



A STUDY ON PERSONAL FINANCIAL PLANNING AMONG EMPLOYEES

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Abstract – In recent years, personal financial planning has gained significant importance as individuals face increasing financial responsibilities and economic uncertainties. This study focuses on examining the level of understanding of personal financial planning among employees and analysing the relationship between financial literacy and their financial planning practices. It also aims to identify the various factors that influence personal financial behaviour among working individuals.

The research adopts a descriptive research design to provide a clear picture of employees' financial awareness and practices. A convenience sampling method was used, and data was collected from 114 respondents. The study is based on both primary and secondary data. Primary data was gathered through a structured questionnaire distributed to employees, while secondary data was obtained from internet sources, existing publications, and scholarly works.

Various statistical tools such as percentage analysis, ANOVA, correlation, chi-square test, and weighted average mean (WAM) were used to analyse the data and interpret the results. The findings of the study are expected to provide insights into employees' financial literacy levels and their impact on financial planning decisions, thereby helping in understanding the need for improved financial education and awareness.

Keywords: Personal Financial Planning, Financial Literacy, Employees, Investment Behaviour, ANOVA, Correlation.

Introduction

Background of the Study

In today's dynamic economic environment, individuals are increasingly required to manage their finances effectively to ensure financial security and stability. Personal financial planning plays a crucial role in helping employees make informed decisions regarding savings, investments, insurance, and retirement planning. With rising living costs, inflation, and changing financial markets, the need for proper financial planning has become more significant than ever. Despite its importance, many employees lack adequate knowledge and

awareness about financial planning, which may lead to poor financial decisions and future financial insecurity.

Financial Literacy and Its Importance

Financial literacy refers to the ability of individuals to understand and effectively use various financial skills, including personal financial management, budgeting, and investing. It is a key factor that influences how individuals plan and manage their finances. Employees with higher financial literacy are more likely to engage in systematic financial planning, make better investment choices, and prepare for future uncertainties. On the other hand, low levels of financial literacy can result in inadequate savings, improper investment decisions, and increased financial stress. Therefore, understanding the level of financial literacy among employees is essential to evaluate their financial planning behaviour.

Purpose and Context of the Study

The purpose of this study is to assess the level of understanding of personal financial planning among employees and to analyse the relationship between financial literacy and their financial planning practices. The study also seeks to identify the key factors that influence financial behaviour among working individuals. In the current context, where financial decisions have long-term implications on individuals' well-being, it becomes essential to examine how employees plan and manage their finances. This study provides valuable insights into employees' financial awareness and highlights the importance of promoting financial literacy to improve overall financial stability.

Need for the study

In the present economic scenario, individuals are exposed to a wide range of financial products and services, making financial decision-making more complex than ever before. Employees, in particular, face increasing financial responsibilities such as managing income, savings, investments, loans, and retirement planning. Despite the growing importance of personal financial planning, many individuals lack sufficient financial literacy, which can lead to poor financial decisions, inadequate savings,

and financial insecurity in the long run. This highlights the need to examine the level of understanding of financial planning among employees.

Furthermore, financial literacy plays a vital role in shaping an individual's financial behaviour and planning practices. Without proper knowledge and awareness, employees may fail to utilize available financial opportunities effectively. Identifying the relationship between financial literacy and financial planning practices helps in understanding how knowledge influences decision-making. Additionally, various personal, social, and economic factors impact financial planning behaviour, making it essential to study these influences in detail. Therefore, this study is necessary to provide insights into employees' financial awareness, identify gaps in financial knowledge, and emphasize the importance of improving financial literacy for better financial stability and future security.

Research Gap

Although several studies have been conducted on personal financial planning and financial literacy, there remains a noticeable gap in understanding how these concepts specifically apply to employees across different working sectors and backgrounds. Many existing studies primarily focus on general populations or specific groups such as students or investors, with limited emphasis on working individuals and their day-to-day financial planning practices.

Furthermore, earlier research often examines financial literacy and financial planning as separate areas, without adequately exploring the relationship between the two. There is also a lack of comprehensive analysis regarding the various factors that influence personal financial planning behaviour among employees, such as income level, educational background, and individual attitudes towards money.

In addition, most studies do not incorporate a combination of statistical tools to provide a detailed and accurate analysis of financial behaviour. This study attempts to bridge these gaps by focusing specifically on employees, analysing the relationship between financial literacy and financial planning practices, and identifying the key factors influencing their financial decisions using multiple analytical tools.

Objectives of the study

The main objective of this study is to analyse the personal financial planning among the employees. The specific objectives of this study are:

1. To assess the level of understanding of personal financial planning among employees.
2. To analyse the relationship between financial literacy and personal financial planning practices of employees.
3. To identify the factors that influence personal financial planning behaviour among working individuals.

Research Methodology

1. Nature of the Study

The present study is descriptive in nature. A descriptive research design is adopted to understand and explain the level of awareness and practices related to personal financial planning among employees. This type of research helps in describing the characteristics, behaviour, and attitudes of the respondents with respect to financial planning and financial literacy. The study focuses on analysing how employees manage their finances and the extent to which financial knowledge influences their financial planning practices.

2. Data Collection Method

The data for this study was collected from both primary and secondary sources. Primary data was gathered through a structured questionnaire distributed to employees. The questionnaire was designed to obtain information about their level of financial awareness, financial planning practices, and factors influencing their financial decisions. Secondary data was collected from various sources such as the internet, existing publications, research articles, journals, and scholarly works. These sources helped in gaining a better understanding of the concept of personal financial planning and provided background information for the study.

3. Scope of the Study

The scope of the study is limited to analysing the level of understanding of personal financial planning among employees. It focuses on examining the relationship between financial literacy and financial planning practices and identifying the factors that influence financial planning behaviour among working individuals. The study is based on responses collected from 114 employees using the convenience sampling method. The findings of the study provide insights into employees' financial awareness and planning behaviour, which may help in promoting better financial management practices.

4. Analytical Framework

To analyse and interpret the collected data, various statistical tools were used in this study. Percentage analysis was applied to understand the distribution of responses among the respondents. Correlation analysis was used to examine the relationship between financial literacy and personal financial planning practices. The Chi-square test was employed to determine the association between different variables. ANOVA was used to identify differences among groups, and the Weighted Average Mean (WAM) method was used to evaluate and rank the factors influencing personal financial planning



behaviour among employees. These analytical tools help in presenting the data in a clear and meaningful manner.

Research Consideration

1. Justification of the Study

The justification for this study lies in the growing importance of personal financial planning in ensuring financial stability and long-term security among employees. In today's complex financial environment, individuals are required to make informed decisions regarding savings, investments, insurance, and retirement planning. However, many employees lack adequate financial knowledge and awareness, which can lead to poor financial choices and increased financial stress. This study is therefore justified as it aims to assess the level of financial literacy among employees and understand how it influences their financial planning behaviour.

Moreover, the study focuses on identifying the key factors that affect personal financial planning practices, which is essential for improving financial decision-making among working individuals. By analysing the relationship between financial literacy and financial planning, the study provides valuable insights that can be useful for policymakers, financial institutions, and educators in promoting financial awareness. Hence, this research is significant as it contributes to bridging the gap between financial knowledge and practical financial behaviour, ultimately supporting better financial well-being among employees.

2. Significance of the Study

This study holds significant importance as it focuses on understanding the level of financial literacy and personal financial planning practices among employees. In an era where financial decisions have a direct impact on individuals' quality of life, assessing financial awareness becomes essential. The study helps in identifying how well employees are equipped to manage their finances and plan for future needs. It also highlights the relationship between financial literacy and financial behaviour, thereby providing insights into the importance of financial education. The findings of the study can be useful for employers, financial institutions, and policymakers in designing programs and initiatives aimed at improving financial literacy and promoting responsible financial planning among employees.

3. Delimitations of the Study

The study is subject to certain delimitations that define its scope and boundaries. It is limited to a sample size of 114 respondents selected through the convenience sampling method, which may not fully represent the entire population of employees. The study primarily relies on the responses collected through a questionnaire, and therefore, the accuracy of the results depends on the honesty and understanding of the respondents. Additionally, the study focuses only on selected aspects of personal financial planning and financial literacy, and does not cover all possible variables influencing financial behaviour. The geographical and time constraints also limit the generalization of the findings.

4. Practical Relevance of the Study

The practical relevance of this study lies in its ability to provide real-world insights into employees' financial behaviour and planning practices. The results of the study can help individuals understand the importance of financial literacy and encourage them to adopt better financial management strategies. Employers can use the findings to introduce financial wellness programs and training sessions for their employees. Financial institutions can also benefit by designing products and services that cater to the needs and knowledge levels of employees. Overall, the study contributes to enhancing financial awareness and supports individuals in making informed financial decisions, thereby improving their financial stability and well-being.

Data Analysis & Interpretation

1. Employees' Understanding of Personal Financial Planning

The analysis indicates that employees generally possess a moderate level of understanding of personal financial planning. A majority of respondents perceive their knowledge as good, reflecting a basic awareness of financial concepts and planning strategies. However, a smaller proportion of respondents reported limited or poor understanding, suggesting the presence of knowledge gaps. This implies that while employees recognize the importance of financial planning, there is still a need to enhance their depth of knowledge to support more effective financial decision-making.

2. Awareness and Accessibility of Financial Information

Employees' awareness of various financial instruments and access to financial information play a crucial role in shaping their financial behaviour. The analysis shows that while employees are aware of the importance of financial planning, many exhibit only a moderate level of familiarity with different financial products. This indicates that access to reliable financial information and guidance may not be sufficient.

3. Financial Planning Practices among Employees

The study highlights that employees actively engage in financial planning activities, with a strong preference towards savings and investments. Regular review of financial plans and consistent saving habits reflect a positive approach towards financial management. However, the reliance on informal sources such as family and personal judgment for investment decisions suggests that professional financial guidance is not widely utilized. This indicates the need to promote informed and strategic financial planning practices among employees.

4. Factors Influencing Financial Planning Behaviour

The findings reveal that multiple factors significantly influence employees' financial planning behaviour. Key determinants such as income level, family responsibilities, financial knowledge, and market conditions play an important role in shaping financial decisions. Among these, income and personal responsibilities emerge as the most influential factors, affecting both saving and investment patterns. Additionally, external influences like market conditions and peer behaviour also contribute to decision-making, highlighting the complex nature of financial planning.

5. Relationship between Financial Literacy and Financial Behaviour

The correlation and statistical analysis demonstrate a significant relationship between financial literacy and financial behaviour among employees. Individuals with higher financial knowledge tend to exhibit greater confidence in selecting financial products and making informed financial decisions. This relationship emphasizes the importance of financial literacy as a key driver of effective financial planning. The results suggest that improving financial knowledge can lead to better financial outcomes, increased confidence, and enhanced overall financial well-being among employees.

Hypotheses

1. Correlation Analysis

H₀ (Null Hypothesis):

There is no significant relationship between financial knowledge and the ability to make better financial decisions.

H₁ (Alternative Hypothesis):

There is a significant relationship between financial knowledge and the ability to make better financial decisions.

Correlations

		My financial knowledge helps me make better financial decisions	I feel confident in selecting suitable financial products.
My financial knowledge helps me make better financial decisions	Pearson Correlation	1	.470**
	Sig. (2-tailed)		.000
	N	114	114
I feel confident in selecting suitable financial products.	Pearson Correlation	.470**	1
	Sig. (2-tailed)	.000	
	N	114	114

** . Correlation is significant at the 0.01 level (2-tailed).

2. Inference:

The correlation coefficient ($r = 0.470$) indicates a moderate positive relationship between financial knowledge and the ability to make better financial decisions. The significance value ($p = 0.000$) is less than 0.01, which clearly shows that the relationship is statistically significant. Therefore, the null hypothesis is

rejected and the alternative hypothesis is accepted. This implies that employees with higher levels of financial knowledge are more likely to make informed and effective financial decisions. It also suggests that improving financial literacy can enhance confidence and decision-making ability, thereby leading to better financial planning practices among employees **ANOVA**

H₀ (Null Hypothesis):

There is no significant difference in awareness of financial instruments among different groups.

H₁ (Alternative Hypothesis):

There is a significant difference in awareness of financial instruments among different groups.

Source	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.305	3	2.768	3.114	.029
Within Groups	81.188	110	.738		
Total	89.493	113			

ANOVA

Inference:

The ANOVA test result shows a significance value of 0.029, which is less than the 0.05 level of significance. This indicates that there is a statistically significant difference in the awareness of financial instruments among the different groups considered in the study. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted. This finding suggests that factors such as demographic characteristics or experience levels may influence the degree of awareness about financial instruments. It highlights the need for targeted financial education programs to address disparities in knowledge among different groups of employees.

Chi-Square Test

H₀ (Null Hypothesis):

There is no significant association between gender and the area of focus in financial planning.

H₁ (Alternative Hypothesis):

There is a significant association between gender and the area of focus in financial planning.

Test Statistics

	Which area do you focus on the most in your financial planning	
	Gender	
Chi-Square	.561 ^a	34.421 ^b
df	1	3
Asymp. Sig.	.000	.000

- a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 57.0.
- b. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 28.5.

Inference:

The Chi-square test result indicates a significance value of 0.000, which is less than the 0.05 threshold. This confirms that there is a statistically significant association between gender and the area of focus in financial planning. Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This implies that male and female employees may differ in their financial priorities, such as savings, investment, insurance, or retirement planning. The result highlights the importance of considering gender-based preferences while designing financial planning strategies and awareness programs.

Findings of the Study

1. The study reveals that a majority of employees possess a moderate level of understanding of personal financial planning, with most respondents rating their knowledge as good, indicating basic awareness but limited depth in financial concepts.
2. Employees show a positive attitude towards financial planning, as a significant proportion agree on its importance; however, awareness of different financial instruments remains comparatively moderate, highlighting a gap between general awareness and practical knowledge.
3. Savings and investments emerge as the primary focus areas in financial planning, with most employees consistently saving a portion of their income, particularly within the 10–20% range, reflecting disciplined but conservative financial behaviour.
4. Investment preferences indicate a tendency towards safer and traditional options such as gold and bank deposits, although mutual funds are also gaining acceptance, suggesting a gradual shift towards diversified investment choices.

5. Financial planning behaviour is significantly influenced by factors such as income level, family responsibilities, and financial knowledge, while external elements like market conditions also play an important role in shaping employees' financial decisions.
6. Statistical analysis confirms that financial literacy has a significant positive impact on financial decision-making and confidence, and that demographic variables such as gender and group differences influence financial awareness and planning behaviour, emphasizing the importance of targeted financial education initiatives.

Recommendations

1. Organizations should implement structured financial literacy programs and workshops to enhance employees' knowledge of financial planning concepts, investment options, and risk management, thereby enabling them to make more informed financial decisions.
2. Financial institutions and employers should provide simplified and accessible information about various financial instruments, as the study indicates a gap between general awareness and detailed understanding among employees.
3. Employees should be encouraged to adopt diversified investment strategies instead of relying heavily on traditional options such as gold and bank deposits, which can help in achieving better long-term financial growth and stability.
4. Employers can introduce financial wellness initiatives, including access to financial advisors or counselling services, to guide employees in planning their savings, investments, and retirement effectively.
5. Special attention should be given to different demographic groups, as variations in financial awareness and behaviour suggest the need for targeted financial education programs based on factors such as experience, income level, and gender.
6. Efforts should be made to promote regular financial planning practices, such as periodic review of financial goals and plans, so that employees can adapt to changing economic conditions and manage challenges like high expenses and market uncertainty more effectively.

Conclusion

The study on personal financial planning among employees highlights the growing importance of financial literacy in shaping effective financial behaviour and decision-making. The findings indicate that while employees possess a basic understanding of financial planning and acknowledge its importance, there remains a noticeable gap in their in-depth knowledge of financial instruments and strategic planning practices. Employees tend to focus primarily on savings and

relatively safer investment options, reflecting a cautious approach towards financial management. At the same time, factors such as income level, family responsibilities, and market conditions significantly influence their financial decisions, emphasizing the multifaceted nature of financial planning behaviour.

The statistical analysis further confirms that financial literacy plays a crucial role in enhancing employees' confidence and ability to make informed financial decisions. Variations observed across different demographic groups also suggest that financial awareness and planning practices are not uniform, thereby highlighting the need for targeted interventions. Overall, the study concludes that improving financial literacy and providing better access to financial information and guidance can significantly strengthen personal financial planning practices among employees. This, in turn, can contribute to greater financial stability, reduced financial stress, and improved long-term well-being for working individuals.

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