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An Analysis of the Effect of Financial Resource Management on the Financial Well-Being of Generation Z, with Financial Behaviour as a Moderating Variable

Eni Kaharti[1]✉, Dwi Artati [2]
[1,2] *Universitas Putra Bangsa, Indonesia*

Abstract
This study aims to analyse the effects of Financial Resources Management and Financial Behaviour on Financial Well-Being and to examine the moderating role of Financial Behaviour among employed members of Generation Z in the Kebumen region. The study employed a quantitative approach with an explanatory design and a cross-sectional survey method. Data were collected through an online questionnaire distributed from January to June 2026 to 200 respondents selected using purposive sampling. The data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). The measurement model evaluation showed that all constructs satisfied the criteria for convergent validity, discriminant validity, and reliability. The hypothesis testing results indicated that Financial Resources Management had a positive and statistically significant effect on Financial Well-Being, with a path coefficient of 0.142 and a p-value of 0.036. Financial Behaviour also had a positive and statistically significant effect on Financial Well-Being, with a path coefficient of 0.353 and a p-value of less than 0.001. However, the interaction between Financial Behaviour and Financial Resources Management did not have a statistically significant effect on Financial Well-Being, with a coefficient of 0.018 and a p-value of 0.797. The R^2 value of 0.169 indicates that the model explained 16.9% of the variance in Financial Well-Being. These findings confirm that Financial Behaviour functions more strongly as a direct predictor than as a moderating variable.

Keywords: *Financial Behaviour, Financial Resources Management, Financial Well-Being, Generation Z, PLS-SEM.*

✉ Corresponding author:
Email Address: enikaharti.upb@gmail.com

INTRODUCTION

Financial well-being is an important dimension in determining an individual's quality of life. This condition does not merely reflect the amount of income, assets, or wealth an individual possesses, but also encompasses the individual's subjective assessment of their ability to meet current needs, maintain their desired standard of living, and achieve financial freedom in the future. Brüggen et al. (2017) define financial well-being as an individual's perception of their ability to maintain a desired standard of living, both at present and in the future, and to attain financial freedom. Consistent with this view, Netemeyer et al. (2018) explain that financial well-being consists of two main dimensions: low levels of stress related to current financial management and a sense of security regarding future financial conditions. Thus, financial well-being serves as an important indicator for assessing the extent to which individuals have control, security, and satisfaction regarding their financial circumstances.

Financial well-being has become increasingly relevant among Generation Z, particularly those who have entered the workforce and begun assuming independent responsibility for their financial decisions. At this stage, individuals are required to allocate their income to daily necessities, savings, debt repayments, emergency funds, investments, and future needs. At the same time, Generation Z lives in an increasingly digitalised financial environment characterised by the widespread use of digital payments, application-based credit services, investment platforms, e-commerce, and financial information obtained through social media.

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These developments provide convenience in conducting transactions and accessing financial information, but they may also increase the complexity of financial decisions and the risk of poorly planned financial behaviour. Financial literacy is therefore essential because it enables individuals to understand financial information, assess available alternatives, and make informed decisions concerning saving, borrowing, investment, and risk management (Lusardi & Mitchell, 2014). Philippas and Avdoulas (2020) demonstrate that Generation Z faces financial vulnerability when their financial knowledge and capabilities remain inadequate. Choung et al. (2023) also found that the ability to understand and use digital financial services is associated with financial well-being, particularly through financial knowledge and the ability to protect oneself from digital financial risks.

Easy access to financial products and services does not necessarily lead directly to financial well-being. Individuals still require the ability to manage their financial resources systematically and in accordance with their financial goals. In this study, this capability is explained through Financial Resource Management (FRM), which refers to the process through which individuals plan, allocate, utilize, control, and evaluate their financial resources to meet their needs and achieve their financial objectives. Effective financial resource management enables individuals to prioritize expenditures, align their needs with their income, accumulate savings, prepare emergency funds, and anticipate financial risks. Conversely, ineffective financial management may result in an imbalance between income and expenditure, limited preparedness for unexpected needs, and increased financial pressure.

The relationship between financial resource management and financial well-being can be explained through Family Resource Management System Theory. This theory views resource management as a system consisting of input, throughput, and output. Resources possessed by individuals, such as income, knowledge, time, and experience, function as inputs. These resources are subsequently processed through financial planning, goal setting, decision-making, implementation, and evaluation as components of throughput. The process ultimately produces outputs in the form of goal attainment and financial well-being. Sabri et al. (2022) explain that the managerial processes within this framework include planning, implementation, and evaluation in relation to cash management, credit, savings, investment, and other financial decisions. Therefore, financial well-being is determined not only by the amount of resources individuals possess but also by how effectively they manage those resources.

In addition to the ability to manage financial resources, financial behavior plays an important role in shaping financial well-being. Financial behavior refers to the concrete actions individuals undertake when implementing financial decisions, such as preparing a budget, controlling expenditures, paying financial obligations on time, saving regularly, managing debt, and preparing for future needs. Financial behavior demonstrates how financial knowledge, attitudes, values, and goals are applied in everyday life. Gutter and Copur (2011) found that responsible financial behavior is associated with higher levels of financial well-being. Xiao and Porto (2017) also demonstrated that financial behavior constitutes an important mechanism linking financial education to financial satisfaction. Furthermore, the review conducted by Bartholomae and Fox (2021) emphasized that financial behavior in early adulthood plays an important role in the transition toward financial independence and well-being.

The development of financial behavior cannot be separated from the process of financial socialization experienced by individuals, particularly within the family. Gudmunson and Danes (2011) explain that the family is the primary socialization agent that shapes financial knowledge, attitudes, values, and behavior through both explicit and implicit learning processes. Explicit socialization may occur through advice, discussions, the assignment of responsibilities, and children's involvement in financial decision-making. Meanwhile, implicit socialization occurs through observing parents' habits in managing income, expenditures, savings, and debt. Jorgensen and Savla (2010) found that parental influence is associated with

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individuals' financial knowledge, attitudes, and behavior during early adulthood. These experiences may provide a foundation for Generation Z in managing their income and addressing financial demands after entering the workforce.

Although a number of studies have demonstrated that Financial Resource Management and financial behavior contribute to improving financial well-being, the relationship among these three variables requires further explanation. Previous studies have predominantly positioned financial behavior as a direct predictor of financial well-being or as a mediating variable linking financial knowledge, financial socialization, attitudes, and psychological factors to financial well-being. Xiao and Porto (2017), for example, positioned financial behavior as a mediator in the relationship between financial education and financial satisfaction. Sabri et al. (2022) also examined financial behavior as a mediator in the relationship between financial knowledge, locus of control, and financial well-being. In contrast, studies examining whether financial behavior changes the strength of the relationship between financial resource management and financial well-being remain relatively limited.

The positioning of financial behavior as a moderating variable is based on the assumption that the effectiveness of financial resource management in improving financial well-being may depend on the actual financial behavior practiced by individuals. The ability to plan and allocate financial resources is expected to provide greater benefits when accompanied by disciplined financial behavior, such as saving consistently, controlling purchases, paying financial obligations on time, and implementing financial plans. Conversely, financial resource management may not produce optimal financial well-being when individuals fail to translate their financial plans into daily financial behavior. Therefore, moderation analysis is required to determine whether financial behavior strengthens or weakens the effect of Financial Resource Management on financial well-being.

Based on the preceding discussion, this study aims to analyze the effects of Financial Resource Management and financial behavior on the financial well-being of employed Generation Z individuals. This study also examines the role of financial behavior in moderating the effect of Financial Resource Management on financial well-being. The novelty of this study lies in positioning financial behavior not only as a direct predictor of financial well-being but also as a moderating variable that may explain the conditions under which financial resource management has a stronger or weaker effect on financial well-being. The findings are expected to extend the application of Family Resource Management System Theory to Generation Z and provide a foundation for developing financial education programs that not only improve individuals' ability to manage financial resources but also encourage the formation of consistent financial behavior.

LITERATURE REVIEW

Family Resource Management Theory

Family Resource Management Theory views individuals and families as systems that utilise various resources to achieve their goals and well-being. These resources are not limited to income and assets but also include time, knowledge, skills, experience, and decision-making capabilities. The availability of resources does not necessarily lead to well-being unless those resources are managed through appropriate processes of planning, allocation, implementation, monitoring, and evaluation.

In a financial context, this theory explains that an individual's financial condition can be understood through three main components: input, throughput, and output. Input comprises the resources possessed by individuals, such as income, financial knowledge, time, and experience. Throughput refers to the process of managing these resources through goal setting, planning, decision-making, implementation, and evaluation. Meanwhile, output refers to the outcomes generated through the management process, including financial

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security, satisfaction, and well-being. Therefore, financial well-being is not determined solely by the amount of resources available but also by an individual's ability to manage and utilise those resources effectively.

This framework is consistent with the work of Gudmunson and Danes (2011), who explain that the development of financial capability occurs through interactions among individual characteristics, the family environment, and financial socialisation processes. Among young adults, this process is particularly important because previously acquired knowledge, attitudes, and experiences influence how individuals manage financial resources once they begin working and earning their own income. Shim et al. (2009) also explain that financial behaviour constitutes part of the developmental pathway towards well-being and success in adulthood.

In this study, Family Resource Management Theory is used as the theoretical foundation for explaining that Financial Resources Management reflects the process of managing financial resources, while financial well-being represents the intended outcome. Financial behaviour, meanwhile, represents the actual actions that determine whether the financial resource management process is implemented in everyday life.

Financial Socialisation

Financial socialisation is a learning process through which individuals develop financial knowledge, attitudes, values, norms, and behaviours through interactions with socialisation agents. The family, particularly parents, represents the earliest and most influential agent of financial socialisation because individuals first learn about the use of money, saving, spending, and prioritising needs within the family environment.

The financial socialisation process may occur explicitly or implicitly. Explicit socialisation occurs when parents provide advice, discuss financial matters, teach budgeting, or give children responsibility for managing a certain amount of money. Implicit socialisation occurs through observing how parents manage income, make purchases, use credit, save money, and respond to financial difficulties. Through these two processes, individuals develop an understanding of financial actions that are considered appropriate and responsible.

Jorgensen and Savla (2010) found that parental influence is associated with the financial knowledge, attitudes, and behaviour of young adults. Shim et al. (2010) also demonstrated that parents, work experience, and education play important roles in the financial socialisation of first-year university students. More recent evidence indicates that family financial socialisation can improve financial well-being in early adulthood through the development of stronger financial capability (Pak et al., 2024).

Nevertheless, financial socialisation is not examined as a separate variable in this study. Instead, the concept is used to provide a theoretical explanation of the initial process through which financial resource management capabilities and financial behaviour are developed among Generation Z. Financial socialisation experiences within the family are expected to provide an important foundation for individuals in developing saving habits, controlling expenditure, managing debt, and planning for future financial needs.

Financial Resources Management

Financial Resources Management refers to an individual's ability to plan, allocate, utilise, control, and evaluate available financial resources in order to meet financial needs and achieve financial goals. These financial resources may include income, savings, assets, credit, investments, and various financial facilities that can be accessed and utilised by individuals.

Financial resource management begins with goal setting and the identification of available resources. Individuals subsequently determine their priorities, prepare budgets, allocate income, control cash flow, establish emergency funds, and evaluate the consistency between their financial plans and actual implementation. This process helps individuals avoid

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imbalances between income and expenditure and improves their preparedness for unexpected financial needs.

Within the framework of Family Resource Management Theory, the effectiveness of financial management is determined by an individual's ability to transform limited resources into outcomes that are consistent with established goals. Individuals with the same level of income may experience different levels of financial well-being because they possess different capabilities in planning, allocating, and controlling their financial resources. Therefore, Financial Resources Management concerns not only the amount of resources available but also the quality of the management process.

Xiao et al. (2014) demonstrated that financial capability is associated with an individual's level of financial satisfaction. Rahman et al. (2021) also emphasised that the ability to balance income and expenditure, control financial stress, and implement effective financial management represents an important element in improving financial well-being. Among Generation Z, the ability to manage financial resources has become increasingly important because members of this generation are beginning to enter a period of financial independence and are required to make financial decisions independently.

Financial Behaviour

Financial behaviour refers to the actual actions undertaken by individuals in managing their finances. Such behaviour includes preparing budgets, recording expenditures, paying bills on time, controlling purchases, saving, managing credit and debt, investing, and preparing funds for future needs. Thus, financial behaviour demonstrates how financial knowledge, attitudes, capabilities, and goals are applied in everyday financial decisions.

Financial behaviour differs from financial knowledge. Individuals may understand the importance of saving and budgeting but may not necessarily implement such practices consistently. Therefore, financial knowledge and capability can only generate meaningful benefits when they are translated into responsible financial actions. Consistent financial behaviour helps individuals maintain cash flow, reduce consumer debt, accumulate savings, and strengthen their ability to deal with unexpected expenses.

Gutter and Copur (2011) demonstrated that responsible financial behaviour is associated with higher levels of financial well-being. Rahman et al. (2021) found that financial behaviour represents an important factor in explaining the financial well-being of low-income groups. Sabri et al. (2024) also found that financial behaviour has an important influence on the financial well-being of young adults. These findings indicate that everyday financial actions represent an important mechanism that determines an individual's success in achieving financial security and satisfaction.

In this study, financial behaviour has two roles. First, financial behaviour is positioned as an independent variable that directly influences financial well-being. Second, financial behaviour is positioned as a moderating variable that is expected to alter the strength of the effect of Financial Resources Management on financial well-being.

Financial Well-Being

Financial well-being refers to a condition in which individuals perceive themselves as capable of meeting their current financial obligations, maintaining control over their financial management, preparing for risks or unexpected needs, and feeling confident about their future financial security. This concept does not refer solely to objective economic conditions, such as income, wealth, or the value of assets, but also encompasses individuals' subjective evaluations of their financial circumstances.

Brüggen et al. (2017) define financial well-being as individuals' perception of their ability to maintain their desired standard of living, both at present and in the future, and to achieve financial freedom. This definition positions financial well-being as a subjective condition

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influenced by personal factors, financial behaviour, contextual circumstances, and individuals' ability to achieve their financial goals.

Netemeyer et al. (2018) divide financial well-being into two main dimensions. The first dimension is current money management stress, which is associated with concerns about paying financial obligations and meeting essential needs. The second dimension is expected future financial security, which reflects individuals' confidence in their ability to achieve financial goals and maintain their financial condition over the long term. Thus, individuals may have adequate income but may not necessarily experience financial well-being when they face financial pressure, lack control, or feel uncertain about their financial future.

Financial well-being is particularly important for employed members of Generation Z because they are in the initial stages of asset accumulation, income management, and economic independence. Philippas and Avdoulas (2020) demonstrated that financial capability and financial vulnerability represent important issues for Generation Z. Therefore, the ability to manage resources and implement responsible financial behaviour is expected to play an important role in developing the financial well-being of this generation.

The Effect of Financial Resources Management on Financial Well-Being

Family Resource Management Theory explains that the achievement of well-being is influenced by individuals' ability to manage the resources available to them. In a financial context, individuals require not only income or assets but also the ability to plan, allocate, control, and evaluate the utilisation of these resources. Effective management enables individuals to fulfil their current needs without neglecting their future financial goals.

Individuals who are able to prepare budgets and establish priorities are more likely to control expenditure and avoid unnecessary debt. Allocating income to savings and emergency funds also strengthens preparedness for unexpected financial needs. These conditions can reduce financial stress, increase feelings of security, and strengthen individuals' perceptions that they have control over their financial circumstances.

The ability to manage resources also enables individuals to adjust their needs to the limitations of their income. Accordingly, individuals with relatively limited income may still experience financial well-being when they manage their resources effectively. Conversely, substantial financial resources do not necessarily produce financial well-being when they are used without appropriate planning and control.

Xiao et al. (2014) found that financial capability is associated with financial satisfaction. Rahman et al. (2021) also demonstrated that the management of income, expenditure, and financial stress has an important relationship with financial well-being. Based on these theoretical arguments and empirical findings, a higher level of Financial Resources Management is expected to result in a higher level of perceived financial well-being.

H1: Financial Resources Management has a positive effect on the Financial Well-Being of Generation Z.

The Effect of Financial Behaviour on Financial Well-Being

Financial behaviour reflects the actual actions undertaken by individuals in implementing financial decisions. Behaviours such as preparing budgets, limiting expenditure, saving regularly, paying financial obligations on time, and preparing for future needs can improve financial stability and reduce the risk of financial difficulties.

Sound financial behaviour also enables individuals to develop financial reserves and avoid dependence on consumer debt. When individuals are capable of meeting their obligations, accumulating savings, and anticipating future needs, their level of financial stress tends to decrease. They are also more likely to experience a stronger sense of security and control over their financial circumstances.

Gutter and Copur (2011) demonstrated that individuals who practise responsible financial behaviour have higher levels of financial well-being. Sabri et al. (2024) found that

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financial behaviour influences the financial well-being of young adults. Sajid et al. (2024) also demonstrated that financial behaviour serves as an important mechanism linking financial capability to well-being. Based on these findings, better financial behaviour is expected to result in a higher level of perceived financial well-being.

H2: Financial Behaviour has a positive effect on the Financial Well-Being of Generation Z.

The Moderating Role of Financial Behaviour

Financial Resources Management describes an individual's ability to plan and manage financial resources, whereas financial behaviour reflects the actual implementation of financial decisions. This distinction indicates that financial management capabilities may not automatically result in financial well-being unless they are translated into consistent financial actions.

Two individuals may possess relatively similar capabilities in planning and allocating their resources but experience different financial outcomes. Individuals who consistently follow a budget, save, control expenditure, and pay their financial obligations on time are expected to obtain greater benefits from their financial resource management capabilities. Conversely, individuals who possess financial plans but do not implement them consistently may experience difficulties in achieving their financial goals.

Previous studies have more frequently positioned financial behaviour as a mediating variable. Sabri et al. (2022) demonstrated that financial behaviour mediates the relationship between individual factors and financial well-being. Sajid et al. (2024) also found that financial behaviour serves as a mechanism through which financial knowledge and confidence are translated into well-being. These findings suggest that financial capability or resources require behavioural implementation in order to produce better financial outcomes.

This study extends these explanations by positioning financial behaviour as a boundary condition. When the level of financial behaviour is high, the positive effect of Financial Resources Management on financial well-being is expected to become stronger because financial management plans are implemented consistently. Conversely, when financial behaviour is low, financial resource management capabilities may not be fully translated into tangible financial outcomes. Therefore, financial behaviour is expected to strengthen the relationship between financial resource management and financial well-being.

H3: Financial Behaviour strengthens the positive effect of Financial Resources Management on the Financial Well-Being of Generation Z.

RESEARCH METHODOLOGY

This study employed a quantitative approach using an explanatory research design and a cross-sectional survey method. The explanatory design was used to examine the effects of Financial Resources Management and Financial Behaviour on Financial Well-Being, as well as to investigate the moderating role of Financial Behaviour in the relationship between Financial Resources Management and Financial Well-Being. The study was conducted in Kebumen, Central Java, from January to June 2026. The unit of analysis consisted of employed members of Generation Z who independently managed their personal finances.

The data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM). This method was selected because the study involved several latent constructs measured by multiple indicators and simultaneously examined direct and interaction effects. PLS-SEM is also appropriate for research focused on explaining the variance of endogenous constructs and developing the predictive capability of a model. In addition, this method is relatively flexible when applied to data that do not

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strictly satisfy multivariate normality assumptions, as significance testing is conducted using a nonparametric bootstrapping procedure (Hair et al., 2019).

Population and Sample

The population of this study consisted of employed members of Generation Z residing in the Kebumen region. The sampling technique used was purposive sampling, in which respondents were selected based on specific characteristics aligned with the objectives of the study.

The respondent criteria included individuals who: (1) were under 28 years of age at the time of data collection; (2) resided in the Kebumen region; (3) were employed and earned an income; (4) were involved in managing their personal finances; and (5) were willing to participate in the study. Questionnaires that were incomplete or completed by individuals who did not meet the eligibility criteria were excluded from the analysis.

Following the data collection and screening processes, 200 responses met the eligibility criteria and were considered suitable for analysis. Sample size determination in PLS-SEM should consider model complexity, the number of predictors directed towards the endogenous construct, the significance level, statistical power, and the expected magnitude of the path coefficients. These considerations are more appropriate than determining sample size solely through the practical ten-times rule (Kock & Hadaya, 2018).

Data Collection Procedure

The study used primary data obtained through the online distribution of questionnaires to employed members of Generation Z residing in the Kebumen region. Data collection was conducted from January to June 2026. The questionnaire consisted of closed-ended statements that enabled respondents to provide answers based on their financial management circumstances and experiences.

At the beginning of the questionnaire, respondents were presented with screening questions to confirm their eligibility, particularly in relation to age, place of residence, and employment status. Only respondents who met all eligibility criteria were permitted to continue completing the questionnaire. Participation was voluntary, and all collected data were used exclusively for research purposes. Before the analysis was conducted, the data were examined to identify incomplete responses, duplicate submissions, unusual response patterns, and inconsistencies with the respondent eligibility criteria.

Research Instrument

The research instrument was a structured questionnaire consisting of sections on respondent characteristics and construct measurement statements. Each statement was measured using a five-point Likert scale, where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = strongly agree. Financial Resources Management, Financial Behaviour, and Financial Well-Being were treated as reflective constructs because each indicator was viewed as a manifestation of its underlying latent construct.

Financial Resources Management

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Financial Resources Management refers to an individual's ability to plan, allocate, utilise, control, and evaluate financial resources in order to meet financial needs and achieve financial goals. This construct was measured using 10 indicators reflecting individuals' abilities to plan their finances, allocate income, prioritise needs, control expenditure, and evaluate the use of financial resources.

Financial Behaviour

Financial Behaviour refers to the actual actions undertaken by individuals in managing their daily finances. This construct encompasses behaviours related to financial planning, expenditure control, saving, meeting financial obligations, debt management, and preparing for future financial needs. Financial Behaviour was measured using eight indicators. In the research model, Financial Behaviour was positioned as both an independent variable and a moderating variable.

Financial Well-Being

Financial Well-Being refers to individuals' perceptions of their ability to meet current financial needs and obligations, maintain control over their financial circumstances, cope with unexpected expenses, and experience a sense of security regarding their future financial condition. This construct was measured using eight indicators representing financial security, control, the ability to meet financial needs, and individuals' perceptions of the sustainability of their financial circumstances.

The original sources, adaptation procedures, and examples of indicators for each construct should be presented in the variable operationalisation table. Where the original instrument was written in English, the translation and language adaptation procedures should also be explained to ensure semantic equivalence with the source instrument.

Data Analysis Technique

The data were analysed using SmartPLS software through four stages: descriptive analysis, measurement model evaluation, structural model evaluation, and moderation effect testing. The measurement model was evaluated first to ensure that all indicators and constructs satisfied the validity and reliability criteria before the structural relationships were interpreted (Hair et al., 2019).

Measurement Model Evaluation

The measurement model, or outer model, was evaluated to assess indicator reliability, internal consistency, convergent validity, and discriminant validity.

Indicator reliability was assessed based on outer loading values. An indicator was considered to demonstrate satisfactory reliability when its outer loading value was at least 0.708. Indicators with loading values between 0.40 and 0.70 were not automatically removed. Instead, their removal was considered based on its effects on content validity, composite reliability, and Average Variance Extracted (AVE).

The internal consistency of the constructs was assessed using Cronbach's alpha, composite reliability rho_A, and composite reliability rho_C. A construct was considered reliable when these values were at least 0.70. Reliability values above 0.95 required further examination because they could indicate excessive similarity or redundancy among the indicators (Hair et al., 2019).

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Convergent validity was assessed using outer loading and AVE values. A construct was considered to have satisfactory convergent validity when its AVE value was equal to or greater than 0.50. This value indicates that the construct explains at least 50% of the variance in its indicators.

Discriminant validity was assessed using the Heterotrait-Monotrait Ratio of Correlations (HTMT). Discriminant validity was considered satisfactory when the HTMT value between constructs was below 0.90. HTMT was used because it is considered more sensitive in detecting discriminant validity problems in variance-based models than cross-loading examination and the Fornell–Larcker criterion (Henseler et al., 2015).

Structural Model Evaluation

The structural model, or inner model, was evaluated after the measurement model had satisfied the validity and reliability criteria. The first stage involved examining collinearity among predictor constructs using the variance inflation factor (VIF). VIF values were used to ensure that the estimated path coefficients were not affected by excessive collinearity.

The explanatory power of the model for the endogenous construct was assessed using the coefficient of determination, or R^2. The R^2 value indicates the proportion of variance in Financial Well-Being explained by Financial Resources Management, Financial Behaviour, and the interaction between the two constructs. The interpretation of R^2 was conducted by considering the research context and the complexity of the constructs examined.

The relative contribution of each exogenous construct to the endogenous construct was assessed using the effect size, or f^2. An f^2 value of 0.02 indicates a small effect, 0.15 indicates a medium effect, and 0.35 indicates a large effect. A value below 0.02 indicates that the exogenous construct makes almost no substantive contribution to the R^2 value of the endogenous construct.

The direction and strength of the relationships among constructs were assessed based on the path coefficients. A positive coefficient indicates a relationship in the same direction, whereas a negative coefficient indicates an inverse relationship. The significance of the path coefficients was tested using a bootstrapping procedure. Testing was conducted at a 5% significance level, with the criteria of a t-statistic greater than 1.96 and a p-value below 0.05 for a two-tailed test. A hypothesis was considered supported when the direction of the coefficient was consistent with the proposed hypothesis and the result was statistically significant.

The Standardised Root Mean Square Residual (SRMR) value may also be reported as supplementary information regarding the difference between the observed correlation matrix and the model-implied correlation matrix. Nevertheless, the assessment of a PLS-SEM model should not be based solely on a single global fit index. Instead, it should primarily consider the quality of the measurement model, the explanatory power of the model, effect sizes, predictive relevance, and the significance of the path coefficients (Hair et al., 2019).

Moderation Effect Testing

Moderation analysis was conducted to determine whether Financial Behaviour strengthened or weakened the effect of Financial Resources Management on Financial Well-Being. The moderation effect was tested by creating an interaction construct

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between Financial Resources Management and Financial Behaviour, represented as FRM × FB.

The interaction construct was formed using the two-stage approach. In the first stage, the model was estimated without the interaction construct to obtain the latent variable scores for Financial Resources Management and Financial Behaviour. In the second stage, the scores of the two constructs were multiplied to form the FRM × FB interaction construct, which was then included as a predictor of Financial Well-Being. The two-stage approach is recommended for moderation analysis in PLS-SEM because it performs well in estimating interaction coefficients and can be efficiently applied to models containing reflective constructs (Becker et al., 2018).

The moderating role was determined based on the path coefficient from FRM × FB to Financial Well-Being. Financial Behaviour was considered to moderate the relationship when the interaction coefficient had a t-statistic greater than 1.96 and a p-value below 0.05. A positive interaction coefficient indicates that Financial Behaviour strengthens the positive effect of Financial Resources Management on Financial Well-Being. Conversely, a negative interaction coefficient indicates that Financial Behaviour weakens the relationship. When the interaction coefficient is not statistically significant, Financial Behaviour is considered not to have a supported moderating role.

Research Model

The structural model of this study was formulated through three principal relationships: the direct effect of Financial Resources Management on Financial Well-Being, the direct effect of Financial Behaviour on Financial Well-Being, and the effect of the FRM × FB interaction construct on Financial Well-Being. The structural equation of the study is expressed as follows:

$$FWB = \beta_0 + \beta_1 FRM + \beta_2 FB + \beta_3 (FRM \times FB) + \varepsilon$$

Where:

FWB = Financial Well-Being

FRM = Financial Resources Management

FB = Financial Behaviour

FRM × FB = the interaction between Financial Resources Management and Financial Behaviour

β_0 = constant

β_1–β_3 = path coefficients

ε = structural error term

RESULTS AND DISCUSSION

Research Results

Data analysis was conducted using Partial Least Squares Structural Equation Modelling (PLS-SEM). The analysis consisted of two stages. The first stage evaluated the model forming Financial Resources Management, which comprised constructs X, Y, and Z. The second stage evaluated the main model examining the effects of Financial Resources Management and Financial Behaviour on Financial Well-Being, as well as the moderating role of Financial Behaviour.

Evaluation of the Financial Resources Management Model

Measurement Model of Financial Resources Management

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The measurement model was evaluated to assess convergent validity, discriminant validity, and construct reliability. The model forming Financial Resources Management is presented in Figure 1.

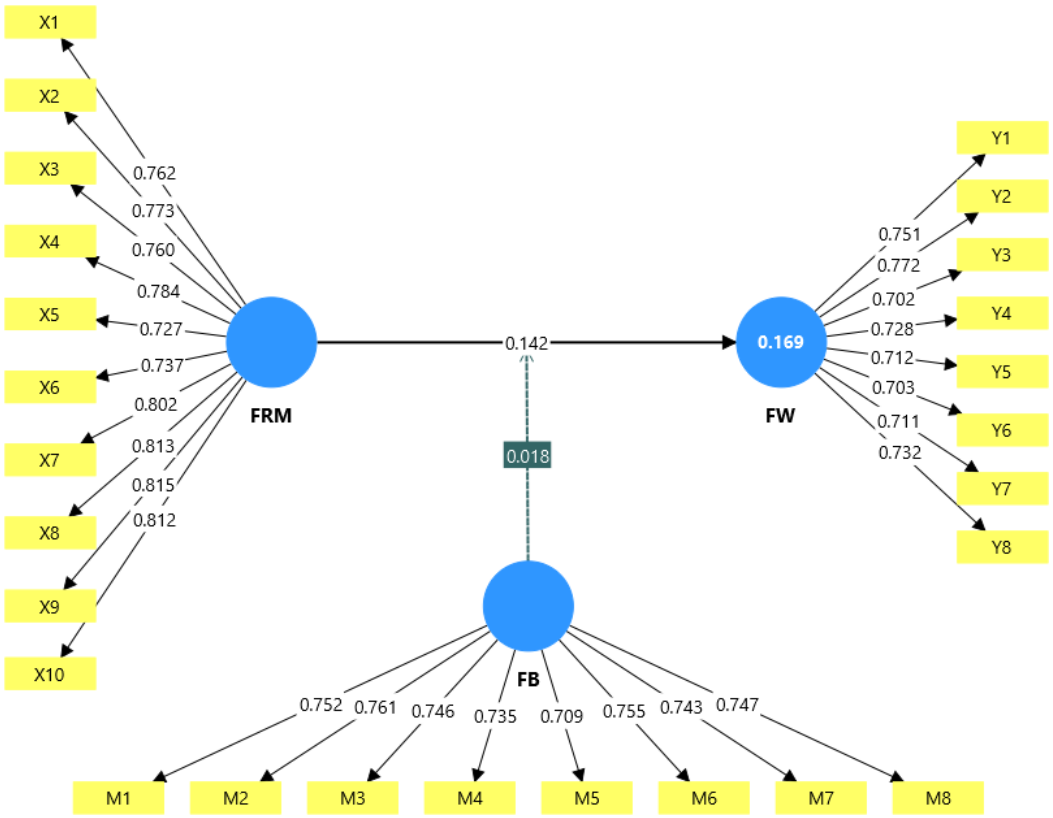

Figure 1. Measurement and Structural Model of Financial Resources Management

Figure 1 illustrates the relationships among constructs X, Y, and Z, together with their outer loading values, path coefficients, and R^2 values. Construct X was measured using indicators X1–X3, construct Y was measured using indicators Y4–Y7, and construct Z was measured using indicators Z8–Z10.

In the final article, the symbols X, Y, and Z should be replaced with the actual names of the dimensions to make the model easier for readers to understand.

Convergent Validity

Convergent validity was evaluated based on outer loading and Average Variance Extracted (AVE) values. An indicator was considered to have satisfactory convergent validity when its outer loading value exceeded 0.70, while a construct was considered to have satisfactory convergent validity when its AVE value exceeded 0.50 (Hair et al., 2019).

Table 1. Convergent Validity of the Financial Resources Management Model

Construct	Indicator	Outer Loading	AVE	Interpretation
X	X1	0.980	0.957	Valid
	X2	0.982		Valid
	X3	0.973		Valid
Y	Y4	0.770	0.641	Valid
	Y5	0.784		Valid
	Y6	0.820		Valid
	Y7	0.828		Valid
Z	Z8	0.994	0.982	Valid
	Z9	0.986		Valid
	Z10	0.994		Valid

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As presented in Table 1, all indicators had outer loading values ranging from 0.770 to 0.994. All values exceeded the threshold of 0.70. The AVE values were 0.957 for construct X, 0.641 for construct Y, and 0.982 for construct Z. All AVE values exceeded 0.50. Therefore, all constructs in the Financial Resources Management model satisfied the convergent validity criteria.

The outer loading values of constructs X and Z were exceptionally high and close to 1.00. These results indicate very strong relationships between the indicators and their respective constructs. Nevertheless, the wording and substantive content of the indicators should be examined to ensure that they are not excessively repetitive.

Discriminant Validity

Discriminant validity indicates the extent to which a construct is empirically distinct from other constructs. It was assessed using the Heterotrait-Monotrait Ratio of Correlations (HTMT). Discriminant validity was considered satisfactory when the HTMT value was below 0.90 (Henseler et al., 2015).

Table 2. Discriminant Validity of the Financial Resources Management Model

Construct Relationship	HTMT Value	Criterion	Interpretation
X–Y	0.755	< 0.90	Satisfactory
X–Z	0.341	< 0.90	Satisfactory
Y–Z	0.841	< 0.90	Satisfactory

All HTMT values were below 0.90. The highest HTMT value was observed for the relationship between Y and Z, at 0.841, while the lowest value was found for the relationship between X and Z, at 0.341. These findings indicate that constructs X, Y, and Z were sufficiently distinct from one another. Therefore, the model satisfied the discriminant validity criteria.

Construct Reliability

Construct reliability was evaluated using Cronbach's alpha, composite reliability rho_A, and composite reliability rho_C. A construct was considered reliable when its reliability value exceeded 0.70.

Table 3. Reliability of the Financial Resources Management Model

Construct	Cronbach's Alpha	rho_A	rho_C	Interpretation
X	0.977	0.978	0.985	Reliable
Y	0.814	0.818	0.877	Reliable
Z	0.991	0.991	0.994	Reliable

All constructs obtained Cronbach's alpha, rho_A, and rho_C values above 0.70. Therefore, the indicators used to measure the constructs demonstrated satisfactory internal consistency.

The reliability values of constructs X and Z exceeded 0.95. Extremely high reliability values may indicate similarity or redundancy among the indicators. Therefore, the content of indicators X1–X3 and Z8–Z10 should be re-examined, even though the constructs were statistically classified as reliable.

Evaluation of the Financial Resources Management Structural Model
Coefficient of Determination

The R^2 value indicates the proportion of variance in an endogenous construct that can be explained by the exogenous constructs in the model.

Table 4. Coefficient of Determination of the Financial Resources Management Model

Endogenous Construct	R-Square	Adjusted R-Square	Interpretation
Y	0.437	0.434	X explains 43.7% of the variance in Y
Z	0.599	0.597	Y explains 59.9% of the variance in Z

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The R^2 value of construct Y was 0.437, indicating that construct X explained 43.7% of the variance in construct Y. The remaining 56.3% was explained by other factors not included in the model.

The R^2 value of construct Z was 0.599, indicating that construct Y explained 59.9% of the variance in construct Z. The remaining 40.1% was explained by other factors outside the model.

Because the model follows the pathway X → Y → Z, construct Z is directly explained by Y. Construct X may indirectly influence Z through Y; however, any conclusion regarding this indirect effect must be based on the results of the specific indirect effect analysis.

Effect Size

The f^2 value was used to assess the relative contribution of an exogenous construct to an endogenous construct. A value of 0.02 indicates a small effect, 0.15 indicates a medium effect, and 0.35 indicates a large effect.

Table 5. Effect Size of the Financial Resources Management Model

Relationship	f^2 Value	Category
X → Y	0.776	Large
Y → Z	1.493	Large

The effect of construct X on Y had an f^2 value of 0.776. Because this value exceeded 0.35, it was categorised as a large effect. This means that construct X made a strong contribution to the model's ability to explain construct Y.

The effect of construct Y on Z had an f^2 value of 1.493. This value was also categorised as a large effect and indicates that the inclusion of construct Y made a very strong contribution to explaining the variance in construct Z.

Path Coefficients

Table 6. Path Coefficient Testing for the Financial Resources Management Model

Relationship	Path Coefficient	Sample Mean	STDEV	t-Statistics	p-Value	Interpretation
X → Y	0.661	0.661	0.059	11.198	< 0.001	Positive and significant
Y → Z	0.774	0.775	0.028	27.867	< 0.001	Positive and significant

The effect of construct X on Y produced a path coefficient of 0.661, a t-statistic of 11.198, and a p-value below 0.001. The positive coefficient indicates that an increase in construct X was associated with an increase in construct Y. Because the t-statistic exceeded 1.96 and the p-value was below 0.05, the effect of X on Y was considered positive and statistically significant. The effect of construct Y on Z produced a path coefficient of 0.774, a t-statistic of 27.867, and a p-value below 0.001. These results demonstrate that construct Y had a positive and statistically significant effect on construct Z.

Evaluation of the Main Measurement Model

The main research model consisted of Financial Resources Management as the independent variable, Financial Behaviour as both an independent and moderating variable, and Financial Well-Being as the dependent variable.

Convergent Validity

Table 7. Convergent Validity of the Main Model

Construct	Indicator	Outer Loading	AVE	Interpretation
Financial Behaviour	M1	0.752	0.553	Valid
	M2	0.761		Valid

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		M3	0.746		Valid
		M4	0.735		Valid
		M5	0.709		Valid
		M6	0.755		Valid
		M7	0.743		Valid
		M8	0.747		Valid
Financial Management	Resources	X1	0.762	0.607	Valid
		X2	0.773		Valid
		X3	0.760		Valid
		X4	0.784		Valid
		X5	0.727		Valid
		X6	0.737		Valid
		X7	0.802		Valid
		X8	0.813		Valid
		X9	0.815		Valid
		X10	0.812		Valid
Financial Well-Being		Y1	0.751	0.528	Valid
		Y2	0.772		Valid
		Y3	0.702		Valid
		Y4	0.728		Valid
		Y5	0.712		Valid
		Y6	0.703		Valid
		Y7	0.711		Valid
		Y8	0.732		Valid
FB × FRM		Interaction	1.000	–	Interaction construct

All indicators had outer loading values above 0.70. The lowest loading was observed for indicator Y3, at 0.702, while the highest loading was observed for indicator X9, at 0.815.

The AVE values were 0.553 for Financial Behaviour, 0.607 for Financial Resources Management, and 0.528 for Financial Well-Being. All values exceeded 0.50, indicating that all constructs satisfied the convergent validity criteria.

The loading value of 1.000 for the FB × FRM construct occurred because the interaction construct was formed using a single interaction score under the two-stage approach. This value should not be interpreted in the same manner as indicator loadings for the main constructs.

Discriminant Validity

Table 8. Discriminant Validity of the Main Model

Construct Relationship	HTMT Value	Criterion	Interpretation
FB–FRM	0.254	< 0.90	Satisfactory
FB–FW	0.411	< 0.90	Satisfactory
FRM–FW	0.235	< 0.90	Satisfactory
FB–FB × FRM	0.045	< 0.90	Satisfactory
FRM–FB × FRM	0.025	< 0.90	Satisfactory
FW–FB × FRM	0.032	< 0.90	Satisfactory

All HTMT values were below 0.90. Therefore, each main construct demonstrated sufficient empirical distinctiveness and satisfied the discriminant validity criteria.

The HTMT values involving the interaction construct are reported as supplementary information. They should be interpreted cautiously because FB × FRM is a derived construct formed by multiplying the scores of the main constructs.

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Construct Reliability

Table 9. Reliability of the Main Model

Construct	Cronbach's Alpha	rho_A	rho_C	Interpretation
Financial Behaviour	0.885	0.891	0.908	Reliable
Financial Resources Management	0.928	0.930	0.939	Reliable
Financial Well-Being	0.877	0.884	0.899	Reliable

All constructs obtained Cronbach's alpha, rho_A, and rho_C values above 0.70 and below 0.95. These results indicate that all constructs had satisfactory internal consistency and showed no indication of excessive indicator redundancy.

Evaluation of the Financial Well-Being Structural Model
Coefficient of Determination

Table 10. Coefficient of Determination for Financial Well-Being

Endogenous Construct	R-Square	Adjusted R-Square	Interpretation
Financial Well-Being	0.169	0.156	Relatively weak explanatory power

The R^2 value of Financial Well-Being was 0.169, indicating that Financial Resources Management, Financial Behaviour, and the FB × FRM interaction construct collectively explained 16.9% of the variance in Financial Well-Being. The remaining 83.1% of the variance was explained by other variables not included in the model.

The adjusted R^2 value was 0.156, indicating that, after accounting for the number of predictors used, the model explained 15.6% of the variance in Financial Well-Being. These results indicate that the model's explanatory power remained relatively limited.

Model Fit Evaluation

Table 11. Model Fit Indices

Index	Saturated Model	Estimated Model	Interpretation
SRMR	0.148	0.148	Does not satisfy the 0.10 threshold
d_ULS	7.639	7.639	Must be compared with HI95
d_G	6.563	6.563	Must be compared with HI95
Chi-Square	4,619.858	4,619.857	Not used as the sole criterion
NFI	0.341	0.341	Relatively low

The SRMR value of 0.148 exceeded the recommended threshold of 0.10. Therefore, the model did not satisfy the model fit criterion based on SRMR. A statement claiming that 0.148 is lower than 0.10 would be mathematically incorrect.

The NFI value of 0.341 was also relatively low because values closer to 1.00 indicate a better level of model fit. Meanwhile, no conclusion can be drawn from the absolute d_ULS and d_G values alone because they must be compared with the HI95 or HI99 values obtained through bootstrapping.

Accordingly, the model cannot be considered to have satisfactory global fit based on its SRMR and NFI values. Nevertheless, in PLS-SEM, model evaluation also considers construct validity and reliability, R^2, f^2, predictive capability, and the statistical significance of the path coefficients.

Effect Size

Table 12. Effect Size of the Main Model

Relationship	f^2 Value	Category
Financial Behaviour → Financial Well-Being	0.141	Small, approaching medium

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Financial Resources Management → Financial Well-Being	0.023	Small
FB × FRM → Financial Well-Being	0.000	No effect

The f^2 value for the effect of Financial Behaviour on Financial Well-Being was 0.141. Because this value remained below 0.15, the effect was categorised as small but approaching a medium effect.

The f^2 value for the effect of Financial Resources Management on Financial Well-Being was 0.023, indicating a small effect.

The f^2 value of the FB × FRM interaction construct was 0.000, indicating that the moderating effect made no substantive contribution to the model's ability to explain Financial Well-Being.

Hypothesis Testing

Table 13. Hypothesis Testing Results

Hypothesis	Relationship	Path Coefficient	Sample Mean	STDEV	t-Statistics	p-Value	Decision
H1	FRM → FW	0.142	0.158	0.068	2.094	0.036	Supported
H2	FB → FW	0.353	0.365	0.060	5.900	< 0.001	Supported
H3	FB × FRM → FW	0.018	0.016	0.072	0.257	0.797	Not supported

Effect of Financial Resources Management on Financial Well-Being

The effect of Financial Resources Management on Financial Well-Being produced a path coefficient of 0.142, a t-statistic of 2.094, and a p-value of 0.036. Because the t-statistic exceeded 1.96 and the p-value was below 0.05, H1 was supported.

The positive path coefficient indicates that the better Generation Z individuals manage their financial resources, the higher the level of financial well-being they experience. Although statistically significant, the path coefficient of 0.142 and f^2 value of 0.023 indicate that the magnitude of this effect was relatively small.

Effect of Financial Behaviour on Financial Well-Being

The effect of Financial Behaviour on Financial Well-Being produced a path coefficient of 0.353, a t-statistic of 5.900, and a p-value below 0.001. Because the t-statistic exceeded 1.96 and the p-value was below 0.05, H2 was supported.

The positive coefficient indicates that better financial behaviour among Generation Z is associated with higher perceived financial well-being. Such behaviour may include saving regularly, controlling expenditure, paying financial obligations on time, and engaging in financial planning.

The path coefficient of Financial Behaviour, at 0.353, was higher than the coefficient of Financial Resources Management, at 0.142. Therefore, Financial Behaviour was the more dominant direct predictor of Financial Well-Being.

Moderating Role of Financial Behaviour

The effect of the FB × FRM interaction on Financial Well-Being produced a path coefficient of 0.018, a t-statistic of 0.257, and a p-value of 0.797. Because the t-statistic was below 1.96 and the p-value exceeded 0.05, H3 was not supported.

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These results indicate that Financial Behaviour was not demonstrated to strengthen or weaken the effect of Financial Resources Management on Financial Well-Being. The extremely small interaction coefficient and f^2 value of 0.000 indicate that the moderating effect contributed almost nothing to the variance in Financial Well-Being.

Although Financial Behaviour did not serve as a moderator, it retained a positive and statistically significant direct effect on Financial Well-Being. Therefore, within this research model, Financial Behaviour is more appropriately understood as a direct predictor than as a moderating variable.

Summary of Research Findings

Table 14. Summary of Hypothesis Decisions

Hypothesis	Statement	Decision
H1	Financial Resources Management has a positive effect on the Financial Well-Being of Generation Z	Supported
H2	Financial Behaviour has a positive effect on the Financial Well-Being of Generation Z	Supported
H3	Financial Behaviour strengthens the positive effect of Financial Resources Management on the Financial Well-Being of Generation Z	Not supported

Overall, the findings indicate that Financial Resources Management and Financial Behaviour had positive and statistically significant effects on Financial Well-Being. Between the two variables, Financial Behaviour had the more dominant effect. However, Financial Behaviour was not demonstrated to moderate the relationship between Financial Resources Management and Financial Well-Being.

The R^2 value of 0.169 indicates that the model's ability to explain Financial Well-Being remained relatively limited. In addition, the SRMR value of 0.148 indicates that the model did not satisfy the global fit criterion. These results suggest that the financial well-being of Generation Z may also be influenced by other factors, such as income level, financial literacy, financial stress, family responsibilities, credit use, self-control, lifestyle, and employment conditions.

The Effect of Financial Resources Management on Financial Well-Being

The results demonstrate that Financial Resources Management has a positive and statistically significant effect on Financial Well-Being, with a path coefficient of 0.142, a t-statistic of 2.094, and a p-value of 0.036. Therefore, the better Generation Z individuals are able to plan, allocate, utilise, control, and evaluate their financial resources, the higher the level of financial well-being they experience.

This finding supports Family Resource Management Theory, which views well-being as an outcome of the process through which available resources are managed. The possession of income and assets does not, in itself, guarantee the achievement of financial well-being. Individuals must still determine priorities, allocate income, control expenditure, and prepare for future needs. Effective management enables individuals to maintain a balance between income and expenditure, reduce financial uncertainty, and improve their ability to cope with unexpected financial needs.

These capabilities are particularly important for employed members of Generation Z because they are in the early stages of financial independence. Their income is beginning to be allocated to personal needs, savings, family support, financial obligations, and long-term financial goals. Shim et al. (2009) explain that financial knowledge, attitudes, behaviour, perceived control, and financial socialisation experiences form part of the pathway towards financial well-being in young adulthood. Philippas and Avdoulas (2020) also demonstrate that

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financial capability plays an important role in reducing financial vulnerability among Generation Z.

The findings are consistent with Rahman et al. (2021), who found that financial management, financial behaviour, financial literacy, and financial stress are associated with financial well-being. Individuals who are better able to manage their income and expenditure tend to experience lower levels of financial stress and higher perceptions of financial well-being.

Although statistically significant, the effect of Financial Resources Management was relatively small, as indicated by an effect size of 0.023. This result suggests that the ability to manage financial resources is an important factor, but it is not sufficient to serve as the primary explanation of financial well-being. Individuals may be capable of developing financial plans and allocating their income, but their perceived well-being may still depend on income adequacy, debt burdens, unexpected expenses, family responsibilities, job security, and financial stress.

Brüggen et al. (2017) position financial well-being as a construct influenced by behaviour, personal characteristics, contextual conditions, and various financial interventions. Netemeyer et al. (2018) also demonstrate that financial well-being encompasses current money management stress and confidence in future financial security. Therefore, effective financial management may not necessarily produce high levels of financial well-being when individuals continue to face limited resources or substantial financial pressure.

In the model forming FRM, the relationships from X to Y and from Y to Z had large coefficients and effect sizes. These findings indicate that the internal components of FRM are strongly related to one another. However, strong internal relationships among the components forming FRM do not automatically result in a large effect on Financial Well-Being. A construct may have a highly consistent internal structure while still possessing limited predictive power in relation to another variable. Therefore, the strength of the model forming FRM should be distinguished from the magnitude of the effect of FRM on financial well-being.

The Effect of Financial Behaviour on Financial Well-Being

The findings show that Financial Behaviour has a positive and statistically significant effect on Financial Well-Being, with a path coefficient of 0.353, a t-statistic of 5.900, and a p-value below 0.001. This coefficient is higher than the effect of Financial Resources Management, which was 0.142. Therefore, Financial Behaviour represents the more dominant direct predictor of the financial well-being of Generation Z.

This finding indicates that financial well-being is determined not only by financial management capabilities or plans, but more importantly by the actions actually implemented in everyday life. Practices such as preparing a budget, controlling purchases, saving regularly, paying financial obligations on time, avoiding consumer debt, and establishing an emergency fund have direct consequences for individuals' financial circumstances. These behaviours help maintain cash flow, build financial reserves, reduce the risk of late payments, and enhance feelings of security in addressing future needs.

The results are consistent with Gutter and Copur (2011), who demonstrated that budgeting, saving, credit card use, and compulsive buying are significantly associated with financial well-being. Responsible financial behaviour is associated with higher levels of well-being, whereas risky credit use and compulsive purchasing are associated with poorer financial conditions.

The findings also support Xiao and Porto (2017), who found that financial behaviour is an important mechanism linking financial education to financial satisfaction. Financial knowledge or education produces more tangible outcomes when translated into consistent financial management actions. Thus, financial benefits depend not only on what individuals know, but also on what they do based on that knowledge.

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Similar findings were reported by Sabri et al. (2024) among young adults in Malaysia. Their study demonstrated that financial behaviour plays an important role in shaping financial well-being and serves as a mechanism linking financial literacy, financial socialisation, self-control, and financial technology use to well-being. These findings reinforce the results of the present study by indicating that, among younger individuals, actual behaviour is closely associated with the development of financial well-being.

The dominant effect of Financial Behaviour is also relevant to the increasingly digitalised financial environment experienced by Generation Z. Access to digital wallets, e-commerce, online credit, digital investments, and various consumer promotions has made financial transactions faster and easier. Although such convenience may improve efficiency, it also requires individuals to control their financial decisions. Choung et al. (2023) found that digital financial literacy is positively associated with financial well-being, particularly through financial knowledge and the ability to protect oneself from risks associated with digital financial services. This finding indicates that financial well-being in a digital environment still requires the appropriate application of financial skills and behaviours.

The effect size of Financial Behaviour was 0.141, which was categorised as small but approaching a medium effect. Although it did not reach the medium-effect threshold of 0.15, it was substantially higher than the effect of FRM, which was 0.023. This difference suggests that everyday financial actions are more closely associated with the experience of financial well-being than general managerial capabilities. Individuals experience the direct consequences of their behaviour through the amount of savings they accumulate, the timely payment of financial obligations, debt control, and preparedness for unexpected expenses.

The Moderating Role of Financial Behaviour

The findings indicate that the interaction between Financial Behaviour and Financial Resources Management did not have a statistically significant effect on Financial Well-Being. The interaction coefficient was only 0.018, with a t-statistic of 0.257, a p-value of 0.797, and an effect size of 0.000. Therefore, Financial Behaviour was not found to strengthen or weaken the effect of Financial Resources Management on Financial Well-Being.

The non-significant moderating effect does not contradict the significant direct effect of Financial Behaviour. These two tests address different questions. A direct effect indicates that changes in Financial Behaviour are associated with changes in Financial Well-Being. In contrast, a moderating effect examines whether the strength of the relationship between FRM and Financial Well-Being changes at different levels of Financial Behaviour. The findings indicate that Financial Behaviour influences well-being through its own pathway but does not change the slope of the relationship between FRM and financial well-being.

These results suggest that Financial Resources Management and Financial Behaviour operate as two relatively independent direct predictors. Individuals with better financial behaviour tend to experience higher financial well-being. However, higher levels of financial behaviour do not make the effect of FRM stronger or weaker. In other words, the benefits of FRM for financial well-being appear to be relatively similar among respondents with both low and high levels of financial behaviour.

This finding differs from the initial hypothesis, which assumed that financial behaviour would strengthen the effectiveness of financial resource management. This difference may be explained by the conceptual position of Financial Behaviour. Previous studies have more frequently positioned financial behaviour as a mediating variable rather than as a moderator. Xiao and Porto (2017) found that financial behaviour transmits the effects of financial education and capability to financial satisfaction. Sabri et al. (2022) also found that financial behaviour mediates the relationship between personal factors and financial well-being among low-income young adults.

The study by Sabri et al. (2024) further supports this explanation by showing that financial behaviour serves as a mechanism through which financial literacy, financial

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socialisation, self-control, and financial technology are translated into well-being. Conceptually, financial behaviour may therefore be more appropriately positioned as a process linking financial management capability to well-being outcomes rather than as a condition that changes the strength of that relationship.

Based on these findings, future research may compare moderation and mediation models. A mediation model could examine whether the ability to manage financial resources encourages the development of better financial behaviour, which subsequently improves Financial Well-Being. Nevertheless, this possibility cannot be concluded from the present findings and should be examined through an indirect-effect analysis in future research.

The non-significant moderating effect may also be related to the characteristics of the sample, which was limited to employed members of Generation Z residing in a single region. Similarities in age, developmental stage, employment status, and social environment may reduce the variation in responses required to detect an interaction effect. This explanation remains tentative and should be examined through respondent characteristic analysis, group comparisons, or studies involving more heterogeneous samples. In PLS-SEM, moderating effects are assessed through interaction constructs and may be influenced by the approach used to form the interaction term and the treatment of latent variable scores (Becker et al., 2018).

The Model's Ability to Explain Financial Well-Being

The R^2 value of Financial Well-Being was 0.169, indicating that FRM, Financial Behaviour, and their interaction collectively explained 16.9% of the variance in financial well-being. The remaining 83.1% was influenced by other factors not included in the model. This value indicates that the model's explanatory power was relatively limited, but it does not mean that the statistically significant relationships were meaningless.

The relatively low R^2 value can be understood because Financial Well-Being is a multidimensional construct. Brüggen et al. (2017) explain that financial well-being is influenced by a combination of behaviour, personal characteristics, contextual factors, and objective financial conditions. Netemeyer et al. (2018) also demonstrate that financial well-being comprises both current money management stress and perceptions of future financial security. Therefore, one or two predictors may not necessarily explain a large proportion of its variance.

Other variables that may be considered in future research include financial literacy, income adequacy, debt burden, financial stress, job security, family responsibilities, self-control, materialism, family financial socialisation, and digital financial literacy. Rahman et al. (2021) emphasise the importance of financial literacy, financial behaviour, and financial stress, while Choung et al. (2023) highlight the role of digital financial capability. Among young adults, family socialisation, education, personal values, and behavioural control also form part of the process through which financial well-being develops (Shim et al., 2009).

The SRMR value of 0.148 indicates that the model did not satisfy the applied model-fit threshold. Therefore, the findings should be interpreted proportionately, and the model should not be described as having satisfactory global fit. Although the direct paths from FRM and Financial Behaviour were statistically significant, the model still requires further development through clearer construct specification, the inclusion of relevant predictors, and testing of its predictive capability. In PLS-SEM, model reporting should jointly consider the quality of the measurement model, path coefficients, R^2, effect sizes, and predictive capability rather than relying on a single statistical measure (Hair et al., 2019).

CONCLUSION

This study concludes that Financial Resources Management and Financial Behaviour have positive and statistically significant effects on the Financial Well-Being of employed Generation Z individuals in the Kebumen region. Better financial planning, resource

allocation, expenditure control, and financial evaluation contribute to higher levels of financial well-being. However, Financial Behaviour has a stronger direct effect than Financial Resources Management, indicating that consistent practices such as budgeting, saving regularly, paying financial obligations on time, controlling consumption, and preparing for future needs are more influential in improving financial well-being. Financial Behaviour was not found to moderate the relationship between Financial Resources Management and Financial Well-Being; therefore, it is more appropriately understood as an independent predictor rather than a moderating variable.

The model explained 16.9% of the variance in Financial Well-Being, while the remaining variance was influenced by factors outside the model. In addition, the SRMR value indicates that the model did not yet demonstrate satisfactory global fit. These findings suggest that financial well-being is a multidimensional condition that may also be affected by income adequacy, financial literacy, financial stress, debt burden, self-control, job security, lifestyle, family responsibilities, and digital financial capability. Consequently, employed members of Generation Z should not only improve their understanding of financial management but also consistently apply responsible financial habits, including preparing monthly budgets, monitoring expenses, establishing emergency funds, limiting consumer debt, and regularly evaluating their financial decisions.

Educational institutions, employers, local governments, and financial institutions are encouraged to develop practical financial literacy and financial wellness programmes that focus on budgeting, debt management, saving, emergency fund preparation, and the responsible use of digital financial services. Future research should examine Financial Behaviour as a mediating variable in the relationship between Financial Resources Management and Financial Well-Being and incorporate additional predictors to improve the model's explanatory power. Future studies should also involve more diverse respondents, use longitudinal designs, and include more comprehensive analyses such as Q^2, PLSpredict, VIF, HTMT confidence intervals, and further evaluation of indicators with exceptionally high loading and reliability values.

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