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ANALYSING SPENDING HABITS TO UNDERSTAND BEHAVIOURAL ASPECTS OF PERSONAL FINANCE AMONG EMPLOYEES

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Abstract: This study investigates the behavioural aspects of personal finance among employees at Skyjet Technologies, focusing on spending habits, saving behaviour, financial stress, and the influence of job-related factors. Using a structured questionnaire, data were collected from 50 employees through a census sampling method. The study adopted a quantitative approach and employed SPSS software to analyse the data. Statistical tests such as ANOVA, Chi-square, correlation, and regression were conducted to explore relationships between variables such as monthly income, impulse spending, financial satisfaction, and job performance under stress.

The findings revealed no statistically significant association between income levels and frequency of spending beyond income, suggesting that overspending is influenced more by behavioural patterns than income range. A moderate positive correlation was found between financial literacy program attendance and monthly savings, indicating the beneficial role of financial education. Regression analysis showed that job insecurity had a modest negative impact on financial decision-making and job performance, although not statistically significant. The study also observed that many employees lack formal financial education, and a notable percentage engage in impulse purchases.

These insights highlight the importance of introducing structured workplace financial wellness programs, with a focus on building saving habits, reducing financial stress, and enhancing overall well-being. The study recommends further research on a larger and more diverse sample and encourages organizations to promote financial literacy as part of employee development.

Keywords: Personal finance, Employee behaviour, Spending habits, financial stress, Impulse purchases, financial literacy

I.INTRODUCTION

In today's dynamic financial landscape, employees face increasing challenges in managing personal finances effectively. Despite steady incomes, many individuals struggle with overspending, inadequate savings, and financial stress. These challenges are often influenced not only by economic conditions but also by behavioural and psychological factors. Understanding personal financial behaviour particularly spending habits is critical, as it directly impacts an individual's financial well-being, job satisfaction, and overall quality of life. At the organizational level, employers are becoming more aware of the impact of financial stress on employee performance, productivity, and mental health. Yet, there remains a gap in understanding the specific behavioural patterns that drive financial decisions among employees. Moreover, with rising inflation, easy access to credit, and increased consumerism, many working professionals find themselves trapped in cycles of impulsive spending and low savings. Skyjet Technologies, a growing enterprise, offers a unique setting to explore these issues among its employees. By examining the frequency and causes of spending beyond one's income, evaluating the role of financial literacy, and analysing the effects of job insecurity, this study aims to provide a comprehensive view of employee financial behaviour.

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Statement of the Problem:
Many employees experience financial stress due to poor personal finance management. Despite earning regular incomes, overspending, lack of budgeting, and emotional purchases remain common. In workplaces where financial literacy initiatives are absent, employees may experience decreased well-being and productivity.

Objectives:

- To examine the elements affecting employee's financial well-being and spending patterns.
- To investigate how employees' spending patterns are affected by their salary level.
- To evaluate how financial literacy influences saving and financial decision-making.
- To investigate how personality traits affect impulsive spending and sticking to a budget.
- To look into the relationship between financial well-being and employment security and workplace benefits.

Research Questions:

- Do income levels significantly influence spending beyond monthly earnings?
- Does financial literacy positively correlate with saving behaviour?
- How does job insecurity affect financial decisions and stress levels?

Significance of the Study:
The findings can help organizations enhance employee financial well-being through targeted literacy programs and supportive workplace environments. Insights from this study also offer implications for HR policy development and employee assistance programs.

Theoretical Framework:
The study is grounded in the Behavioural Life-Cycle Hypothesis, which explains financial behaviour as a mix of rational planning and impulsive spending due to psychological and social influences.

II.LITERATURE REVIEW

Personal financial behaviour is shaped by a combination of psychological, social, and economic factors. Shefrin and Thaler's Behavioural Life-Cycle Hypothesis explains that individuals often treat current income as more disposable, leading to overspending. Research shows that impulsive spending is rising due to easy access to credit and digital payments (Soman & Cheema, 2002). Financial stress resulting from poor spending habits can negatively impact work performance and well-being (Joo & Grable, 2004). Financial literacy plays a crucial role in promoting better saving and budgeting habits. Studies by Lusardi and Mitchell (2014) and Hilgert et al. (2003) confirm that financially literate individuals are more likely to save and plan effectively. In India, Agarwalla et al. (2015) found low financial literacy among professionals, highlighting the need for workplace education. Job insecurity further complicates financial behaviour, with De Witte (1999) and Sabri & MacDonald (2010) noting that it leads to anxiety and poor financial choices. Financial stress, in turn, affects job performance (Kim & Garman, 2004). Despite these insights, there is limited research in the Indian organizational context, especially on how behavioural aspects like stress and job security influence spending and saving. This study aims to fill that gap by exploring these dynamics among employees.

Research Gap
Although many studies examine personal finance, most focus on students or general populations, with limited research on working professionals in Indian organizations. Key behavioural factors like job insecurity, financial stress, and impulse spending are often overlooked. There's also a lack of evidence on the impact of workplace financial education. This study addresses these gaps by analysing financial behaviour among employees in an Indian corporate setting.

III.RESEARCH METHODOLOGY

Research Design
This study employs a **descriptive research design.**
Sampling Technique.
A **census sampling** technique is used.
Data Collection Method
Instrument: Structured questionnaire
Format: Closed-ended and Likert-scale questions
Mode: Distributed in person and through email with informed consent, ensuring ethical compliance and voluntary participation.

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Data Analysis tools.

specifying tools like

- Chi-square Test
- ANOVA
- Correlation
- Linear Regression

Tools Used

- **Software used:** SPSS
- **Statistical Techniques**: Correlation, Regression, ANOVA, Chi-square

Variables:

Independent Variables: Monthly income, financial literacy attendance, job insecurity.
Dependent Variables: Spending habits, savings rate, financial stress, job performance.

Ethical Considerations:

- Informed Consent was obtained from all participants.
- Confidentiality of the data was maintained, and individual responses were anonymized.
- Voluntary Participation was emphasized, and participants could withdraw at any stage**.**

IV.RESULTS

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.698[a]	16	.405
Likelihood Ratio	13.251	16	.654
Linear-by-Linear Association	2.446	1	.118
N of Valid Cases	50		

a. 22 cells (88.0%) have expected count less than 5.
b. The minimum expected count is .10.

Chi-Square Value: 16.698

The Chi-Square test examines whether there's a statistically significant association between employees' income levels and how often they spend beyond their monthly income. The p-value of **0.405** is considerably higher than the conventional significance level of **0.05**, which indicates that the relationship is **not statistically significant**.
In simpler terms, **employees across different income brackets at Skyjet Technologies do not significantly differ** in their tendency to spend beyond their income. Even those with higher income levels may be just as likely to overspend as those with lower income levels. This may highlight that overspending behaviour is driven more by personal habits or financial discipline rather than income level alone.'

Correlation Analysis:

		Financial literacy program	Income saved
Financial literacy program	Pearson Correlation	1	.433**
	Sig. (2-tailed)		.002
	N	50	50
Income saved	Pearson Correlation	.433**	1
	Sig. (2-tailed)	.002	
	N	50	50

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

Pearson Correlation Coefficient (r): 0.433
The Pearson correlation coefficient of **0.433** indicates a **moderate positive relationship** between attending financial literacy programs and saving behaviour. The p-value of **0.002** is less than 0.01, indicating this correlation is **statistically significant at the 1% level**.

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This means that employees who have participated in financial literacy programs tend to save a **greater portion of their income**. This finding supports the importance of financial education in promoting better saving habits among employees. It can serve as a strong argument for organizations like Skyjet Technologies to offer or promote financial literacy programs as a tool for improving employees' financial well-being.

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.134	4	1.534	1.322	.276
Within Groups	52.186	45	1.160		
Total	58.320	49			

Dependent Variable: Frequency of Impulse Purchases
Independent Grouping Variable: (assumed to be income or behavioural segmentation)

- **F-statistic**: 1.322
- **p-value**: 0.276

The ANOVA test is used to determine whether there are statistically significant differences in **impulse buying behaviour** among different groups (e.g., income levels or job roles). Here, the p-value is **0.276**, which is above the 0.05 threshold, indicating that the differences between groups are **not statistically significant**.

In essence, regardless of the grouping (perhaps by income, department, or another category), employees show **similar levels of impulse purchasing behaviour**. This could suggest that impulsive financial habits are widespread and not confined to specific demographics within the company. Targeted interventions like awareness programs may be needed across all employee groups

Regression Analysis:
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.251[a]	.063	.043	1.2174

a. Predictors: (Constant), job insecurity affect on financial decisions

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.776	1	4.776	3.222	.079[b]
	Residual	71.144	48	1.482		
	Total	75.920	49			

a. Dependent Variable: financial stress impact on job performance
Predictors: (Constant), job insecurity affect on financial decisions

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.123	.627		6.571	.000
	Job insecurity affect on financial decisions	-.326	.182	-.251	-1.795	.079

a. Dependent Variable: financial stress impact on job performance

Job insecurity had a moderate negative influence on financial stress and job performance

- **Regression Coefficient (B)**: -0.326
- **p-value for B**: 0.079

This regression model evaluates whether **job insecurity** has a predictive impact on how financial stress affects an employee's **job performance**.
The R^2 value of **0.063** implies that only **6.3%** of the variability in job performance under financial stress can be explained by job insecurity, which is relatively low. The **p-value of 0.079** suggests the result is **not statistically significant** at the 0.05 level, although it is close to the threshold, indicating a **potential trend**.

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The negative coefficient (B = -0.326) means that as **job insecurity increases**, job performance under financial stress tends to **decline**. Though this is not statistically significant, the result could still be **practically meaningful**, warranting further exploration or a larger sample size to verify the trend.

V.FINDINGS

- A considerable number of employees (34%) sometimes spend beyond their monthly income.
- Financial literacy is significantly associated with higher saving rates.
- Job insecurity moderately contributes to financial stress, indirectly affecting job performance.

Comparison with Previous Studies:
Consistent with Lusardi & Mitchell (2014), financial literacy was positively related to savings. The relationship between job insecurity and financial behaviour aligns with findings by Sabri & MacDonald (2010).

Theoretical/Practical Implications:
Organizations should institutionalize financial literacy training and foster job security to enhance financial discipline among employees.

VI.RECOMMENDATIONS

- **Implement Workplace Financial Literacy Programs:** Organizations should conduct regular workshops and training sessions to enhance employees' understanding of budgeting, saving, and financial planning.
- **Promote a Culture of Saving:** Employers can encourage savings by introducing initiatives such as payroll saving schemes, goal-based savings plans, or financial incentives for consistent saving behaviour.
- **Address Job Insecurity Through Transparent Communication:** Reducing uncertainty in the workplace through clear communication about job roles, expectations, and organizational stability can help lower financial stress.
- **Offer Access to Financial Counselling:** Providing employees with access to certified financial advisors or helplines can support those facing financial difficulties or decision-making challenges.
- **Include Financial Well-being in Employee Wellness Programs:** Integrating personal finance education into existing wellness programs ensures a holistic approach to employee well-being.
- **Encourage Peer Learning and Success Stories:** Sharing real-life financial success stories or tips from colleagues or alumni can motivate employees to adopt better financial habits.

VII.LIMITATIONS

- Sample Size: The study was conducted with a relatively small sample (n = 50), which may limit the generalizability of the findings.
- Single Organization: All data were collected from employees at Skyjet Technologies, making the results specific to one organizational context.
- Self-Reported Data: The responses are based on self-reported data, which may be subject to social desirability or recall bias.
- Cross-Sectional Design: The study captures a snapshot in time and does not account for changes in financial behaviour over time.
- Limited Qualitative Insight: The study focuses on quantitative analysis; qualitative factors such as emotions, beliefs, and cultural influences were not deeply explored.

VIII.FUTURE RESEARCH DIRECTIONS

Extend to multiple organizations and larger samples
Include qualitative interviews to explore emotional aspects of financial stress
Analyse gender and age-related differences

IX.CONCLUSION

This study examined the behavioural aspects of personal finance among employees, with a focus on spending habits, financial literacy, and job-related stress. The findings revealed that many employees occasionally spend beyond their income, and financial literacy is positively linked to better saving habits.

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Although job insecurity was found to moderately impact financial stress and decision-making, its effect on job performance was not statistically significant. The results highlight the importance of financial education and stable work environments in promoting responsible financial behaviour. Organizations can benefit from integrating financial wellness programs into their employee support systems to enhance overall productivity and well-being. Future research with broader samples and mixed methods could offer a deeper understanding of personal finance behaviour in varied workplace settings.

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