfaction are considered more accurate because each individual can evaluate their current financial condition in relation to the past, future expectations, and social standards, rather than merely looking at financial conditions objectively. In terms of indicators, financial satisfaction can be measured through various aspects such as satisfaction with the balance of savings, the ability to make monthly purchases, the ability to buy goods, and personal perspectives on income and the ability to manage financial issues.

3. METHODS

This study employs a descriptive-verification method with a quantitative research approach. The research aims to address the predetermined hypotheses.

3.1 Data Collection

This research aims to examine the variables that can influence the satisfaction of Generation Z in managing their finances. Therefore, the population used consists of Generation Z students in the Karawang area, specifically at Buana Perjuangan University

(UBP) Karawang. The selection of the population considers that UBP Karawang is the largest private university in Karawang, encompassing all segments of society as its students, making it deemed representative for the purpose of this research. The determination of the sample size uses the Lameshow formula. From the calculation of this formula, the sample size is determined to be 96 students from all study programs. This research utilizes purposive sampling as its sampling technique, with predefined criteria:

1. Generation Z (born between 1997-2012)
2. UBP Karawang students
3. Willing to complete the questionnaire

3.2 Research Instruments

The data source used is primary data obtained by presenting a set of questions to respondents related to the variables under investigation, namely Financial Attitude, Financial Management, and Financial Satisfaction. The questionnaire employs a Likert Scale to measure respondents' answers to the posed questions. The distribution of the questionnaire is conducted through the assistance of the Google Form application

3.4 Data Analysis

The data in this study were analyzed using the Structural Equation Model (SEM) method with the Partial Least Squares (PLS) approach. The analysis was conducted through three stages: the outer model, inner model, and hypothesis testing.

3.4.1 Outer Model

In the initial stage, an analysis of the measurement model assessment is conducted, consisting of the outer measurement model. This involves testing Cronbach's Alpha, Composite Reliability, Average Variance Extracted, and Cross-Loading Analysis.

3.4.2 Inner Model

In the second stage, the accuracy of the model is analyzed through R-square to determine the percentage of direct influence of exogenous variables on endogenous variables. Evaluating the model with PLS begins by examining the R-square for each endogenous latent variable.

3.4.3 Hypothesis Testing

The final step in this examination is to determine whether the proposed hypotheses are supported or not. The hypothesis testing can be observed through the magnitude of the t-statistic. PLS employs non-parametric tests to determine the significance level of path coefficients since it does not assume normality and data distribution. The t-value (t-statistic) generated by processing the bootstrap algorithm within the smartPLS application is used to determine the acceptance or rejection of the proposed hypotheses. In this study, a hypothesis is considered accepted if the t-statistic exceeds 1.96 (two-tailed) or has a significance level of alpha 0.05.

H1. There is an influence of financial attitude on financial management in Generation Z.

H2. There is an influence of financial attitude on financial satisfaction in Generation Z.

H3. There is an influence of financial management on financial satisfaction in Generation Z.

H4. There is an influence of financial attitude on financial satisfaction through financial management in Generation Z.

4. RESULTS AND DISCUSSION

Based on the analysis of 96 Generation Z students at UBP Karawang who filled out the questionnaire, the following results were obtained.

4.1 Respondent Characteristics

Respondent characteristics are divided based on age, gender, occupation, monthly income, and monthly expenditures. The following table shows respondent characteristics:

Table 1. Respondent Characteristics

Characteristics	Amount	%
Age		
18-20 Years	60	62.5
21-23 Years	26	27.1
24-26 Years	10	10.3
Gender		
Female	67	69.8
Male	29	30.2

Occupation		
Student	78	81.2
Employee	16	16.7
Entrepreneur	2	2.1
Income (Per Month)		
<Rp 1.000.000	59	61.5
Rp 1.000.000-Rp 3.000.000	16	16.7
Rp 3.000.001-Rp 5.000.000	10	10.4
Rp 5.000.001-Rp 10.000.000	7	7.3
>Rp 10.000.000	4	4.2
Expenditure (Per Month)		
<Rp 1.000.000	53	55.2
Rp 1.000.000-Rp 3.000.000	29	30.2
Rp 3.000.001-Rp 5.000.000	7	7.3
Rp 5.000.001-Rp 10.000.000	4	4.2
>Rp 10.000.000	3	3.1

Source: Processed Primary Data (2023)

Table 1 shows that the majority of Generation Z individuals at UBP Karawang fall within the age range of 18-20 years, accounting for 62.5%. The age group of 21-23 years comprises 27.1%, while those aged 24-26 years make up 10.4%. In terms of gender, females dominate with 69.8%, while males constitute only 30.2%.

Considering their occupational status, Generation Z respondents are predominantly students (81.2%) compared to employees (16.7%) and entrepreneurs (2.1%). Regarding monthly income, due to the majority being students, the largest income bracket is <Rp 1,000,000 (61.5%), followed by the income range of Rp 1,000,000 - Rp 3,000,000 (16.7%), Rp 3,000,001 - Rp 5,000,000 (10.4%), Rp 5,000,001 - Rp 10,000,000 (7.3%), and >Rp 10,000,000 (4.2%). The largest monthly expenditure falls within the range of <Rp 1,000,000 (55.2%), followed by Rp 1,000,000 - Rp 3,000,000 (30.2%), Rp 3,000,001 - Rp 5,000,000 (7.3%), Rp 5,000,001 - Rp 10,000,000 (4.2%), and >Rp 10,000,000 (3.1%).

4.2 Outer Loading

Outer loading analysis is conducted to assess the validity and reliability of each tested indicator based on the results of Average Variance Extracted, Cross-Loading, Cronbach's Alpha, and Composite Reliability.

Table 2. Average Variance Extracted

Variable	Average Variance Extracted (AVE)
Financial Attitude	0.636
Financial Management	0.642
Financial Satisfaction	0.657

Source: Hasil Analisis Data (2023)

The data is considered valid when the AVE (Average Variance Extracted) value is >0.50 (cross-loading correlation value). Based on this data, the researcher affirms that all variables are declared valid in the convergent validity test because the overall AVE for each variable exceeds 0.50.

Table 3. Cross Loading

	Financial Attitude	Financial Management	Financial Satisfaction
X1	0.844		
X2	0.866		
X3	0.809		
X4	0.813		
X5	0.751		
X6	0.711		
X7	0.788		
X8	0.784		
M2		0.841	
M3		0.789	
M4		0.861	
M5		0.706	
Y1			0.796
Y2			0.814
Y3			0.834
Y5			0.828
Y6			0.780
Y7			0.810

Source: Data Analysis Result (2023)

All indicators in each construct variable in table 3 have a loading factor value exceeding the error variance value, namely 0.70, meaning that the indicators are declared valid and each indicator can reflect the measurement model for the construct variable.

Table 4. Cross Loading

Variabel	Cronbach's Alpha	Composite Reliability

Financial Attitude	0.918	0.933
Financial Management	0.811	0.877
Financial Satisfaction	0.897	0.920

Source: Data Analysis Result (2023)

Reliability testing is considered met when Cronbach's alpha is >0.60. After calculations, it can be concluded that all variables have met the reliability test as each Cronbach's alpha is >0.60, namely 0.918 for financial attitude, 0.811 for financial management, and 0.897 for financial satisfaction.

A variable is considered reliable when composite reliability is >0.70. After calculations, it can be concluded that all variables are declared reliable as each composite reliability has a value >0.70, namely 0.933 for financial attitude, 0.877 for financial management, and 0.920 for financial satisfaction.

4.3 Inner Loading

Structural model evaluation aims to predict the relationship between latent variables based on the substantive theory of the model. The structural model test can be determined using the R-square values.

Tabel 5. R-Square

Variable	R-Square
Financial Management	0.289
Financial Satisfaction	0.251

Source: Data Analysis Result (2023)

Based on Table 5, it is known that the R Square value for path 1 is 0.289, meaning that financial attitude can explain its influence on financial management by 28.9%, and the remaining influence is affected by other variables outside the scope of this study.

Then, the R Square value for path 2 is 0.251, indicating that both financial attitude and financial management can explain their influence on financial satisfaction by 25.1%, and the remaining influence is influenced by other variables outside the scope of this study.

4.4 Hypothesis Testing

Hypothesis testing is conducted after obtaining a well-fitted full model in the study by ensuring that both the outer and inner models meet their respective criteria.

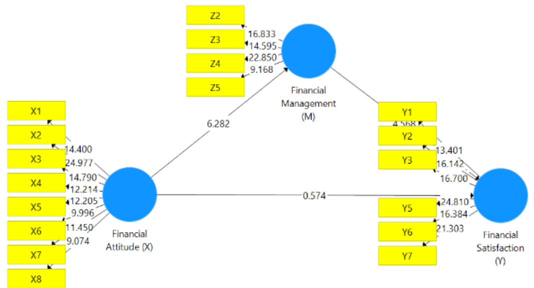

Figure 2. Research Model

Hypothesis testing is carried out to test the influence of the relationship between variables. In the bootstrap method, the hypothesis is accepted if the t-statistic significance value is >1.96 and the p-values are <0.05, then Ha is accepted and Ho is rejected and vice versa.

The following are the results of data processing by looking at the significance of the influence between variables on the path coefficients.

Table 6. Hypothesis Test Results

Hipotesis	Original Sample (O)	T Statistics (|O/STERR|)	P Values	Info
Fin. Att → Fin. Man	0.544	6.282	0.000	Accepted
Fin. Att → Fin. Satisfaction	0.072	0.574	0.566	Rejected
Fin. Man → Fin. Satisfaction	0.474	4.568	0.000	Accepted
Fin. Att → Fin. Man → Fin. Satisfaction	0.258	3.475	0.001	Accepted

Source: Data Analysis Result (2023)

According to the presented data above, the researcher confirms that Hypothesis 1, stating that financial attitude influences financial management in Generation Z, is accepted because the coefficient is 0.544 with a t-statistic exceeding the t-table value (6.282 > 1.96), and the p-values are <0.05. These results confirm studies conducted by [9]–[12], explaining that financial attitude encompasses one's disposition and approach toward money, financial management, spending, investments, and savings. If someone has a positive attitude toward money and finance, they are more likely to be disciplined in managing finances, make wise financial decisions, and engage in long-term financial planning.

On the other hand, if someone has a negative attitude toward money and finance, they may tend to be extravagant, neglect financial planning, and lack discipline in managing finances. Therefore, financial attitude can influence how someone manages their finances, including investment decisions, spending, and savings. Thus, it is crucial to have a positive attitude toward money and finance to achieve good financial management.

The researcher found that Hypothesis 2, stating that financial attitude does not affect financial satisfaction in Generation Z, is not supported because the t-statistic value is less than the t-table value (0.574 < 1.96), and the p-values are >0.05. This unexpected result is because the respondents are Generation Z students aged 18 - 26. At this age, individuals typically do not have their income, or their income level is not very high, resulting in lower financial satisfaction. Even if someone has a positive attitude toward saving, prioritizing expenses, and taking responsibility for financial well-being, without a high income, they may not achieve financial satisfaction. Therefore, having a high level of financial attitude does not necessarily correspond to high financial satisfaction. Although financial attitude can influence financial management and a person's financial success, financial satisfaction is also influenced by other factors such as income, living expenses, and overall happiness. This result aligns with the statements of [13].

The analysis of Hypothesis 3, stating that financial management affects financial satisfaction in Generation Z, is supported because the coefficient is 0.474 with a t-statistic exceeding the t-table value (4.568 > 1.96), and the p-values are <0.05. Good financial management practices can positively contribute to an individual's financial satisfaction. This may include feeling financially secure, being satisfied with the ability to meet needs and desires, and having confidence in planning financial futures. The research findings align with what [13], and [14] have communicated.

Furthermore, the researcher also proves that Hypothesis 4, stating that financial attitude affects financial satisfaction mediated by financial management in Generation Z, is accepted because all three t-statistic values exceed the t-table value (3.475 > 1.96), and the p-values are <0.05. Therefore, it can be stated that there is a significant and positive relationship between these three variables. By having a positive attitude toward money, an individual is more likely to implement good financial management practices, such as thorough financial planning, wise debt management, and appropriate investments. These practices can then contribute to financial stability and satisfaction. A positive attitude toward money can encourage individuals to manage their finances better, subsequently enhancing their financial satisfaction. This is consistent with the findings of Nabila et al. (2023).

5. CONCLUSION

The objective of this study is to identify the variables that can influence financial satisfaction in Generation Z in Karawang. Based on the results of the analysis and discussion, several key points have been identified:

Firstly, financial management is influenced by financial attitude. Generation Z individuals who exhibit a positive attitude toward their finances, such as being diligent savers, having an emergency fund, or having well-thought-out financial plans, tend to have better financial management.

Secondly, financial management has an impact on financial satisfaction. If the financial management of Generation Z is sound, they will feel satisfied with their current financial management and, at least, be prepared to face financial challenges in the future.

Thirdly, financial attitude can influence financial satisfaction through financial management. A positive and prudent attitude in Generation Z, coupled with good financial management, collectively enhances their level of financial satisfaction.

Therefore, training related to financial management is essential for Generation Z to become more adept at managing finances according to their needs.

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