

Predictors of Life Satisfaction through Financial Anxiety and Financial Optimism among Accounting Students

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Abstract

Objectives: This study aims to examine the effects of financial anxiety and financial optimism on life satisfaction among accounting students. Given the increasing financial pressures faced by university students, understanding the psychological dimensions of financial behavior is essential for improving their overall well-being.

Methodology/Design/Approach: The statistical population comprised undergraduate accounting students, from which 113 participants were selected through a simple random sampling method. Data were collected using standardized questionnaires and analyzed through Pearson correlation and simultaneous linear regression to test the hypothesized relationships.

Findings: The results indicate a significant negative relationship between financial anxiety and life satisfaction and a significant positive relationship between financial optimism and life satisfaction. Furthermore, both financial anxiety and financial optimism jointly and significantly predict students' life satisfaction.

Innovation: This study contributes to the literature by integrating psychological and financial perspectives to explain students' life satisfaction. The findings emphasize the need for educational institutions to incorporate financial management training and psychological counseling into academic programs to promote financial well-being and emotional resilience among students.

Keywords: Financial Anxiety; Financial Optimism; Life Satisfaction; Accounting Students.

1. Introduction

Universities and their counseling centers are increasingly confronted with a growing number of students seeking psychological assistance for anxiety-related problems. This rising trend has prompted researchers to identify the key stressors that adversely affect students' mental health. Among these stressors, financial concerns are particularly salient for students who are responsible for financing their education, as they are more likely to experience emotional difficulties such as anxiety and depression. Undergraduate students, in particular, represent a vulnerable population due to rising tuition costs and limited financial literacy, which can lead to substantial student debt, loan default, and even withdrawal from university. Consequently, financial difficulties frequently serve as a significant source of stress. Financial stress has been defined as a state of pressure or excessive strain arising from financial challenges and constraints (Contreras, 2023; Cadaret & Bennett, 2019).

Extant research indicates that financial stress can impede academic success by negatively affecting students' persistence, academic performance, and graduation rates (Hicks, 2021). Anxiety resulting from various stressors is consistently reported as one of the most prevalent mental health concerns among university students and is frequently cited as a primary reason for seeking counseling services. In recent years, financial stress has emerged as a particularly widespread concern within this population and has been closely linked to adverse physical and psychological health outcomes (Northern, 2007; Tran et al., 2018).

Financial stress is commonly conceptualized as anxiety associated with an individual's current financial condition and is ranked among the top five stressors experienced by students. Prior studies have demonstrated that financial stress is associated with higher levels of anxiety and depression, as well as lower academic achievement. Notably, financial stress contributes uniquely to anxiety variance beyond that explained by academic-related distress, underscoring

its distinct and significant role in students' mental health (Hicks, 2021).

In contrast, financial optimism plays a critical role in shaping individuals' financial behaviors and supporting their overall economic well-being. Financial optimism reflects positive expectations about one's future financial situation and is influenced by factors such as financial literacy. Higher levels of financial literacy can alleviate the negative effects of economic uncertainty, enhance financial decision-making, and improve overall life satisfaction. Financially literate individuals are better equipped to manage future uncertainty through effective saving and investment strategies (Chhatwani & Kumar Mishra, 2021).

Life satisfaction is a multidimensional construct that encompasses satisfaction across various domains of life. Improvements in one domain tend to contribute positively to overall life satisfaction. Accordingly, life satisfaction can be conceptualized as a function of domain-specific satisfactions, including financial satisfaction, job satisfaction, housing satisfaction, and relationship satisfaction. Empirical evidence suggests that job and financial satisfaction are among the strongest predictors of overall life satisfaction. Given that higher income levels and occupational status are often associated with greater job satisfaction, financial satisfaction may exhibit the strongest relationship with life satisfaction (Medgyesi & Zólyomi, 2016). Therefore, financial optimism is expected to be associated with lower levels of financial anxiety and higher levels of life satisfaction. Against this backdrop, the present study aims to examine the effects of financial optimism on financial anxiety and life satisfaction among accounting students.

2. Theoretical Framework

To gain a deeper understanding of the effects of financial pressure on students, prior research has drawn upon Maslow's hierarchy of needs and systems theory. Maslow's hierarchy conceptualizes human needs within a five-level pyramidal framework, in which each level represents a distinct category of

needs that must be sufficiently satisfied before individuals can progress to higher levels. Advancement toward self-actualization—the highest level of the hierarchy, characterized by personal fulfillment, life satisfaction, and the realization of one's full potential—requires the adequate fulfillment or alleviation of deficiencies at lower levels. Accordingly, unmet basic needs, particularly financial security, can obstruct individuals' progression toward self-actualization and overall well-being (Contreras, 2023).

Stress, in its broadest sense, was defined by Hans Selye as “the nonspecific response of the body to any demand placed upon it,” arising when individuals perceive that external demands exceed their coping capacities (Selye, 1974). Within this framework, financial stress can be conceptualized as the intense and multifaceted pressure associated with managing financial obligations in the context of insufficient resources. A conceptual distinction is often made between *financial strain* and *financial stress*: financial strain refers to the objective experience of financial difficulties, whereas financial stress reflects the subjective emotional response to those difficulties. Consequently, financial strain serves as an antecedent to financial stress, while individuals facing fewer financial problems tend to experience lower levels of financial stress (Jaffar et al., 2023). In contemporary societies, financial stress has become increasingly prevalent due to structural factors such as high household debt, inadequate savings, and recurrent economic downturns (Wilmie Vosloo et al., 2014).

Insights from the University of Michigan's Consumer Sentiment Index indicate that pessimistic economic perceptions can outweigh optimistic expectations, leading individuals to delay consumption and investment decisions. This highlights the broader economic and social importance of sustaining financial optimism. Financial optimism is conceptually distinct from general life optimism, as it pertains specifically to expectations regarding one's future financial situation. Financially optimistic individuals tend to assign greater weight to favorable outcomes and

discount unfavorable ones, which facilitates long-term financial planning and motivates adaptive financial behaviors. Financial optimism influences key household decisions related to consumption, saving, and investment, thereby contributing to financial well-being.

Financial literacy plays a critical moderating role in this process by enhancing individuals' capacity to interpret macroeconomic indicators—such as inflation, economic growth, and unemployment—and evaluate their potential future consequences. Moreover, financial literacy can attenuate the negative effects of adverse economic sentiment on financial optimism, particularly during periods of financial crisis (Chhatwani & Kumar Mishra, 2021).

Empirical evidence suggests that exposure to financial stressors—such as student loan debt and the absence of emergency savings—is strongly associated with elevated levels of financial stress among students (Jaffar et al., 2023). Financial anxiety, particularly in economic contexts, has been defined as uncertainty and fluctuating expectations that influence the behavior of economic agents and, when intensified, may contribute to financial instability and crises (Alavitar et al., 1400). Despite its significant implications, financial anxiety among individuals, including students facing economic pressures, remains relatively underexplored in the literature (Naderi Nobandegani & Taghizadeh, 1400). Alongside personal and familial stressors, financial stressors—such as high consumer debt and unexpected expenses—can undermine financial well-being and, in turn, diminish overall life satisfaction.

Financial satisfaction, as a component of subjective well-being, reflects individuals' evaluative judgments regarding their financial condition. Beyond objective income levels, subjective perceptions of financial adequacy play a pivotal role in shaping well-being outcomes. Higher financial satisfaction has been associated with lower levels of stress and depression, greater self-esteem, and an enhanced sense of control over one's life. Consequently, financial satisfaction and financial optimism emerge as key determinants of

overall life satisfaction, with prior research indicating that financial satisfaction—and the optimism it fosters—exhibits one of the strongest associations with life satisfaction (Medgyesi & Zólyomi, 2016). Nevertheless, it is important to acknowledge that excessive or unrealistic optimism may also entail adverse consequences, particularly when it leads to suboptimal financial decision-making.

3. Literature Review

Moza (2014), in the study “Perceived Stress in Undergraduate Students in Greece due to the Economic Crisis,” examined whether undergraduate students in Greece experienced increased stress levels in 2013 compared to 2009 due to the economic crisis. The participants included 223 undergraduate business management students in 2009 and 200 students in 2013. Multiple linear regression analysis was employed, and all necessary validity tests were conducted. The results indicated that female students, older students, and students from low-income families experienced higher stress levels related to both academic and non-academic activities in both years, with particularly acute stress observed in 2013. Additionally, students residing in the local city highlighted the need for policymakers and faculty to implement effective stress management programs to mitigate the negative effects of the economic crisis.

Chhatwani and Kumar Mishra (2021), in their study “Financial Fragility and the Link to Financial Optimism during COVID-19: Does Financial Literacy Matter?” investigated the adverse effects of financial fragility on financial optimism and its long-term consequences. Using nationally representative data from over 2,500 U.S. respondents, the study controlled for predictors such as socioeconomic status and trait optimism. The results revealed a negative relationship between financial fragility and financial optimism, which was particularly pronounced among women. Robustness analyses, including instrumental variable regression and propensity score matching, were employed to address potential endogeneity. These

findings provide insights into strategies for enhancing financial optimism during the COVID-19 pandemic.

Civit (2015), in the study “Resilience and Life Satisfaction in Undergraduate Students: The Role of Social Comparison Orientation,” examined 326 undergraduate students in Turkey using multivariate analysis of covariance (MANCOVA) to assess differences in resilience and life satisfaction between students with low and high social comparison orientation. Results indicated that students with lower social comparison orientation exhibited higher resilience and life satisfaction than those with high social comparison orientation. Moreover, social comparison orientation did not moderate the relationship between resilience and life satisfaction, underscoring its significant role in shaping these outcomes among undergraduates.

Northern (2007), in “Development, Evaluation, and Validation of a New Financial Stress Measure,” explored the adverse health outcomes of financial stress and developed a valid and reliable scale. This scale was administered electronically to 177 undergraduate students, demonstrating sufficient reliability and validity. Further validation, using cardiovascular reactivity to laboratory stressors among 43 students, confirmed its predictive validity for certain cardiovascular responses.

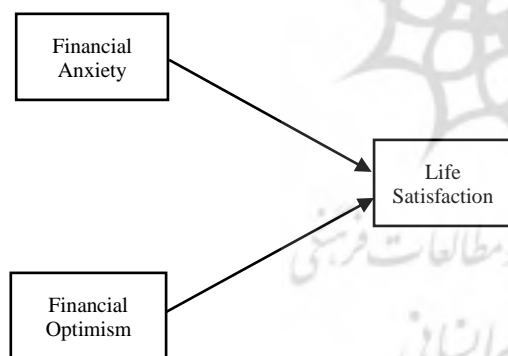
Esai (2018), in “Financial Distress, Anxiety, Depression, and Suicide among American College Students,” investigated the link between financial distress and mental health among 3,598 undergraduate students. Independent variables included financial problems and first-generation college status, with covariates such as age, gender, race, ethnicity, program year, and transfer status. Outcome variables measured anxiety, depression, and suicidal ideation. Linear regression analyses indicated that students experiencing financial problems were at a higher risk of anxiety, depression, and suicidal thoughts.

Overall, previous research demonstrates that financial anxiety and financial optimism are critical psychological constructs for explaining subjective well-being and life satisfaction. While many studies

have examined financial anxiety, the simultaneous inclusion of both financial anxiety and financial optimism in a predictive model of life satisfaction—particularly among students—remains limited. The present study aims to address this gap by investigating how financial anxiety diminishes and how financial optimism enhances students' life satisfaction.

4. Research Methodology

This study aims to examine the relationships among financial anxiety, financial optimism, and life satisfaction. Accordingly, the research employs an exploratory, survey-based, and cross-sectional design. A standardized questionnaire was utilized, comprising scales for financial anxiety, financial optimism, and life satisfaction. The study population consisted of accounting students at the University of Yazd. After collecting the questionnaires and removing incomplete or invalid responses, a total of 113 completed questionnaires were used in this study. Based on the above, the research model is as follows:



5. Research Instruments

The study employs three validated scales to measure financial anxiety, financial optimism, and life satisfaction among students.

Financial Anxiety Scale (FAS): Developed by Archuleta, Dale, and Spann (2013) based on the GAD-7 scale, this seven-item instrument assesses anxiety

related to personal finances. Sample items include “I feel anxious about my financial situation” and “Due to my financial situation, I have difficulty concentrating on my studies/work.” Responses are rated on a seven-point Likert scale (1 = Never to 7 = Always), yielding total scores between 7 and 49. Higher scores indicate greater financial anxiety. Reliability has been reported as excellent, with Cronbach’s alpha of 0.94 (Archuleta et al., 2013; Tran, Lam, & Leg, 2019).

Financial Optimism Scale (FOS): Developed by Puri and Robinson (2007), this two-item scale measures the degree of optimism regarding one’s financial future. Items are rated on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree), with higher scores reflecting greater financial optimism.

Life Satisfaction Scale (LSS): Developed by Diener, Emmons, Larsen, and Griffin, this five-item scale evaluates overall life satisfaction. Respondents use a seven-point Likert scale (1 = Strongly Disagree to 7 = Strongly Agree), with scores ranging from 5 to 35; higher scores indicate higher life satisfaction. The scale has demonstrated strong reliability in prior studies, with Cronbach’s alpha of 0.82 and test-retest reliability of 0.87. In Iranian samples, Bayani, Koochaki, and Goodarzi reported Cronbach’s alpha of 0.83 and test-retest reliability of 0.69. Convergent validity with the Oxford Happiness Questionnaire was 0.71, and divergent validity was -0.59 , both statistically significant.

Together, these scales provide a robust framework for examining the interrelationships between financial anxiety, financial optimism, and life satisfaction in student populations, ensuring both reliability and validity of the measures used.

6. Research Hypotheses

Based on the above, the research hypotheses are defined as follows:

Hypothesis 1: There is a significant relationship between financial anxiety and life satisfaction.

Hypothesis 2: There is a significant relationship between financial optimism and life satisfaction.

Hypothesis 3: Financial anxiety and financial optimism can predict life satisfaction among students.

7. Findings

Table 1 presents the means and standard deviations of the research variables.

Table 1: Means and Standard Deviations of Variables (Financial Optimism, Financial Anxiety, and Life Satisfaction)

St. Deviation	Mean	Variables
1.359	4.159	Financial Optimism
8.513	35.469	Financial Anxiety
3.982	14.106	Life Satisfaction

As shown in Table 1, financial anxiety has the highest mean score (35.469) and standard deviation (8.513), while financial optimism has the lowest mean score (4.159) and standard deviation (1.359).

Table 2 presents the correlation matrix of the research variables.

Table 2: Correlation Matrix of Research Variables (Financial Optimism, Financial Anxiety, and Life Satisfaction)

Life Satisfaction	Financial Anxiety	Financial Optimism	Variables
		1	Financial Optimism
	1	-0.21*	Financial Anxiety
1	**0.40	**0.34	Life Satisfaction

Table 3: Simultaneous Regression Analysis for Predicting Life Satisfaction Based on Research Variables (Financial Optimism and Financial Anxiety)

F. sig	F	R ²	R	Sig	T	Beta	B	Variables
0.000	17.03	0.237	0.486	0/002	3/172	0.270	0.792	Financial Optimism
				0/000	-4.119	-0.351	-0.164	Financial Anxiety

8. Discussion and Conclusion

The findings of this study indicate a significant negative relationship between financial anxiety and students' life satisfaction, suggesting that higher financial anxiety corresponds with lower life satisfaction. This result aligns with prior research

According to the above table, the correlation between life satisfaction and financial optimism ($r = 0.34$) is significant at the 0.01 level, indicating a positive relationship between these two variables. Additionally, the correlation between life satisfaction and financial anxiety ($r = -0.40$) is significant at the 0.05 level, indicating a negative relationship. The correlation between financial optimism and financial anxiety is -0.21 , which is also significant at the 0.05 level and reflects a negative relationship.

Table 3 presents the results of the simultaneous regression analysis for predicting life satisfaction among students.

As shown in Table 3, financial optimism and financial anxiety are capable of predicting life satisfaction. The F-value (17.03) indicates that the research variables can significantly predict life satisfaction, and the R² value shows that 23% of the variance in life satisfaction is explained by financial optimism and financial anxiety.

(Hicks, 2021; Jaffar et al., 2023), highlighting that financial concerns can negatively affect students' mental health, academic engagement, and overall well-being. The psychological impact of financial stress underscores the importance of addressing financial anxiety, as it not only impairs short-term academic

performance, such as concentration and motivation, but also reduces overall life satisfaction.

Additionally, a significant positive relationship was observed between financial optimism and life satisfaction. This finding is consistent with Chhatwani & Kumar Mishra (2021) and Medgyesi & Zólyomi (2016), emphasizing that a positive outlook regarding current and future financial conditions can enhance students' motivation for prudent financial decision-making and improve overall life satisfaction. Financial optimism functions as a psychological resource that mitigates worries about future financial uncertainty and strengthens coping mechanisms, thereby supporting mental well-being.

The simultaneous regression analysis further demonstrated that financial optimism and financial anxiety jointly predict life satisfaction, explaining approximately 23% of its variance. This finding indicates that, alongside financial circumstances, psychological traits—such as optimism and the ability to manage financial stress—play a significant role in students' overall life satisfaction. Although a portion of the variance remains unexplained, suggesting the influence of additional individual, social, and environmental factors, the results emphasize the importance of financial anxiety and optimism as key psychological determinants.

These outcomes are consistent with Maslow's hierarchy of needs, which positions financial security as a fundamental requirement for achieving higher-order needs, such as self-actualization. When financial needs are unmet, individuals may struggle to attain greater life satisfaction, underscoring the relevance of financial management and psychological support in promoting well-being.

In conclusion, the findings suggest that universities and counseling centers should provide both practical financial education and targeted psychological interventions to reduce financial anxiety and enhance financial optimism. Future research could expand predictive models of life satisfaction by incorporating additional environmental, social, and personal factors,

thereby offering a more comprehensive understanding of students' well-being.

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