

Research Framework: Navigating the Paradox: Understanding Gen Z's Financial Behaviors and Pathways to Purposeful Living

Dr. Arinaitwe Julius¹, Asiimwe Isaac Kazaara²

1,2 Metropolitan International University

Abstract

Background: Generation Z (born 1997-2012) represents the first fully digital-native generation, characterized by unprecedented technological connectivity and shaped by economic uncertainty including the 2008 financial crisis and COVID-19 pandemic. Despite facing significant financial constraints such as student debt, housing unaffordability, and inflation, this cohort exhibits paradoxical behaviors: demonstrating pragmatic money management skills and high financial anxiety while simultaneously prioritizing experiential spending, sustainable products, and purpose-driven consumption over traditional wealth accumulation.

Objective: This study investigated the paradoxical financial behaviors of Generation Z and examined how these behaviors intersect with their pursuit of purposeful living, aiming to identify effective pathways enabling this generation to achieve both financial stability and meaningful life satisfaction.

Methods: A cross-sectional quantitative design was employed with 650 Gen Z participants (ages 13-28) recruited through multi-stage stratified random sampling across age cohorts, educational attainment, and employment status. Sample size calculations determined that 650 participants would provide 80% power to detect medium effects ($f^2 = 0.15$) at $\alpha = 0.05$. Regression models tested financial literacy, purpose-driven consumption, and their interactions as predictors of financial anxiety and life satisfaction, while SEM examined mediation pathways. Moderation analyses using PROCESS macro evaluated how flexible work arrangements and financial education access moderated relationships between value-based spending and financial security.

Key Results: Hierarchical regression revealed financial literacy as the strongest predictor of reduced financial anxiety ($\beta = -0.326$, $p < 0.01$), while purpose-driven consumption significantly predicted increased anxiety ($\beta = 0.183$, $p < 0.01$) but also enhanced life satisfaction ($\beta = 0.286$, $p < 0.01$). Significant interactions indicated financial literacy buffered anxiety effects of purpose-driven spending ($\beta = -0.142$, $p < 0.01$) and amplified its life satisfaction benefits ($\beta = 0.118$, $p < 0.05$).

Conclusion and Recommendations: This study confirmed that Gen Z navigates a sophisticated values-based optimization framework, consciously accepting financial anxiety in exchange for well-being benefits from purposeful living. Two key recommendations emerged: (1) develop comprehensive financial education programs integrating purpose-driven financial planning strategies rather than traditional savings-focused approaches; (2) advocate for workplace flexibility policies and alternative employment models that enable income supplementation and reduced expenses.

Keywords: Generation Z, financial literacy, purpose-driven consumption, financial anxiety, life satisfaction.

Background of the Study

Generation Z, born approximately between 1997 and 2012, represents the first truly digital-native generation, having grown up amid unprecedented technological connectivity, economic uncertainty, and social change. This cohort has witnessed the 2008 financial crisis during their formative years, experienced the COVID-19 pandemic during their

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transition to adulthood, and now faces mounting economic pressures including student debt, housing unaffordability, and inflation. Despite these financial constraints, research reveals a paradoxical pattern in Gen Z's behavior: while they express high levels of financial anxiety and demonstrate pragmatic money management skills, they simultaneously prioritize experiences, social causes, and purpose-driven consumption over traditional wealth accumulation (Andrea et al., 2016; Bayhan & Karaca, 2020; Kuleto et al., 2021).

This paradox manifests in several intriguing ways. Gen Z members are more likely to research financial products, start saving earlier, and use budgeting apps compared to previous generations, yet they also spend significantly on experiences, sustainable products, and brands that align with their values—even when financially stretched. They seek meaningful work and purpose-driven careers while grappling with economic realities that often force compromise. Understanding this complex relationship between financial pragmatism and purpose-seeking behavior is crucial for educators, policymakers, employers, and financial institutions aiming to support this generation's unique needs (Dobrowolski et al., 2022; “Predictors of Persistence, Retention & Completion for First-Generation Graduate Students,” 2022; Vázquez-Rodríguez et al., 2023).

Furthermore, Gen Z's approach to purposeful living extends beyond career choices to encompass mental health awareness, social activism, environmental consciousness, and authentic self-expression. However, the tension between these aspirations and financial realities creates stress, potentially impacting their long-term financial security and overall well-being. This study seeks to unpack these contradictions, exploring how Gen Z navigates financial constraints while maintaining commitment to purposeful living, and what factors enable or hinder their ability to achieve both financial stability and meaningful existence (Benítez-Márquez et al., 2022; Pichler et al., 2021).

Despite being the most digitally connected and educated generation in history, Generation Z faces an unprecedented convergence of economic instability, mounting student debt, uncertain career prospects, and climate anxiety that fundamentally shapes their relationship with money and meaning-making in ways that defy traditional financial behavior models. While previous generations could reasonably expect that education and hard work would lead to homeownership, financial security, and upward mobility, Gen Z confronts a reality where these milestones seem increasingly unattainable, prompting them to simultaneously exhibit contradictory behaviors—prioritizing experiences and values-driven consumption while also demonstrating heightened financial anxiety, delaying major life decisions due to economic constraints yet investing in cryptocurrency and alternative assets, and seeking purpose-driven careers even when facing precarious employment conditions (Hellen et al., 2023; Kulkov, 2023). This complex paradox reveals a critical gap in understanding how Gen Z reconciles immediate financial survival with long-term aspirations for meaningful living, what psychological and behavioral mechanisms they employ to navigate economic precarity while maintaining a sense of purpose, and how their unique socioeconomic context influences their financial decision-making, savings patterns, investment choices, and definitions of success (Brogi et al., 2018; Lee, 2019; Lesinskis et al., 2023). Addressing this knowledge gap is essential for developing financial literacy programs, workplace policies, mental health interventions, and economic frameworks that acknowledge Gen Z's distinctive challenges and support their pursuit of both financial stability and purposeful living without forcing them to choose between economic survival and personal fulfillment.

Problem Statement.

Despite being the most digitally connected and educated generation in history, Generation Z faces an unprecedented

convergence of economic instability, mounting student debt, uncertain career prospects, and climate anxiety that fundamentally shapes their relationship with money and meaning-making in ways that defy traditional financial behavior models. While previous generations could reasonably expect that education and hard work would lead to homeownership, financial security, and upward mobility, Gen Z confronts a reality where these milestones seem increasingly unattainable, prompting them to simultaneously exhibit contradictory behaviors—prioritizing experiences and values-driven consumption while also demonstrating heightened financial anxiety, delaying major life decisions due to economic constraints yet investing in cryptocurrency and alternative assets, and seeking purpose-driven careers even when facing precarious employment conditions (Brogi et al., 2018; Dobrowolski et al., 2022). This complex paradox reveals a critical gap in understanding how Gen Z reconciles immediate financial survival with long-term aspirations for meaningful living, what psychological and behavioral mechanisms they employ to navigate economic precarity while maintaining a sense of purpose, and how their unique socioeconomic context influences their financial decision-making, savings patterns, investment choices, and definitions of success (Andrea et al., 2016; Pichler et al., 2021). Addressing this knowledge gap is essential for developing financial literacy programs, workplace policies, mental health interventions, and economic frameworks that acknowledge Gen Z's distinctive challenges and support their pursuit of both financial stability and purposeful living without forcing them to choose between economic survival and personal fulfillment.

Main Objective of the Study

To investigate and analyze the paradoxical financial behaviors of Generation Z and examine how these behaviors intersect with their pursuit of purposeful living, in order to identify effective pathways that enable this generation to achieve both financial well-being and meaningful life satisfaction.

Specific Objectives

1. To assess the financial literacy levels, money management practices, and economic anxieties of Gen Z, and determine how these factors influence their short-term and long-term financial decision-making patterns.
2. To examine the relationship between Gen Z's value-driven consumption behaviors (including spending on experiences, sustainable products, and social causes) and their overall financial well-being and stress levels.
3. To identify and evaluate the coping strategies, support systems, and resources that successfully enable Gen Z individuals to balance financial stability with purposeful living, and determine which factors most significantly contribute to their holistic life satisfaction.

Research Questions

1. What are the primary financial behaviors, literacy levels, and sources of economic anxiety among Gen Z, and how do these elements shape their financial decision-making processes?
2. How does Gen Z's commitment to purpose-driven consumption and meaningful living impact their financial health, and what trade-offs do they perceive between financial security and value-aligned spending?
3. What strategies, resources, and environmental factors most effectively support Gen Z in achieving a sustainable balance between financial stability and purposeful living?

Research Hypotheses

H1: There is a significant positive relationship between financial literacy levels and Gen Z's ability to balance purpose-driven spending with financial stability, such that individuals with higher financial literacy experience lower financial

stress while maintaining value-aligned consumption patterns.

H2: Gen Z individuals who prioritize purpose-driven consumption and meaningful experiences over traditional wealth accumulation report higher levels of life satisfaction and psychological well-being, despite experiencing greater short-term financial constraints compared to their more financially conservative peers.

H3: Access to flexible work arrangements, purpose-driven employment opportunities, and comprehensive financial education programs significantly moderates the relationship between Gen Z's value-based spending behaviors and their long-term financial security outcomes.

Methodology

This study employed a cross-sectional quantitative research design to investigate the paradoxical financial behaviors of Generation Z and their pathways to purposeful living. The target population comprised individuals born between 1997 and 2012 (ages 13-28 at the time of data collection), residing in urban and semi-urban areas where digital connectivity facilitated survey participation. A multi-stage stratified random sampling technique was utilized to ensure representation across key demographic variables including age cohorts (early Gen Z: 13-18 years, mid Gen Z: 19-23 years, and late Gen Z: 24-28 years), educational attainment, employment status, and income levels. To detect a medium effect size ($f^2 = 0.15$) with 80% statistical power at a significance level of $\alpha = 0.05$, and accounting for multiple predictor variables in regression analyses (approximately 15 predictors), a minimum sample size of 139 participants per stratum was required based on G*Power calculations. Incorporating a 20% non-response rate and the need for subgroup analyses, the final sample consisted of 650 participants.

Data were collected through a structured online questionnaire administered via Qualtrics, which included validated scales measuring financial literacy (adapted from the OECD Financial Literacy Scale), financial anxiety (Financial Anxiety Scale), value-driven consumption behaviors (Purpose-Driven Consumption Index), purposeful living orientation (Life Engagement Test), and life satisfaction (Satisfaction with Life Scale). Additional sections captured demographic information, income patterns, spending behaviors, savings habits, and coping strategies through Likert-scale items and multiple-choice questions. The questionnaire underwent pilot testing with 50 Gen Z participants to ensure clarity, cultural appropriateness, and reliability, resulting in Cronbach's alpha coefficients ranging from 0.78 to 0.91 for all scales. Ethical approval was obtained from the institutional review board, and informed consent was secured from all participants, with parental consent obtained for participants under 18 years of age.

Data analysis was conducted using SPSS version 28.0 and STATA version 17.0, following a systematic analytical framework progressing from univariate to multivariate techniques. Univariate analyses were performed to describe the distribution of all variables, including measures of central tendency (mean, median, mode), dispersion (standard deviation, interquartile range), and shape (skewness and kurtosis) for continuous variables, while frequency distributions and percentages were computed for categorical variables. Normality assumptions were assessed using the Shapiro-Wilk test and visual inspection of histograms and Q-Q plots. For the bivariate analyses addressing the research questions, Pearson's correlation coefficients were calculated to examine linear relationships between continuous variables such as financial literacy scores, financial anxiety levels, purpose-driven spending, and life satisfaction, while Spearman's rank correlation was employed for ordinal variables and non-normally distributed data.

Independent samples t-tests and one-way analysis of variance (ANOVA) with post-hoc Tukey HSD tests were conducted to compare mean differences in financial behaviors and purposeful living scores across demographic groups (age cohorts, employment status, income brackets), with Levene's test used to verify homogeneity of variance assumptions.

Chi-square tests of independence examined associations between categorical variables such as value-driven consumption patterns and financial stress categories. For multivariate analyses testing the study hypotheses, hierarchical multiple regression models were constructed with financial stress and life satisfaction as dependent variables in separate models. Predictor variables were entered in blocks: demographic controls (Block 1), financial literacy and income variables (Block 2), purpose-driven consumption behaviors (Block 3), and interaction terms (Block 4). Prior to regression analyses, multicollinearity was assessed using Variance Inflation Factors ($VIF < 10$) and tolerance statistics (> 0.1), linearity was examined through scatter plots of residuals against predicted values, homoscedasticity was tested using the Breusch-Pagan test, and independence of residuals was verified through the Durbin-Watson statistic (values between 1.5 and 2.5).

Structural equation modeling (SEM) using maximum likelihood estimation was employed to test the complex mediation model whereby purpose-driven consumption mediated the relationship between financial literacy and life satisfaction, with financial stress as a moderator. Model fit was evaluated using multiple indices: Chi-square/df ratio (< 3.0), Comparative Fit Index ($CFI > 0.90$), Tucker-Lewis Index ($TLI > 0.90$), Root Mean Square Error of Approximation ($RMSEA < 0.08$), and Standardized Root Mean Square Residual ($SRMR < 0.08$). Additionally, moderation analyses using the PROCESS macro (Model 1) examined how flexible work arrangements and access to financial education moderated the relationship between value-based spending and long-term financial security. All statistical tests were two-tailed with significance set at $p < 0.05$, and effect sizes were reported using Cohen's d for mean comparisons, R^2 and adjusted R^2 for regression models, and standardized path coefficients for SEM to facilitate interpretation of practical significance beyond statistical significance (Nelson et al., 2022, 2023).

Results

Table 1: Descriptive Statistics and Normality Tests for Key Study Variables (N = 650)

Variable	Mean	SD	Median	IQR	Skewness	Kurtosis	Shapiro-Wilk (p-value)	Cronbach's α
Financial Literacy Score (0-100)	64.32	12.48	65.00	16.00	-0.18	-0.34	0.989 (p=0.082)	0.86
Financial Anxiety Score (20-100)	58.76	15.23	58.00	21.00	0.24	-0.52	0.991 (p=0.156)	0.89
Purpose-Driven	52.41	9.87	53.00	13.00	-0.09	-0.41	0.993	0.84

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Consumption Index (15-75)							(p=0.284)	
Life Satisfaction Score (5-35)	23.15	5.64	24.00	8.00	-0.31	-0.29	0.990 (p=0.124)	0.88
Monthly Income (USD)	1,847.52	986.34	1,650.00	1,350.00	0.67	0.12	0.961 (p<0.001)	-
Monthly Savings (USD)	312.48	248.73	275.00	325.00	1.12	1.48	0.948 (p<0.001)	-
Experience Spending (% of income)	28.34	11.52	27.00	15.00	0.42	-0.18	0.984 (p=0.032)	-
Value-Aligned Product Spending (% of income)	18.67	8.93	18.00	12.00	0.28	-0.35	0.987 (p=0.065)	-

The descriptive statistics revealed that Gen Z participants demonstrated moderate financial literacy levels (M = 64.32, SD = 12.48), suggesting considerable room for improvement in financial knowledge and skills. The financial anxiety scores were notably elevated (M = 58.76, SD = 15.23 out of a maximum of 100), indicating that the majority of participants experienced substantial financial stress. Purpose-driven consumption was relatively high (M = 52.41, SD = 9.87 out of 75), while life satisfaction scores fell in the moderate range (M = 23.15, SD = 5.64 out of 35). The Shapiro-Wilk tests indicated that most primary variables approximated normal distributions ($p > 0.05$), satisfying parametric test assumptions, with the exception of monthly income and savings which exhibited positive skewness (skewness = 0.67 and 1.12 respectively), reflecting the expected right-skewed income distribution where fewer individuals earned substantially higher incomes. All psychological scales demonstrated strong internal consistency with Cronbach's alpha coefficients exceeding 0.80, confirming excellent reliability. Participants allocated approximately 28% of their income to experiential spending and 19% to value-aligned products, collectively representing nearly half of their expenditure patterns, which underscored the significant financial commitment Gen Z made toward purpose-driven consumption despite reporting moderate incomes.

These descriptive findings illuminated the fundamental paradox characterizing Gen Z's financial landscape. Despite possessing moderate financial literacy and facing elevated financial anxiety, participants consistently prioritized value-driven and experiential consumption, allocating substantial portions of their income to purchases aligned with their values and meaningful experiences. This pattern suggested that Gen Z's financial decision-making was not primarily driven by traditional economic rationality or anxiety avoidance, but rather by a deeply embedded commitment to purposeful living that superseded purely financial considerations. The moderate financial literacy scores (64.32 out of 100) indicated that while participants possessed foundational financial knowledge, gaps remained

that could potentially be addressed through targeted financial education interventions. The high financial anxiety scores, coupled with the substantial allocation to purpose-driven spending, revealed a tension whereby Gen Z individuals experienced significant financial stress yet maintained their commitment to value-aligned consumption, possibly reflecting a conscious acceptance of financial trade-offs in pursuit of meaningful living. The variability in these measures, as indicated by the standard deviations, also suggested heterogeneity within Gen Z, with some individuals demonstrating strong financial capabilities and lower anxiety while others struggled considerably. The right-skewed income distribution was consistent with the economic realities facing young adults, where entry-level positions and gig economy participation resulted in modest earnings for the majority, with a smaller subset achieving higher incomes through specialized skills or entrepreneurial ventures. These foundational descriptive statistics established the context for understanding the complex interplay between financial behaviors and purposeful living that the subsequent bivariate and multivariate analyses would explore.

Table 2: Bivariate Correlations and Group Comparisons for Financial Behaviors and Purposeful Living (N = 650)

Correlation Analysis	Financial Literacy	Financial Anxiety	Purpose-Driven Consumption	Life Satisfaction		
Financial Literacy	1.000	-0.423**	0.318**	0.387**		
Financial Anxiety	-0.423**	1.000	0.156**	-0.492**		
Purpose-Driven Consumption	0.318**	0.156**	1.000	0.441**		
Life Satisfaction	0.387**	-0.492**	0.441**	1.000		
Monthly Income	0.289**	-0.334**	0.092*	0.267**		
Monthly Savings	0.401**	-0.386**	0.048	0.312**		
ANOVA: Financial Anxiety by Age Cohort	Early Gen Z (13-18) n=198	Mid Gen Z (19-23) n=234	Late Gen Z (24-28) n=218	F-statistic	p-value	η²
Financial Anxiety Score (M, SD)	54.32 (14.87)	61.24 (14.92)	60.18 (15.41)	12.43	<0.001	0.037
ANOVA: Life Satisfaction by Employment Status	Unemployed n=156	Part-time n=203	Full-time n=291	F-statistic	p-value	η²
Life Satisfaction Score (M, SD)	20.87 (5.89)	22.64 (5.42)	24.62 (5.31)	24.86	<0.001	0.071
Chi-Square: High Purpose-Driven Consumption by Financial Stress Level	Low Financial Stress n=218	Moderate Stress n=247	High Stress n=185	χ²	p-value	Cramer's V
High Purpose-Driven Spending (% yes)	58.7%	67.2%	72.4%	11.34	0.003	0.132

Note: *p < 0.05, **p < 0.01

The correlation analysis revealed several statistically significant relationships that were central to understanding Gen Z's financial paradox. Financial literacy demonstrated a moderate negative correlation with financial anxiety ($r = -0.423$, $p < 0.01$), indicating that individuals with higher financial knowledge experienced lower levels of financial stress. Importantly, financial literacy was positively correlated with purpose-driven consumption ($r = 0.318$, $p < 0.01$) and life satisfaction ($r = 0.387$, $p < 0.01$), suggesting that financially literate individuals were better able to engage in value-aligned spending while maintaining well-being. The relationship between purpose-driven consumption and financial anxiety was positive but weak ($r = 0.156$, $p < 0.01$), indicating that higher value-aligned spending was associated with slightly elevated anxiety, though this relationship was modest. Most notably, purpose-driven consumption showed a moderate positive correlation with life satisfaction ($r = 0.441$, $p < 0.01$), while financial anxiety was moderately negatively correlated with life satisfaction ($r = -0.492$, $p < 0.01$), suggesting that both financial stress and meaningful consumption independently influenced well-being in opposite directions. The ANOVA results indicated significant differences in financial anxiety across age cohorts ($F(2, 647) = 12.43$, $p < 0.001$, $\eta^2 = 0.037$), with post-hoc Tukey tests revealing that early Gen Z (ages 13-18) experienced significantly lower financial anxiety than both mid and late Gen Z cohorts, likely reflecting developmental differences and increased financial responsibilities with age. Employment status significantly predicted life satisfaction ($F(2, 647) = 24.86$, $p < 0.001$, $\eta^2 = 0.071$), with full-time employed individuals reporting the highest satisfaction, followed by part-time workers and unemployed individuals. The chi-square analysis demonstrated a significant association between purpose-driven consumption levels and financial stress categories ($\chi^2 = 11.34$, $p = 0.003$, Cramer's $V = 0.132$), with counterintuitive findings showing that individuals experiencing high financial stress were more likely to engage in high purpose-driven spending (72.4%) compared to those with low stress (58.7%).

These bivariate analyses provided crucial insights into the mechanisms underlying Gen Z's paradoxical financial behaviors. The strong negative correlation between financial literacy and financial anxiety validated the importance of financial education as a protective factor against economic stress, suggesting that knowledge provided Gen Z individuals with confidence and competence in managing financial challenges. However, the positive relationship between financial literacy and purpose-driven consumption challenged traditional assumptions that financial education would necessarily lead to more conservative spending patterns. Instead, financially literate Gen Z individuals appeared to leverage their knowledge to engage more confidently in value-aligned consumption, potentially because they understood how to balance purpose-driven spending with financial stability through budgeting and planning. The weak but significant positive correlation between purpose-driven consumption and financial anxiety revealed the central tension in Gen Z's financial lives—their commitment to meaningful consumption came with psychological costs in the form of increased financial worry. Yet this relationship was substantially outweighed by the strong positive association between purpose-driven consumption and life satisfaction, suggesting that Gen Z individuals were making conscious trade-offs, accepting some financial anxiety in exchange for the psychological benefits derived from living according to their values.

The age cohort differences in financial anxiety reflected the increasing financial pressures that accumulated as Gen Z individuals transitioned into adulthood, took on student loans, faced housing costs, and shouldered greater financial

responsibilities. The employment status findings underscored the importance of economic stability for overall well-being, with full-time employment providing not only financial resources but also structure, purpose, and social connections that enhanced life satisfaction. Perhaps most striking was the chi-square finding that high financial stress was associated with increased rather than decreased purpose-driven spending, contradicting rational economic models. This counterintuitive pattern suggested several possible interpretations: individuals experiencing financial stress might engage in value-driven consumption as a coping mechanism or means of maintaining identity and meaning during difficult times, or alternatively, the causation might flow in the opposite direction whereby commitment to purpose-driven spending led to financial strain. These bivariate relationships established foundational associations that required further exploration through multivariate modeling to disentangle the complex directional and interactive effects among financial literacy, purpose-driven behaviors, and well-being outcomes.

Table 3: Hierarchical Multiple Regression Predicting Financial Anxiety and Life Satisfaction (N = 650)

Model Predicting	Block 1 (Demographics)	Block 2 (+Financial Variables)	Block 3 (+Purpose Behaviors)	Block 4 (+Interactions)
Financial Anxiety				
Age Cohort (ref: Early Gen Z)	$\beta = 0.182^{**}$	$\beta = 0.134^{**}$	$\beta = 0.128^{**}$	$\beta = 0.126^{**}$
Gender (ref: Male)	$\beta = 0.087^*$	$\beta = 0.072$	$\beta = 0.069$	$\beta = 0.065$
Education Level	$\beta = 0.043$	$\beta = -0.028$	$\beta = -0.035$	$\beta = -0.038$
Monthly Income		$\beta = -0.214^{**}$	$\beta = -0.219^{**}$	$\beta = -0.196^{**}$
Financial Literacy Score		$\beta = -0.326^{**}$	$\beta = -0.298^{**}$	$\beta = -0.267^{**}$
Monthly Savings		$\beta = -0.165^{**}$	$\beta = -0.163^{**}$	$\beta = -0.158^{**}$
Purpose-Driven Consumption			$\beta = 0.183^{**}$	$\beta = 0.215^{**}$
Experience Spending (% income)			$\beta = 0.127^{**}$	$\beta = 0.108^*$
Financial Literacy \times Purpose Consumption				$\beta = -0.142^{**}$
R ²	0.048	0.287	0.321	0.339
Adjusted R ²	0.043	0.280	0.313	0.329
ΔR^2	0.048 ^{**}	0.239 ^{**}	0.034 ^{**}	0.018 ^{**}
F-statistic	10.82 ^{**}	40.63 ^{**}	41.27 ^{**}	36.84 ^{**}
Model Predicting Life Satisfaction	Block 1 (Demographics)	Block 2 (+Financial Variables)	Block 3 (+Purpose Behaviors)	Block 4 (+Interactions)
Age Cohort (ref: Early Gen Z)	$\beta = 0.098^*$	$\beta = 0.052$	$\beta = 0.024$	$\beta = 0.028$

Gender (ref: Male)	$\beta = -0.064$	$\beta = -0.048$	$\beta = -0.073$	$\beta = -0.069$
Education Level	$\beta = 0.124^{**}$	$\beta = 0.087^*$	$\beta = 0.068$	$\beta = 0.072$
Monthly Income		$\beta = 0.156^{**}$	$\beta = 0.148^{**}$	$\beta = 0.132^{**}$
Financial Literacy Score		$\beta = 0.238^{**}$	$\beta = 0.184^{**}$	$\beta = 0.201^{**}$
Financial Anxiety Score		$\beta = -0.347^{**}$	$\beta = -0.329^{**}$	$\beta = -0.312^{**}$
Purpose-Driven Consumption			$\beta = 0.286^{**}$	$\beta = 0.254^{**}$
Experience Spending (% income)			$\beta = 0.142^{**}$	$\beta = 0.156^{**}$
Purpose Consumption \times Financial Literacy				$\beta = 0.118^*$
R ²	0.032	0.349	0.437	0.448
Adjusted R ²	0.027	0.343	0.430	0.440
ΔR^2	0.032 ^{**}	0.317 ^{**}	0.088 ^{**}	0.011 [*]
F-statistic	7.14 ^{**}	54.12 ^{**}	67.93 ^{**}	58.18 ^{**}

Note: * $p < 0.05$, ** $p < 0.01$; β = standardized regression coefficient; VIF values ranged from 1.12 to 2.87 (all < 10); Durbin-Watson statistics = 1.87 (Financial Anxiety model) and 1.92 (Life Satisfaction model)

The hierarchical regression models provided robust evidence for the predictive relationships between financial literacy, purpose-driven behaviors, and well-being outcomes. For the financial anxiety model, demographic variables in Block 1 explained only 4.8% of the variance ($R^2 = 0.048$, $p < 0.01$), with older age cohorts experiencing significantly higher anxiety. The addition of financial variables in Block 2 resulted in a substantial increase in explained variance ($\Delta R^2 = 0.239$, $p < 0.01$), with financial literacy emerging as the strongest negative predictor ($\beta = -0.326$, $p < 0.01$), followed by monthly income ($\beta = -0.214$, $p < 0.01$) and savings ($\beta = -0.165$, $p < 0.01$). Block 3 demonstrated that purpose-driven consumption and experience spending significantly predicted increased financial anxiety ($\beta = 0.183$ and $\beta = 0.127$ respectively, both $p < 0.01$), adding 3.4% to the explained variance. Critically, Block 4 revealed a significant negative interaction between financial literacy and purpose-driven consumption ($\beta = -0.142$, $p < 0.01$), indicating that financial literacy buffered against the anxiety-inducing effects of purpose-driven spending. The final model explained 33.9% of variance in financial anxiety (adjusted $R^2 = 0.329$, $F(10, 639) = 36.84$, $p < 0.01$). For life satisfaction, demographic variables explained only 3.2% of variance in Block 1. Financial variables in Block 2 contributed substantially ($\Delta R^2 = 0.317$, $p < 0.01$), with financial anxiety showing the strongest negative relationship ($\beta = -0.347$, $p < 0.01$), while financial literacy ($\beta = 0.238$, $p < 0.01$) and income ($\beta = 0.156$, $p < 0.01$) positively predicted satisfaction. Purpose-driven consumption emerged as a strong positive predictor in Block 3 ($\beta = 0.286$, $p < 0.01$), adding 8.8% to explained variance, alongside experience spending ($\beta = 0.142$, $p < 0.01$). The significant positive interaction in Block 4 between purpose-driven consumption and financial literacy ($\beta = 0.118$, $p < 0.05$) indicated that the benefits of purpose-driven consumption for life satisfaction were amplified among individuals with higher financial literacy. The final model explained 44.8% of variance in life satisfaction (adjusted $R^2 = 0.440$, $F(10, 639) = 58.18$, $p < 0.01$). Diagnostic tests confirmed that regression assumptions were adequately met, with VIF values

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indicating no problematic multicollinearity and Durbin-Watson statistics suggesting independence of residuals.

These regression analyses revealed the complex and nuanced pathways through which Gen Z navigated the tension between financial stability and purposeful living. The finding that financial literacy was the strongest predictor of lower financial anxiety underscored its critical protective role, suggesting that financial education interventions could substantially reduce the psychological burden of economic stress experienced by this generation. However, the simultaneous positive relationship between purpose-driven consumption and financial anxiety validated the paradox central to this study—Gen Z's commitment to meaningful consumption came at a psychological cost. The significant negative interaction between financial literacy and purpose-driven consumption in predicting anxiety was particularly illuminating, revealing that financial literacy functioned as a crucial moderator that enabled individuals to engage in value-aligned spending without experiencing proportionate increases in financial stress. This suggested that financially literate Gen Z individuals possessed skills in budgeting, planning, and financial management that allowed them to allocate resources toward meaningful purposes while maintaining psychological equilibrium, whereas those lacking such skills experienced anxiety when engaging in similar consumption patterns.

The life satisfaction model provided compelling evidence for the benefits of purpose-driven living despite financial trade-offs. Purpose-driven consumption emerged as one of the strongest positive predictors of life satisfaction, even after controlling for financial anxiety, income, and literacy. This finding suggested that the psychological rewards of living according to one's values—including enhanced sense of meaning, identity coherence, and alignment between beliefs and behaviors—substantially contributed to overall well-being in ways that transcended purely financial considerations. The positive interaction between financial literacy and purpose-driven consumption in predicting life satisfaction further indicated that financial knowledge amplified the well-being benefits of meaningful consumption, possibly because financially literate individuals felt more confident in their ability to sustain such patterns over time or because they engaged more intentionally and strategically in value-aligned spending.

The strong negative effect of financial anxiety on life satisfaction ($\beta = -0.347$) highlighted the psychological toll of economic stress, yet the fact that purpose-driven consumption maintained significant positive effects even in the presence of this anxiety suggested that meaningful living served as a partially compensatory mechanism. These findings collectively painted a picture of Gen Z as a generation making conscious, values-driven trade-offs, accepting some degree of financial stress and forgoing traditional wealth accumulation in exchange for living authentically and meaningfully. The substantial explanatory power of the final models (34% for anxiety, 45% for life satisfaction) indicated that the theoretical framework captured key drivers of Gen Z's financial psychology, though considerable individual variation remained, pointing to additional unmeasured factors such as personality traits, social support, and cultural contexts that warranted future investigation.

Table 4: Structural Equation Model Results and Moderation Analysis (N = 650)

SEM Path Analysis: Mediation Model	Standardized Coefficient (β)	Path	SE	z-value	p-value	95% CI
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Direct Effects					
Financial Literacy → Purpose-Driven Consumption	0.334	0.042	7.95	<0.001	[0.252, 0.416]
Financial Literacy → Life Satisfaction	0.186	0.048	3.88	<0.001	[0.092, 0.280]
Purpose-Driven Consumption → Life Satisfaction	0.297	0.046	6.46	<0.001	[0.207, 0.387]
Financial Anxiety → Life Satisfaction	-0.328	0.043	-7.63	<0.001	[-0.412, -0.244]
Financial Literacy → Financial Anxiety	-0.412	0.041	-10.05	<0.001	[-0.492, -0.332]
Purpose-Driven Consumption → Financial Anxiety	0.164	0.044	3.73	<0.001	[0.078, 0.250]
Monthly Income → Financial Anxiety	-0.187	0.039	-4.79	<0.001	[-0.263, -0.111]
Indirect Effects					
Financial Literacy → Purpose → Life Satisfaction	0.099	0.019	5.21	<0.001	[0.062, 0.136]
Financial Literacy → Anxiety → Life Satisfaction	0.135	0.021	6.43	<0.001	[0.094, 0.176]
Total Effects					
Financial Literacy → Life Satisfaction (Total)	0.420	0.041	10.24	<0.001	[0.340, 0.500]
Model Fit Indices		Value	Acceptable Threshold	Interpretation	
χ^2/df		2.47	< 3.00	Good fit	
CFI (Comparative Fit Index)		0.942	> 0.90	Good fit	
TLI (Tucker-Lewis Index)		0.928	> 0.90	Good fit	
RMSEA (Root Mean Square Error)		0.048	< 0.08	Good fit	
SRMR (Standardized Root Mean Square Residual)		0.042	< 0.08	Good fit	
Moderation Analysis (PROCESS Model 1)		Financial Security as Outcome			
Predictor	β		SE	t-value	p-value
Value-Based Spending	-0.187		0.052	-3.60	<0.001
Flexible Work Arrangements (Moderator)	0.243		0.048	5.06	<0.001
Financial Education Access (Moderator)	0.198		0.046	4.30	<0.001
Value Spending × Flexible Work	0.156		0.041	3.80	<0.001
Value Spending × Financial Education	0.134		0.043	3.12	0.002
Model $R^2 = 0.386$, $F(5, 644) = 81.04$, $p < 0.001$					

Conditional Effects of Value-Based Spending on Financial Security				
At Low Flexible Work (-1SD)	$\beta = -0.298$	SE = 0.067	t = -4.45	p < 0.001
At Mean Flexible Work	$\beta = -0.187$	SE = 0.052	t = -3.60	p < 0.001
At High Flexible Work (+1SD)	$\beta = -0.076$	SE = 0.058	t = 1.31	p = 0.191

The structural equation model demonstrated excellent fit to the data across all indices ($\chi^2/df = 2.47$, CFI = 0.942, TLI = 0.928, RMSEA = 0.048, SRMR = 0.042), indicating that the hypothesized theoretical model adequately represented the relationships among financial literacy, purpose-driven consumption, financial anxiety, and life satisfaction. The path analysis revealed that financial literacy significantly and positively predicted purpose-driven consumption ($\beta = 0.334$, $p < 0.001$), supporting the notion that financial knowledge enabled rather than constrained value-aligned spending. Financial literacy also directly predicted higher life satisfaction ($\beta = 0.186$, $p < 0.001$) and lower financial anxiety ($\beta = -0.412$, $p < 0.001$), confirming its central role in Gen Z's financial well-being. Purpose-driven consumption positively predicted life satisfaction ($\beta = 0.297$, $p < 0.001$) while simultaneously increasing financial anxiety ($\beta = 0.164$, $p < 0.001$), statistically confirming the paradoxical nature of meaningful consumption. Financial anxiety strongly negatively predicted life satisfaction ($\beta = -0.328$, $p < 0.001$), highlighting the psychological toll of economic stress. Critically, the indirect effects analysis revealed significant mediation pathways: financial literacy influenced life satisfaction both through increased purpose-driven consumption (indirect effect = 0.099, $p < 0.001$) and through decreased financial anxiety (indirect effect = 0.135, $p < 0.001$). The total effect of financial literacy on life satisfaction ($\beta = 0.420$, $p < 0.001$) was substantially larger than the direct effect alone ($\beta = 0.186$), indicating substantial mediation. These indirect pathways accounted for approximately 55.7% of the total effect, suggesting that financial literacy's benefits for well-being operated significantly through enabling purposeful living and reducing economic stress. The moderation analyses using PROCESS revealed that both flexible work arrangements and access to financial education significantly moderated the negative relationship between value-based spending and long-term financial security. The significant interaction terms ($\beta = 0.156$ and $\beta = 0.134$ respectively, both $p < 0.01$) indicated that these resources buffered against the financial costs of purpose-driven consumption. Simple slopes analysis demonstrated that at high levels of flexible work arrangements (+1SD), the negative relationship between value-based spending and financial security became non-significant ($\beta = -0.076$, $p = 0.191$), whereas at low levels of flexibility (-1SD), this relationship was strongly negative ($\beta = -0.298$, $p < 0.001$), suggesting that workplace flexibility essentially eliminated the financial security costs of purposeful consumption.

The structural equation modeling provided sophisticated evidence for the complex pathways through which Gen Z navigated their financial paradox, revealing that financial literacy served as a pivotal resource that simultaneously reduced financial anxiety and enabled purpose-driven consumption, both of which independently contributed to life satisfaction through distinct mechanisms. The finding that financial literacy positively predicted purpose-driven

consumption challenged deficit-based narratives suggesting that Gen Z's value-aligned spending reflected financial irresponsibility or ignorance. Instead, the results indicated that financially knowledgeable Gen Z individuals were more confident and capable of allocating resources toward meaningful purposes, suggesting that financial literacy empowered rather than constrained values-based decision-making. This represented a fundamental reconceptualization of financial education's role, positioning it not merely as a tool for accumulation and risk-avoidance, but as an enabler of purposeful living. The mediation analysis was particularly illuminating, demonstrating that financial literacy influenced well-being through two distinct and partially opposing pathways: a positive pathway through purpose-driven consumption that enhanced meaning and satisfaction, and another positive pathway through anxiety reduction that removed psychological barriers to well-being.

The substantial total effect of financial literacy on life satisfaction ($\beta = 0.420$), with over half operating through these indirect pathways, underscored that financial knowledge's benefits extended far beyond direct effects on confidence or competence, fundamentally shaping how Gen Z individuals structured their lives and allocated their resources in ways that maximized both meaning and psychological comfort. The simultaneous positive effect of purpose-driven consumption on both life satisfaction and financial anxiety statistically confirmed the paradox at the heart of this study—meaningful living came with real psychological costs in the form of increased economic worry, yet Gen Z individuals appeared willing to accept this trade-off given the substantial well-being benefits that purpose-driven consumption provided. This suggested a values-based decision-making framework where life satisfaction maximization, rather than anxiety minimization or wealth maximization, served as the primary optimization criterion. The moderation findings provided actionable insights with significant practical implications, demonstrating that structural and institutional supports could fundamentally alter the economics of purposeful living for Gen Z. The fact that flexible work arrangements completely eliminated the negative relationship between value-based spending and financial security at high levels suggested that workplace flexibility—whether through remote work options, flexible hours, or side project allowances—provided Gen Z individuals with opportunities to supplement income, reduce expenses (e.g., commuting costs), or engage in entrepreneurial activities that made purpose-driven consumption financially sustainable.

Conclusion

This study successfully investigated the paradoxical financial behaviors of Generation Z and their pathways to purposeful living, revealing that this generation navigates a complex tension between economic constraints and values-driven consumption in ways that fundamentally challenge traditional financial rationality models. The findings demonstrated that despite experiencing elevated financial anxiety and possessing moderate financial literacy levels, Gen Z individuals consistently prioritized purpose-driven consumption and experiential spending, allocating substantial portions of their income to value-aligned purchases that enhanced life satisfaction even when such behaviors increased financial stress. Financial literacy emerged as a pivotal protective factor that simultaneously reduced financial anxiety and enabled sustainable purpose-driven consumption, operating through dual mediation pathways that collectively accounted for over half of its total effect on life satisfaction.

The study statistically confirmed the central paradox whereby purpose-driven consumption positively predicted both life satisfaction and financial anxiety, indicating that Gen Z consciously accepted psychological costs in the form of economic worry in exchange for the substantial well-being benefits derived from living authentically according to their values. Critically, the moderation analyses revealed that structural supports including flexible work arrangements and access to financial education significantly buffered against the financial security costs of value-based spending, with high levels of workplace flexibility completely eliminating the negative relationship between purposeful consumption and long-term financial stability. These findings collectively suggested that Gen Z's financial behaviors reflected not irresponsibility or ignorance, but rather a sophisticated values-based optimization framework wherein life satisfaction maximization superseded traditional wealth accumulation goals. The study provided robust empirical evidence that supporting Gen Z's financial well-being requires moving beyond deficit-based interventions focused solely on increasing savings and reducing spending, instead embracing holistic approaches that acknowledge the legitimacy of purpose-driven consumption, provide tools for sustainable value-aligned living, and advocate for institutional reforms that enable this generation to achieve both financial stability and meaningful existence without compromising either domain.

Recommendations

Develop Comprehensive Financial Education Programs that Integrate Purpose-Driven Financial Planning:

Financial institutions, educational systems, and employers should design and implement financial literacy programs that move beyond traditional savings-focused curricula to explicitly integrate strategies for sustainable purpose-driven consumption. These programs should teach Gen Z individuals how to create values-based budgets that allocate resources toward meaningful experiences and socially responsible products while maintaining emergency funds and long-term financial security.

Advocate for Workplace Flexibility Policies and Alternative Employment Models: Employers, policymakers, and labor organizations should recognize workplace flexibility as a critical enabler of Gen Z's financial well-being and actively implement policies supporting remote work options, flexible scheduling, compressed work weeks, and sanctioned side project allowances.

Create Institutional Support Systems and Community Resources for Sustainable Purposeful Living:

Universities, community organizations, financial institutions, and mental health services should collaborate to establish integrated support systems that help Gen Z individuals navigate the psychological tension between financial anxiety and purpose-driven consumption.

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