

**Original Article**

# A Study on Personal Financial Planning Behaviour for Salaried Employees

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**ABSTRACT:** *Financial planning plays an important role in improving the financial stability and future security of individuals. This study aims to analyze the financial planning behaviour and investment decisions of employees. The study mainly focuses on savings habits, budgeting practices, investment preferences, insurance awareness, and long-term financial goals among employees. Primary data was collected from 130 respondents using a structured questionnaire. Statistical tools such as percentage analysis, ANOVA, chi-square, and regression analysis were used for data interpretation. The findings of the study reveal that most respondents maintain monthly budgets, prefer long-term investments, and believe that financial planning helps in managing future expenses and improving financial stability. The study concludes that proper financial planning and financial awareness encourage better saving and investment practices among employees.*

**KEYWORDS:** *Financial Planning, Savings, Investment Decisions, Financial Stability, Employees, Financial Awareness.*

## 1. INTRODUCTION

Financial planning plays an important role in managing income, savings, expenses, and investments effectively. In the present economic situation, employees face various financial challenges such as increasing living expenses, future uncertainties, retirement planning, and emergency financial needs. Therefore, proper financial planning has become essential for maintaining financial stability and improving future financial security.

Investment behaviour refers to the way individuals allocate their savings into different financial products such as provident funds, insurance policies, mutual funds, fixed deposits, and stock market investments. Employee investment decisions are influenced by factors such as income level, financial awareness, savings habits, risk tolerance, and future financial goals. Proper financial planning helps employees manage their income efficiently and make better investment decisions for long-term benefits.

The present study focuses on understanding the financial planning and investment behaviour of employees. The study examines employee awareness regarding budgeting, savings, investment practices, and financial products. It also analyses how financial planning helps employees manage unexpected expenses and improve financial stability. The study findings indicate that many employees regularly maintain savings, allocate a fixed portion of salary for investments, and prefer long-term financial planning for future security.

In today's competitive environment, financial literacy and investment awareness are becoming increasingly important among employees. Effective financial planning not only improves financial well-being but also helps individuals achieve personal and professional financial goals. Therefore, the study highlights the importance of financial planning practices and investment behaviour among employees for achieving long-term financial security.

## 2. NEED OF THE STUDY

- To understand the financial planning behaviour of salaried employees in managing their income and expenses.
- To study the saving and investments patterns followed by employees for future financial security.
- To identify the level of awareness regarding personal financial planning among salaried employees.
- To analyse the factors that influence financial decisions and planning practices of salaried individuals.
- To provide useful insights for improving financial management and achieving their long-term financial stability.

## 3. RESEARCH GAP

Previous studies mainly focused on financial literacy, savings, and investment behaviour separately. Only limited studies have examined the relationship between financial planning, investment decisions, and financial stability among employees. Therefore, the present study focuses on employee financial planning practices, savings behaviour, and investment awareness for achieving long-term financial security.

#### **4. OBJECTIVES OF THE STUDY**

- To examine saving and investment patterns among salaried employees.
- To assess awareness and usage of financial instruments like PF, mutual funds and shares.
- To study the relationship between income level and financial planning behavior.
- To study the role of financial planning in achieving personal financial goals.
- To recommend measures for improving financial behaviour among the salaried employees.

#### **5 . SCOPE OF THE STUDY**

- The study focuses on analyzing the personal financial planning behaviour of salaried employees.
- The research covers important areas such as savings, budgeting, investment, insurance, and retirement planning practices.
- The study examines the factors influencing financial planning decisions among employees.
- The research helps in understanding the level of financial awareness and money management habits of salaried individuals.
- The findings of the study may provide useful insights for improving financial planning practices and financial security among employees.

#### **6. REVIEW OF LITERATURE**

- Bhushan and Medury (2013) stated that financial literacy plays an important role in improving financial planning and investment decisions among employees.
- Lusardi and Mitchell (2014) explained that individuals with better financial knowledge are more likely to make effective savings and investment decisions.
- Agarwal et al. (2009) found that age, income level, and financial awareness influence financial planning behaviour among salaried employees.
- Kumar (2018) identified that salaried employees mostly prefer low-risk investment options such as fixed deposits, provident funds, and insurance policies.
- Sharma and Gupta (2019) stated that proper financial planning improves employee financial stability and future financial security.
- Mishra (2016) explained that financial awareness positively influences savings habits and investment behaviour among working individuals.
- Singh and Yadav (2017) found that regular savings and disciplined investment practices help employees improve financial stability.
- Patel (2020) identified that awareness regarding investment avenues influences employee financial planning and investment preferences.
- OECD (2020) reported that financial education improves savings behaviour and long-term investment practices among individuals.
- Reserve Bank of India (2021) highlighted that financial planning and household savings are important for maintaining economic and financial stability.

#### **7. RESEARCH METHODOLOGY**

##### **7.1. RESEARCH DESIGN**

The present study is descriptive in nature and focuses on the financial planning and investment behaviour of employees. Both primary and secondary data were used for the study. Primary data was collected through a structured questionnaire from 130 respondents using the Simple Random Sampling method. Secondary data was collected from journals, articles, books, and websites related to financial planning and investment behaviour.

The collected data were analyzed using Percentage Analysis, ANOVA, Chi-Square Test, Correlation Analysis, and Regression Analysis for interpretation and findings of the study.

##### **7.2. HYPOTHESIS**

- H1: There is no significant difference between salary level and financial planning decisions among employees.
- H2: There is no significant association between gender and awareness regarding Provident Fund benefits and schemes.
- H3: There is a significant relationship between saving a fixed portion of salary and regularly investing in financial products.
- H4: Financial goals do not significantly influence financial stability among employees.

**7.3. LIMITATIONS**

- The study is limited to 130 respondents only.
- The study is based on the responses collected from employees.
- The findings may vary according to changes in financial behaviour and economic conditions.
- The study is limited to the data collected during the research period only.

**8. DATA ANALYSIS AND INTREPRETATION**

**ANOVA**

ANOVA test is used to identify whether there is any significant difference between salary level and financial planning decisions among employees.

**TABLE 1 Descriptive**

Salary Level	N	Mean	Std.Deviation	95% Confidence Interval For Mean		Mini	Max
				LOWER BOUND	UPPER BOUND		
UP TO 20000	30	4.1042	1.17677	3.78701	4.3302	2.00	5.00
21000-40000	48	3.6923	1.17677	3.3345	4.0502	1.00	5.00
41000-60000	36	4.1042	1.21514	3.6824	4.5171	1.00	5.00
61000-80000	13	4.3077	1.18565	3.6824	4.9311	2.00	5.00
ABOVE 80000	3	4.2500	0.75000	1.8632	6.6368	3.00	5.00
TOTAL	130	4.0000	1.17011	3.8299	4.1701	1.00	5.00

**TABLE 2 Test Of Homogeneity Of Variances**

		LEVENE STATISTIC	DF1	DF2	SIG.
My financial planning decisions depend on my salary level.	Based on Mean	2.750	4	125	.031
	Based on Median	1.240	4	125	.298
	Based on Median and with adjusted df	1.240	4	90.050	.300
	Based on trimmed mean	2.230	4	125	.070

**TABLE 3 Anova**

My Financial Planning Decisions Depend on my Salary Level					
	Sum of Squares	df	Mean Square	F	Sig. <sup>a</sup>
Between Groups	5.848	4	1.462	1.547	.193
Within Groups	118.152	125	.945		
Total	124.000	129			

**RESULT INTERPRETATION**

The significance value obtained from the ANOVA test is 0.193, which is greater than 0.05. Therefore, the null hypothesis is accepted and the alternative hypothesis is rejected. Hence, there is no significant difference between salary level and financial planning decisions among employees.

**CHI-SQUARE TEST**

Chi-Square test is used to identify whether there is any significant association between gender and awareness regarding Provident Fund benefits and schemes

**TABLE 4 Case Processing Summary for Gender and Knowledge About Mutual Funds as an Investment Option**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
GENDER * I have knowledge about mutual funds as an investment option.	130	100.0%	0	0.0%	130	100.0%

**TABLE 5 Statistical Analysis: Chi-Square Tests**

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.936 <sup>a</sup>	12	.451
Likelihood Ratio	10.466	12	.575
Linear-by-Linear Association	.185	1	.667
N of Valid Cases	130		

**RESULT INTREPRETATION**

The significance value obtained from the Chi-Square test is 0.451, which is greater than 0.05. Therefore, the null hypothesis is accepted and the alternative hypothesis is rejected. Hence, there is no significant association between gender and awareness regarding Provident Fund benefits and schemes.

**CORRELATION ANALYSIS**

Correlation analysis is used to identify the relationship between saving a fixed portion of salary and regularly investing in financial products.

**TABLE 6 Correlation Matrix Between Monthly Saving Habits and Investment Behavior**

Correlations			
		I Save Fixed Portion of My Salary Every Month	I Regularly Invest my Savings in Financial Products
I Save Fixed Portion of My Salary Every Month	Pearson Correlation	1	.499
	Sig. (2-tailed)		<.001
	N	130	130
I Regularly Invest my Savings in Financial Products	Pearson Correlation	.499	1
	Sig. (2-tailed)	<.001	
	N	130	130

**TABLE 7 Correlation Between Monthly Salary Savings and Regular Investment in Financial Products**

Correlations			
		I Save Fixed Portion of my Salary Every Month	I Regularly Invest my Savings in Financial Products
I Save Fixed Portion of my Salary Every Month	Pearson Correlation	1	.499
	Sig. (2-tailed)		<.001
	N	130	130
I Regularly Invest my Savings in Financial Products	Pearson Correlation	.499	1
	Sig. (2-tailed)	<.001	
	N	130	130

**RESULT INTERPRETATION**

The significance value obtained from the correlation analysis is less than 0.05 ( $p < 0.001$ ) and the Pearson correlation value is 0.499. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, there is a significant moderate positive relationship between saving a fixed portion of salary and regularly investing in financial products among employees.

**REGRESSION ANALYSIS**

Regression analysis is used to identify the influence of financial goals on financial stability among employees.

**TABLE 8 Regression Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.120 <sup>a</sup>	.014	.007	.95432	.014	1.872	1	128	.174

**TABLE 9 Anova Table for Regression Analysis**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.705	1	1.705	1.872	.174 <sup>b</sup>
	Residual	116.572	128	.911		
	Total	118.277	129			

**TABLE 10 Coefficients**

Model		Unstandardized Coefficients	Standardized Coefficients	<i>beta</i>	<i>t</i>	Sig.	<i>lower bound</i>	<i>Upper bound</i>
1	(Constant)	<i>B</i>	<i>Std.error</i>					
	I set clear financial goals for my future.	3.380	.340		9.953	<.001	2.708	4.052
		.112	.082	.120	1.368	.174	-.050	.275

**RESULT INTERPRETATION**

The significance value obtained from the regression analysis is 0.174, which is greater than 0.05. Therefore, the null hypothesis is accepted and the alternative hypothesis is rejected. Hence, financial goals do not significantly influence financial stability among employees.

**9. FINDINGS OF THE STUDY**

- Majority of the respondents are female employees.
- Most of the respondents belong to the age group below 35 years.
- Employees regularly maintain monthly budgets for managing expenses.
- Many respondents save a fixed portion of their salary for future needs.
- Employees regularly track their savings and investment activities.
- Long-term investment options are preferred by most of the employees.
- Provident Fund schemes are considered important for future financial security.
- Insurance policies are preferred by employees for financial protection and risk management.
- Some employees invest in mutual funds and stock market investments for better returns.
- Financial planning helps employees manage unexpected expenses effectively.
- Financial planning improves financial stability among employees.
- Employees with regular savings habits are more likely to invest in financial products.
- Salary level influences savings and investment decisions among employees.
- Employees show awareness regarding different financial planning and investment practices.
- Proper financial planning helps employees achieve long-term financial security.

**10. SUGGESTIONS**

- Employees should improve their financial planning and savings habits for better future security.
- Proper budgeting practices can help employees manage expenses effectively.
- Employees should increase awareness regarding investment avenues and financial products.
- Organizations can conduct financial awareness programmes and investment guidance sessions for employees.
- Employees should diversify their investments to reduce financial risk and improve returns.
- Regular savings and long-term investment planning can help employees achieve financial stability.
- Employees should develop financial discipline and regularly monitor their savings and investment activities.

## 11. CONCLUSION

The study concludes that financial planning plays an important role in improving the financial stability and investment behaviour of employees. The findings of the study reveal that employees are increasingly aware of savings, budgeting, and investment practices. Most of the respondents regularly maintain monthly budgets, save a fixed portion of their salary, and prefer long-term investment options for future financial security.

The study also identifies that employees show awareness regarding Provident Fund schemes, insurance policies, mutual funds, and stock market investments. Financial planning practices help employees manage unexpected expenses and improve financial discipline. The statistical analysis further reveals that there is a significant relationship between regular savings and investment behaviour among employees.

Therefore, proper financial planning and investment awareness are essential for achieving long-term financial security and financial well-being among employees. The study highlights the importance of developing effective savings habits and investment practices for maintaining future financial stability.

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