A Study on Financial Literacy of IT Employees at Chennai City

A. Nishath Sultana¹, Balaji. V²

¹ Assistant Professor, MEASI Institute of Management
² 1st Year Student, MEASI Institute of Management
DOI: https://doi.org/10.55248/gemipi.5.0624.1501

ABSTRACT:

A successful financial wellness initiative may provide people with the information and support they need to achieve an ideal state of being, the balance of which is unique to every person. This correlational study aimed to examine the financial wellness of the IT employees at Chennai City and the factors that influence it. A survey was administered to 80 employees of the institution. Findings revealed that the employees have a fair level of financial wellness, a moderate level of financial literacy, a very satisfactory level of financial behavior, and a low level of financial stress. The employees were found to be comparably the same in their state of financial wellness regardless of their age, family status, sex, tenure, and job position. Overall, the data implied that what the employees earn was just enough to support their basic needs but not enough to cover for cases of sickness, job loss, or any form of emergency. The employees were comparably the same in terms of their financial literacy, all variables considered. They also demonstrate a comparable financial behavior, except when they were grouped according to age. Results of this study also indicate financial behavior being related to financial literacy. This result implies that being financially literate could improve the employees’ ability to manage their financial resources. Financial literacy was found to be the best predictor of financial wellness.


1. INTRODUCTION

1.1 DEFINITION AND MEANING

According to National Endowment for Financial Education, Financial Literacy define as; The ability to use Knowledge and skills to manage one’s financial resources effectively for lifetime financial Security. Financial Literacy is the ability to understand how money works: how someone makes, manages and invest it, and also expends it.

1.2 STANDARDS KEY CONCEPTS:

- Earning Income:
- Buying goods and services:
- Savings:
- Using Credit
- Protecting and Insuring
- Financial Investing

1.3 SIX TYPES ON HOW PEOPLE VIEW MONEY:

- Frugal
- Pleasure
- Status
- Indifference
- Powerful
• Self-Worth

1.4 CHARACTERISTICS THAT RESEMBLES ATTITUDE ABOUT MONEY:

• Spending Patterns – Habitual spending, Impulsive spending
• Expenses – Fixed expenses, variable expenses
• Needs and wants – domestic and international travel, rising disposable incomes, business travel, and government initiatives to promote tourism.

1.5 BENEFITS OF FINANCIAL LITERACY:

• It enables people to understand and apply knowledge and skills to achieve a lifestyle that is financially balanced, sustainable, ethical and responsible
• Financially literate individuals can make informed decisions about financial products and services, such as loans, credit cards, mortgages, and investments, ensuring they choose options that align with their goals and financial situation.
• Financial literacy encourages saving and investing for the future. Individuals are more likely to build emergency funds, retirement savings, and other investment portfolios, leading to long-term financial security and wealth accumulation.
• With proper financial literacy, individuals can plan for retirement effectively, ensuring they have sufficient savings and investments to maintain their desired lifestyle during retirement years.

1.6 CONCEPTUAL FRAMEWORK

1.7 OBJECTIVES OF THE STUDY

• A Study on Financial Literacy of IT Employees at Chennai City
• To assess and evaluate current levels of financial knowledge among IT employees at Chennai City.
• To educate and provide targeted training to improve financial understanding of IT employees at Chennai City.
• To empower and enable employees to make informed financial decisions of IT employees at Chennai City.
• To mitigate risk and reduce financial vulnerabilities and potential pitfalls of IT employees at Chennai City.
• To enhance Well-being and improve overall financial health and stability of IT employees at Chennai City.

1.8 SCOPE OF THE STUDY

The scope of a study on the financial literacy of employees involves assessing current financial knowledge levels, designing targeted training programs, and implementing interventions tailored to address identified gaps. It includes demographic analysis, selection of assessment tools, development of training content, and determination of delivery methods. The study evaluates the effectiveness of financial literacy initiatives through measurement and evaluation mechanisms, considering legal and ethical considerations. It aims to empower employees with essential financial skills, enhance organizational well-being, and foster a culture of financial responsibility.
2. REVIEW OF LITERATURE

Arena & Zenginb, (2016) Identified high degree of correlation between financial literacy and investment preferences. Investors whose financial literacy level is low they prefer deposits and foreign currency. However, investors who have sound level of financial literacy investors prefer to create a well-balanced portfolio or invest in equities of corporates. Also, the level of basic financial literacy does not change according to gender.

Ciemleja, et al. (2014) has done the practical evaluation of financial literacy and suggests that it is necessary to measure the level of financial literacy among the individuals so as to know how efficient is the education system, to identify the gaps in the level of financial knowledge and for all of such concerns it is important to have a reliable instrument to measure the same. In order to measure the financial literacy level the understanding of various related concepts and components, factors affecting the financial literacy and the evaluation instrument needed for the same should be clear. The researchers also suggested that the measuring the level of financial literacy is necessary for intra country as well as inter countries comparison of the literacy levels.

Lusardi, (2014) states that in order to measure the level of financial literacy the questions should be easy to understand so that they can check the knowledge with regard to the basic fundamental questions necessary for financial decision making. Secondly, the questions should be related to day-to-day general financial decisions rather than specific one which one takes during his life tenure, that is should be relevant to the context. Further, the number of questions should be short and designed in such a manner so as to facilitate the comparison of the level of financial knowledge among the various groups and individuals.

Sabri and Juen (2014) conducted a study on the influence of financial literacy, saving behaviour, and financial management on retirement confidence among women working in the Malaysian public sector. A multistage random sampling technique was applied as the sampling technique to obtain 708 women working in the public sector. Questionnaires were used to collect the data and only 42 were incomplete. This study applied Pearson correlation and multiple regressions to analyze the data. The findings reveal that women with positive financial status, who are financially literate, and practice financial management, are more likely to display high retirement confidence. The study lacks the study period. The sampling procedure needs to be more elaborate. Specific objectives are missing. It would be interesting to find out the determinants of positive financial status that every woman would enjoy.

3. RESEARCH METHODOLOGY

3.1 DESCRIPTIVE RESEARCH DESIGN

The research method used is descriptive research. Descriptive research is concerned with describing the characteristics of a particular individual or group. This study is descriptive in nature where the data is collected through well-structured questionnaire and the information taken from IT employees of Chennai City.

3.2 SAMPLING METHODOLOGY:

A Sampling method is a procedure for selecting sample members from a population. Non – Probability sampling technique was used in the study for selecting the samples.

3.3 RANDOM SAMPLING

Random sampling is a probability sampling technique where every individual in the population has an equal chance of being selected for the sample. This method helps ensure that the sample is representative of the entire population, reducing bias in the results.

3.4 DATA COLLECTION METHOD:

Collections of data include both primary and secondary data. The researcher has collected both of the above data. The data collected for the projects comprises of Primary data: Data from primary sources have been collected by conducting the survey with the help of structured questionnaire. Secondary data: Data from secondary sources have been collected from both published and unpublished records of the company. Secondary data has also been collected through journals, magazines, websites, annual reports, etc.

3.5 DATA COLLECTION INSTRUMENT:

A well-structured questionnaire was used for the data collection process QUESTIONNAIRE: List of a specific or survey questions asked to respondent, and designed to extract specific information.
3.6 PILOT STUDY:

A pilot study is a small-scale preliminary investigation that is conducted before the main study, typically to and refine research methods and procedures. The purpose of a pilot study is to identify any potential problems or issues that may arise during the main study and to make any necessary modifications to the study design. In a pilot study, a small sample size is often used, and the data collected is analyzed to assess the feasibility of the main study.

3.7 RELIABILITY ANALYSIS

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach Alpha</th>
<th>No. of Items</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factors Influence</td>
<td>0.871</td>
<td>40</td>
<td>Good</td>
</tr>
</tbody>
</table>

Inference:

A Cronbach alpha above 0.70 is generally considered good, and the reported value of 0.871 Falls within this range. The high alpha value indicates a strong degree of internal consistency among the 40 items in the measurement instrument.

3.8 HYPOTHESES OF THE STUDY:

H01: There is no significant association between Financial Behaviour of employees and Financial Planning of the Employees.

H02: There is no significant association between Financial Attitude of the employees and Financial Wellbeing of the Employees.

H03: There is no significant difference between Financial Knowledge of the employees and Work Experience of the Employees

H04: There is no significant difference between Financial Attitude of the employees and Gender of the employees

3.9 STATISTICAL TOOLS:

The statistical tools used for the study are:

- Chi square test
- Anova
- Correlation

3.10 LIMITATIONS OF THE STUDY:

- Varying Educational Backgrounds
- Time Constraints
- Complexity of Financial Systems
- Limited Access to Resources
- Language and Cultural Barrier’s
- Low Engagement and Motivation
- Psychological Barrier’

4. DATA ANALYSIS

4.1 CORRELATION

Null Hypothesis(H0): There is a Positive Correlation between Educational Attainment of the employees, and Financial Knowledge

Alternative Hypothesis(H1): There is a Negative Correlation between Educational Attainment of the employees and Financial Knowledge
Educational Attainment of the Employees

<table>
<thead>
<tr>
<th></th>
<th>FK_SUM</th>
<th>FB_SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Attainment of the Employees</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>190</td>
<td>190</td>
</tr>
<tr>
<td>N</td>
<td>85</td>
<td>85</td>
</tr>
</tbody>
</table>

Inference:
The correlation analysis indicates a strong positive correlation between Educational Attainment of the Employees and Financial Knowledge of the Employees \((r=0.143, p <0.001, N= 85)\)

4.1.2 CORRELATION

Null Hypothesis (H0): There is a Positive Correlation between Financial Knowledge of the employees, and Financial Behaviour of the employees

Alternative Hypothesis (H1): There is a Negative Correlation between Financial Knowledge of the employees and Financial Behaviour of the employees

<table>
<thead>
<tr>
<th></th>
<th>FK_SUM</th>
<th>FB_SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>FK_SUM</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>190</td>
<td>190</td>
</tr>
<tr>
<td>N</td>
<td>85</td>
<td>85</td>
</tr>
</tbody>
</table>

Inference:
The correlation analysis indicates a strong positive correlation between Financial Knowledge of the Employees and Financial Behaviour of the Employees \((r=0.668, p <0.001, N= 85)\)

4.2.1 CHI - SQUARE

Null Hypotheses (H0): There is no significant association between Financial Behaviour of employees and Financial Planning of the Employees.

Alternative Hypotheses (H1): There is significant association between Financial Behaviour of employees and Financial Planning of the Employees.

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>FB_SUM</th>
<th>FP_SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>47.706</td>
<td>24.000</td>
</tr>
<tr>
<td>Df</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.000</td>
<td>.090</td>
</tr>
</tbody>
</table>
Inference:
Since P<0.05, null hypothesis is rejected and alternate hypothesis is accepted, hence it states that there is significant association between Financial Behaviour of the employees and Financial Planning of the Employees

4.2.2 CHI – SQUARE

Null Hypotheses (H0): There is no significant association between Financial Attitude of the employees and Financial Wellbeing of the Employees.

Alternative Hypotheses(H1): There is significant association between Financial Attitude of the employees and Financial Wellbeing of the Employees.

<table>
<thead>
<tr>
<th></th>
<th>FA_SUM</th>
<th>FW_SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>42.906³</td>
<td>38.459³</td>
</tr>
<tr>
<td>Df</td>
<td>23</td>
<td>17</td>
</tr>
<tr>
<td>Asymp. Sig.</td>
<td>.007</td>
<td>.002</td>
</tr>
</tbody>
</table>

Inference:
Since P<0.05, null hypothesis is rejected and alternate hypothesis is accepted, hence it states that there is significant association between Financial Attitude of the employees and Financial Wellbeing of the Employees

4.3.1 ONE WAY ANOVA

Null Hypotheses (H0): There is no significant difference between Financial Knowledge of the employees and Work Experience of the Employees

Alternative Hypotheses(H1): There is significant association between Financial Knowledge of the employees and Work Experience of the employees

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>878.815</td>
<td>3</td>
<td>292.938</td>
<td>5.066</td>
<td>.003</td>
</tr>
<tr>
<td>Within Groups</td>
<td>4683.891</td>
<td>81</td>
<td>57.826</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5562.706</td>
<td>84</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Inference:
The provided ANOVA (Analysis of variance) results indicate a statistically significant difference among groups. The F-statistic is 5.066, and the p-value associated with F statistic is less than 0.05(p<0.05), Hence there is a significant association between the Financial Knowledge of employees and Work Experience of employees.

4.3.2 ONE WAY ANOVA

Null Hypotheses (H0): There is no significant difference between Financial Attitude of the employees and Gender of employees

Alternative Hypotheses(H1): There is significant association between Financial Attitude of the employees and Gender of employees

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>197.555</td>
<td>1</td>
<td>197.555</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### 5.1 FINDINGS OF THE STUDY

1. A significant majority (63.5%) either agree (17.6%) or strongly agree (45.9%) that saving money is necessary. A smaller proportion (23.6%) either strongly disagree (16.5%) or disagree (7.1%) with this notion. A notable portion (12.9%) expressed a neutral stance, neither agreeing nor disagreeing. Overall, the data highlights a prevailing sentiment towards the importance of saving money, with a substantial majority acknowledging its necessity for financial stability and security.

2. The data suggests varied levels of trust in financial institutions among employees when it comes to putting their savings in banks. While a notable portion agree (31.8%) or strongly agree (21.2%) with this practice, a significant number neither agree nor disagree (28.2%).

3. The largest group of employees (34.1%) selected "Agree," indicating a positive stance on setting aside money for future savings. Following this, there is a significant portion of employees who strongly agree (22.4%), suggesting a considerable number hold strong positive views towards setting aside money for future savings. Additionally, there are notable percentages of employees who either disagree (9.4%) or strongly disagree (10.6%), indicating dissenting opinions within the sample. A smaller percentage of employees selected "None" (23.5%), indicating a neutral stance or a lack of a clear opinion on setting aside money for future savings.

4. The data suggests a diverse range of attitudes towards budgeting strategies among employees. While a significant portion either agree (37.6%) or strongly agree (21.2%) with the practice of trying to save something and spend the rest, a notable number neither agree nor disagree (27.1%). Conversely, there are employees who disagree (11.8%) or strongly disagree (2.4%) with this budgeting approach. This indicates differing perspectives on the effectiveness and feasibility of this budgeting strategy among employees.

5. The data indicates a range of attitudes towards spending on everyday needs and saving the rest. While a significant portion agree (25.9%) or strongly agree (27.1%) with this approach, there are also employees who either disagree (15.3%) or strongly disagree (11.8%). Additionally, a notable number remain neutral (20.0%), suggesting a varied approach to financial prioritization among employees. Overall, the data suggests a moderate level of inclination towards balancing spending on necessities and saving among the surveyed population.

6. The data suggests a mixed perspective on portfolio diversification for risk management. While a notable portion neither agree nor disagree (29.4%), there are employees who express disagreement, with 9.4% disagreeing and 16.5% strongly disagreeing. Conversely, 44.7% agree or strongly agree with the idea of diversifying portfolios to balance risk. This indicates a moderate level of understanding and acceptance of the risk-reducing benefits of diversification among employees.

7. The data suggests a range of confidence levels in knowing what to do when faced with financial trouble among employees. While a notable portion neither agree nor disagree (20.0%) with this statement, a significant number either agree (29.4%) or strongly agree (23.5%) that they know what to do in financial trouble situations. Conversely, there are employees who disagree (8.2%) or strongly disagree (18.8%) with their ability to navigate financial difficulties. This indicates varying levels of financial literacy and preparedness among employees when encountering financial challenges.

### 5.2 SUGGESTIONS:

- To conduct financial education workshops covering budgeting, saving, investing, and retirement planning.
- To provide access to online resources such as articles, videos, and webinars for self-paced learning.
- To implement financial wellness programs offering personalized guidance and counselling.
- To integrate financial education into onboarding processes for new employees.
- To promote understanding of employee benefits including retirement plans and health insurance options.
- To maintain regular communication channels for financial updates and tips.
- To facilitate peer-to-peer learning opportunities for employees to share experiences and knowledge.
- To offer incentives or rewards for participation in financial literacy programs.
- To evaluate program effectiveness regularly and make adjustments as needed.
To encourage saving and investing through employer-sponsored retirement plans and other incentives.

5.3 CONCLUSION:

The Study was Conducted among Different Investors Covering more than 80 Employees. The data was Collected by means of questionnaire and the data was classified and analyzed carefully by all means. From the analysis it has been found that the comprehensive study on Financial Literacy of Employees among employees, particularly focusing on IT employees, has yielded valuable insights in conclusion, financial wellness is not just a mental state as there are factors that influence it. It is something that needs to be learned and be made part of a person’s way of life. Financial literacy plays a significant role in developing the right financial behavior. This means that a person may have more success in managing his/her financial resources if he/she is financially literate, to begin with. The ability to manage one’s financial resources after he/she has acquired the knowledge of doing it could mean less financial stress and a better financial wellness.

BIBLIOGRAPHY: