

# A Study on Financial Literacy and Investment Behaviour of Corporate Employees in Belagavi City

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**Abstract-** This study titled "A Study on Financial Literacy and Investment Behaviour of Corporate Employees" investigates the financial knowledge and investment patterns of corporate employees in Belagavi city. Financial literacy is essential in guiding informed financial decision-making, influencing savings habits, risk preferences, and long-term financial security. The research employs a descriptive design using stratified random sampling, collecting both primary data through structured questionnaires and secondary data from financial literature. Data analysis using SPSS and Excel reveals that while most employees exhibit moderate financial literacy, there is limited engagement in advanced investment strategies. Preferred investment avenues include low-to-moderate-risk options like fixed deposits, mutual funds, and gold, whereas high-risk instruments like equities remain underutilized. Challenges identified include limited financial advisory services, high expenses, time constraints, and fear of fraud. The study concludes that enhancing financial education, promoting investment diversification, and integrating digital financial tools can significantly improve the financial behaviour and well-being of corporate employees. These measures not only benefit individuals but also contribute to the broader economic resilience of the corporate sector.

## I. INTRODUCTION

Financial literacy is a crucial skill that enables individuals to make informed and effective financial decisions, significantly impacting their financial well-being. In the corporate sector, it plays a vital role in shaping employees' investment decisions, savings behaviours, and long-term financial security. As employees increasingly manage their own financial affairs including retirement planning, wealth management, and investment choices a lack of financial knowledge often results in poor financial decisions, affecting both personal financial stability and broader economic productivity. Financially literate employees are better equipped to optimize their wealth, secure their future, and make sound investment choices through a deeper understanding

of financial markets, investment instruments, risk assessment, and economic trends.

Behavioural investment, an interdisciplinary field combining psychology and economics, provides insights into how cognitive biases, emotions, and psychological factors influence financial decision-making. Employees may exhibit behaviours such as overconfidence, loss aversion, herd mentality, and other biases that can lead to suboptimal investment decisions. Understanding these behavioural patterns is essential for developing effective financial education programs that enhance decision-making capabilities. Companies can support this by offering targeted financial literacy initiatives, investment advisory services, and retirement planning workshops. By addressing financial knowledge gaps and promoting healthier financial behaviours, corporate employees can achieve greater financial security, contributing to both individual prosperity and overall economic stability.

## II. REVIEW OF LITERATURE

1. Prof. (CMA) Brijesh K. Jaiswal, Bhavana Jaiswal (2024) Financial literacy and the ability to use that knowledge and skills are essential for making appropriate financial decisions. Financial literacy helps individuals in assessing the risk and return of various financial products and services which results in the selection of suitable investments. The purpose of this study is to examine research on financial literacy and its impact on making investment decisions among salaried individuals. The period covered by the study is 2010-2023. They understand the various resources in the market.

2. Jhansi Rani M R (2024) Financial literacy is the knowledge and skills required to manage the financial resources effectively. Financially literate individual will have the knowledge, skills, and resources they need to make confident financial

decisions, manage personal money efficiently, and improve their financial competence. Bangalore is the driving force of software industry; The city boasts a GDP of \$110 billion. The city's GDP makes up over 87% of Karnataka's total GDP. The Bangalore IT hub contributes the most (34% to 40%) of the total IT exports of India.

3. Yashasvi S, J Sai Vignesh, Kedar Kulkarni (2019) Financial literacy and saving pattern of women in Bangalore: According to the study, a sample of 101 respondents stated that “Women are the driving force of the family, but in Bangalore the city is getting developed in all the fields but women are left behind, their financial knowledge has to be revived to meet and cater to the technology innovations in the financial environment of fast-moving world.

4. Ashwin Cletus (2024) – savings and investment of IT employees in Bangalore Karnataka the study shows that among the sample collected majority (50.5%) prefer bank deposits and (17.5%) prefer gold and the rest invest in real estate, insurance policies, post offices etc. There are 1.5 million employees working in IT and IT enabled services, and the savings among them are very poor and investment patterns are very limited, it has to start domestic saving and they need help with financial and investment decisions which leads to economic growth and development which securing their future.

5. Mahabub Basha S, M. Kethan, T. Jaggaiah, Mohammed Khizerulla (2022) Financial literacy and investment behaviour of IT professionals in India: Most of the IT professionals has very low level of savings and they have also focused more bank deposits and insurance policies. In the sample of 100 respondents, while a few prefer medium term investment with moderate risk with high return but majority of them are satisfied with their current returns and expect a hike or increase in the present return.

6. Dr Paheli Nigam, Dr Neetu Kumari (2023) Impact of financial literacy on positive investment behaviour of employed youth in Bangalore. Financial literacy is not the only problem people are facing; economic crisis has motivated economic tendency and making financial decisions with the projection of the future. Many responsibilities are shifting from the government to individual and family budgets. Individual's financial literacy influences their capacity and make educated decisions and assesses their own financial security, which is important for families with low income who may lose a lot of money as a result of poor financial decisions.

7. G. Santoshi, Dr V Sudha (2023) – Investment pattern of IT employees towards select Investment avenues with respect to Hyderabad city. The study says that the respondents give more preference to the Equity investments, Insurance, Mutual funds, Provident fund & Gold as investment avenues, followed by Real estate, Term deposits, Postal savings products and Government bonds as the least preferred investment avenues. Most of the employee's invest on a monthly, semi-annually and annually. Finally, among the nine investment avenues, a greater percentage of the employees' pattern of investments are shares, SIPs, term insurance, fixed deposits, provident fund, treasury bills, residential property & jewellery and employees review these investments on monthly basis.

8. Dr. S.P. Dhandayuthapani, Vinothkumar. N (2020): Financial literacy levels among IT employees. The concept of financial literacy is related to basic skills that enables individuals to recognize the basic financial concepts and advanced knowledge about financial instruments and decisions they will make in short and long term to be right and in time. Financial education and financial literacy education are phenomena concerning entire society and having important effect on economic developed level and development of countries. Nowadays, reaching information becomes quite easy in terms of opportunities offered by the internet and other information technologies.

9. Puneet Bhushan (2014) An individual's financial literacy refers to the level of understanding they have about financial matters, which enables them to make informed financial decisions and manage their personal finance. It is difficult for a common man to understand the risk associated with the new financial products. A minimum level of financial knowledge is required to understand risk and return associated with these products. Financially literate individuals can avail products that are best for them. The Results showed that respondents with high financial literacy had more knowledge about all financial products except post office savings.

10. Sharanya S “A study of Financial Literacy & Investment Behaviour in IT sector” (2023) Financial literacy is the ability to make wise financial decisions by having a thorough understanding of financial concepts. Developing financial literacy is achieved through financial education. India's IT sector contributes to the country's GDP. Financial investments are important for accelerating the economic growth and enriching India. By

understanding of savings and investments of IT employees is goal of this particular study. IT employees have alternative perspective to invest in the specific possibilities and they spent their savings in a safer manner and in the practical way.

### III. OBJECTIVES OF THE STUDY

- To understand investment behaviour of corporate employees living in Belagavi.
- To know the challenges faced by corporate employees in personal financial planning.

### IV. HYPOTHESIS

- Null Hypothesis ( $H_0$ ): There is no significant influence of self-analysing tools on the investment behaviour of individuals.
- Alternative Hypothesis ( $H_1$ ): There is a significant influence of self-analysing tools on the investment behaviour of individuals.
- Null Hypothesis ( $H_0$ ): Corporate employees do not face significant challenges in personal financial planning.
- Alternate Hypothesis ( $H_1$ ): Corporate employees face significant challenges in personal financial planning.

### V. RESEARCH METHODOLOGY

Particulars	Explanation
Primary Data	The researcher conducted a survey to assess financial literacy and investment behaviour among corporate employees in Belagavi city.
Secondary Data	Websites, research papers and financial reports were used as secondary data sources.
Data Collection Tool	The data was collected using a self-administered and well-structured questionnaire with multiple questions, distributed to respondents via Google Forms.
Sample Size	100
Sample Point	Corporate employees from various companies in Belagavi city.
Sample Method	Simple random sampling method was selected for choosing samples.
Data Analysis	MS Excel, T-Test, Descriptive Statistics from IBM SPSS software was used for the data analysis.

### VI. SCOPE AND LIMITATIONS OF THE STUDY

- The researcher is limited to the corporate employees of Belagavi city.
- If the same experiment is conducted somewhere else or in other corporate employees of a different field, outcomes can vary.

- The 100 sample is only a sample of all the corporate employees and therefore the results may not be able to represent the degree of awareness of all the corporate employees.

### VII. DATA ANALYSIS AND INTERPRETATION

#### One-Sample Test

	Test Value = 2					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I prefer to develop a budget for my own money.	-15.851	99	.000	-.790	-.89	-.69
I set long term financial goals and try to achieve them.	-8.286	99	.000	-.590	-.73	-.45
I regularly track my income, expenses, and savings.	-10.327	99	.000	-.660	-.79	-.53
I analyze the right time to invest in assets.	-9.706	99	.000	-.640	-.77	-.51
I maintain my financial records in detail.	-13.751	99	.000	-.760	-.87	-.65

- The p-values for all five financial behaviors are .000, which is less than 0.05.
- The t-values are highly negative, indicating that the sample means are significantly lower than 2.

- The 95% confidence intervals for the mean difference (lower and upper bounds) are entirely negative, confirming that the true population mean is below 2.
- The p-values are all below 0.05, we reject the null hypothesis ( $H_0$ ) for all five financial behaviors.

**One-Sample Test**

	Test Value = 2					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Lack of financial knowledge and advisory services.	-9.113	99	.000	-.630	-.77	-.49
Insufficient savings due to high expenses.	-7.838	99	.000	-.550	-.69	-.41
Market risks and instability.	-13.798	99	.000	-.730	-.83	-.63
Lack of time to manage finances.	-8.802	99	.000	-.600	-.74	-.46
Fear of fraud and scam.	-16.035	99	.000	-.760	-.85	-.67

- All the p-values (Sig. 2-tailed) are .000, which is less than 0.05. This indicates that the differences between the sample means and the test value (2) are statistically significant.
- All t-values are highly negative, which further supports that the sample means are significantly less than the hypothesized mean (2).
- The p-values are all below 0.05, we reject the null hypothesis for all financial concerns. This means that the perceived impact of financial constraints (such as lack of knowledge, insufficient savings, market risks, time constraints, and fraud concerns).

### VIII. FINDINGS

- Corporate employees face difficulty while managing finances due to a busy work schedule, suggesting time constraints are a significant barrier to make active financial management.
- Corporate employees generally do not know much about personal finance, taxes, and long-term planning.
- Many employees don't save for the emergencies and this puts them in a situation where income gaps or sudden expenses could become a problem.
- Corporate employees have fear of fraud and scams, which reflecting caution and concern over financial security and trust in financial systems.
- A majority of employees prefer low to moderate-risk investments like fixed deposits, gold, and mutual funds. Only a small percentage engage in high-risk investments like equities.

### IX. SUGGESTIONS

- Employees should be encouraged to diversify their investment portfolios by considering stocks, bonds, and mutual funds instead of relying only on traditional options like fixed deposits and gold.
- Collaborate with fintech companies or digital wallets that offer such services to encourage employees to automate a part of their income into an emergency fund.
- Targeted financial literacy programs or including a finance module on freelancing platforms. Examples may include budgeting, tax filing and investing basics for independent workers.

### X. CONCLUSION

The study on Financial Literacy and Investment Behaviour of Corporate Employees in Belagavi highlights the critical role of financial education in shaping investment decisions. The findings suggest that while corporate employees exhibit moderate financial literacy, gaps remain, particularly in advanced investment strategies and risk assessment. Most employees prefer low to moderate-risk investments, such as fixed deposits, gold, and mutual funds, while only a small portion engage in high-risk investments like equities. Overall, enhancing financial literacy among corporate employees can lead to better financial stability, improved investment decisions, and long-term economic security, benefiting both individuals and the corporate sector.

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