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# A Study on Financial Planning of Salaried Employees with special reference to FemtoSoft Technologies, Chennai

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**ABSTRACT:** This study explores the financial planning behavior and investment awareness among salaried employees at FemtoSoft Technologies. By examining budgeting practices, investment preferences, and the preparedness for financial emergencies, the research aims to identify key factors influencing financial decisions and proposes actionable strategies for enhancing financial literacy. The analysis draws from primary data collected via a structured questionnaire and employs statistical tools such as percentage analysis, correlation, regression, ANOVA, and chi-square tests.

**KEYWORDS:** Financial Planning, Investment Awareness, Salaried Employees, Financial Literacy, Emergency Preparedness, FemtoSoft Technologies.

## I. INTRODUCTION

Financial planning is the cornerstone of personal financial stability long-term wealth accumulation. It involves evaluating one's current financial status, setting life goals, and implementing strategies to achieve those goals. For salaried employees, financial planning is crucial due to their fixed income structure, making it essential to allocate resources wisely, optimize tax savings, and prepare for unforeseen circumstances.

The purpose of financial planning extends beyond basic budgeting—it encompasses goal setting, tax optimization, retirement planning, risk management, and investment decision-making. In the Indian context, salaried employees often face the dual challenge of managing household expenses while attempting to save and invest for future needs. The proliferation of financial products, from fixed deposits to market-linked instruments such as mutual funds and ULIPs, adds complexity to financial planning, making awareness and education even more critical.

A major component of financial planning involves understanding the interplay between income, expenditure, and investment avenues. Salaried individuals, particularly those in the early stages of their career, must balance short-term needs with long-term financial goals such as home ownership, child education, and retirement security. A lack of financial literacy may result in suboptimal investment choices, low preparedness for emergencies, and dependence on informal advice.

This study investigates the financial planning practices and investment awareness among employees at FemtoSoft Technologies, a Chennai-based IT firm. It aims to explore how employees plan their finances, the level of awareness they possess about various investment instruments, and their preparedness for financial contingencies such as job loss. The findings are intended to offer insights into enhancing financial decision-making and fostering financial well-being among salaried professionals.

## II. OBJECTIVES OF THE STUDY

- To identify saving and investment behavior among salaried employees.
- To understand the extent of financial planning practiced by employees.
- To assess employees' awareness of various investment schemes.
- To evaluate preparedness for emergencies such as job loss.
- To provide suggestions for improving financial literacy and planning.

### **III. RESEARCH METHODOLOGY**

The study employs a descriptive research design, which is ideal for obtaining an in-depth understanding of current practices, attitudes, and conditions among the salaried employees. This method facilitates the collection of detailed and accurate information relevant to the research objectives.

Data for the study was collected from both primary and secondary sources. Primary data were gathered through a structured questionnaire administered to 110 employees at FemtoSoft Technologies, Pallavaram. This questionnaire included both open-ended and closed-ended questions, designed to capture insights into budgeting, saving habits, investment preferences, and awareness of financial tools.

The sampling technique employed was convenience sampling, chosen due to ease of accessibility and the voluntary nature of participation. While this may limit generalize ability, it provided relevant and immediate access to employees within a defined corporate setting.

Secondary data was obtained from scholarly articles, government publications, industry reports, and online resources, helping to contextualize primary findings and support theoretical perspectives.

The analytical tool used was SPSS (Statistical Package for the Social Sciences), which enabled the application of various statistical techniques including:

- **Percentage Analysis:** To understand the proportion of responses for each variable.
- **Correlation Analysis:** To assess the strength and direction of relationships between variables such as gender and financial confidence.
- **Regression Analysis:** To identify predictors of financial behavior.
- **Chi-Square Test:** To examine associations between categorical variables.
- **ANOVA:** To compare means across different demographic groups and determine if significant differences exist.

These tools were critical in validating the research hypotheses and in deriving meaningful patterns from the data.

#### **Industry and Company Profile**

FemtoSoft Technologies operates in various international markets including Saudi Arabia, Dubai, and Singapore. Domestically, it leverages India's growing IT and logistics sectors, focusing on ERP and digital solutions. Established in 2005, the company specializes in logistics software and offers services in mobile app development, cloud computing, and digital marketing. The firm's client base spans logistics, healthcare, education, and finance.

### **IV. LITERATURE REVIEW**

Previous studies highlight that investment behavior is influenced by education, income, and awareness levels. Geetha and Ramesh (2011) emphasize the need to select appropriate investment options. Their study involved 210 respondents and utilized chi-square analysis to examine preferences in a semi-urban Indian town, revealing that awareness and demographics significantly influenced investment behavior.

Kaushal and Kinjal (2012) explored the effects of occupation and education on investment choices. They concluded that less educated and lower-income investors prefer safer instruments such as fixed deposits and insurance policies, whereas professionals with higher qualifications tend to explore equity and mutual funds.

Pandiyan and Aranganathan (2012) analyzed salaried individuals' attitudes toward savings and found several influencing dimensions, such as the desire for a secured life and a perceived lack of proper financial guidance. They also observed a moderate attitude toward long-term saving.

Bhushan and Medury (2013) found gender-based differences in investment risk tolerance. Women were more conservative, often preferring health insurance and fixed deposits over high-risk investments. This aligns with findings from Deepak and Navdeep (2015), who reported that age, income, and education significantly influence savings and investment patterns.

Savita and Lokesh (2013) highlighted the importance of tax planning as a component of financial literacy. Their study found that Life Insurance Policies and Provident Funds were the most preferred tax-saving instruments among salaried employees.

Nishu and Arpita (2016) identified mutual funds as increasingly popular among financial professionals, driven by better returns and moderate risk. Their study also revealed a preference for time-saving and professionally managed instruments.

Balaswamy and Priya (2016) emphasized that financial literacy plays a crucial role in influencing both awareness and investment preferences. They argued that a minimum level of understanding is essential to make informed choices.

Gajendra Naidu (2017) stressed that financial literacy in India remains low despite the proliferation of financial products. His literature-based analysis pointed to the need for national-level initiatives to improve financial education.

Sanket and Jagdeesh et al. (2018) stated that salaried employees generally prefer safe and regular investment options such as LIC and fixed deposits. Their research also revealed a gender divide, with female investors showing relatively less awareness about market-linked instruments.

Renu Isidore and Christie (2019) explored behavioral biases in investment decisions and found that income levels significantly impact cognitive biases such as mental accounting, anchoring, and overconfidence.

Zankhana and Ronikadevi (2019) analyzed awareness, perception, and behavior regarding different investment avenues and found bank deposits and insurance to be the most preferred. They also found a correlation between age and the motive for saving.

Sekar and Uma (2020) assessed awareness levels in a public sector enterprise and found that while there was strong awareness of traditional products like insurance and fixed deposits, knowledge about stock markets and mutual funds was limited.

Bindabel and Hamza (2021) examined saving and investment behavior among working women in Saudi Arabia, concluding that financial management behavior and planning significantly impact financial orientation. Their results highlight the importance of structured financial behavior even in international contexts.

## V. DATA ANALYSIS AND INTERPRETATION

**Demographic Profile:** This section highlights the demographic composition of respondents:

- **Gender:** 53.6% Male, 46.4% Female
- **Age:** 68.2% are in the 20–30 age group, indicating a young workforce
- **Education:** 52.7% Postgraduates, suggesting a relatively well-educated sample
- **Experience:** 67.3% have less than 5 years of experience, pointing to early-career professionals

These characteristics imply that the surveyed group largely comprises young, educated employees in the early stages of their careers, which may influence their financial behavior, risk appetite, and long-term planning.

### Key Findings:

- Gender: 53.6% Male, 46.4% Female
- Age: Majority (68.2%) are in the 20-30 age group
- Education: 52.7% Postgraduates
- Experience: 67.3% have less than 5 years of experience
- 55.5% agree with having financial goals.
- 42.7% show moderate risk tolerance.
- 50% agree they understand saving and investment options.
- 52.7% have a structured spending and saving plan.
- Only 52.7% have emergency funds, indicating low financial preparedness.
- 48.2% save or invest 10-20% of their income.
- 69.1% explore up skilling opportunities, but no significant correlation with gender, education, or experience.



#### Additional Data Insights:

- **Financial Goals:** 55.5% of respondents reported having financial goals, but nearly 45% lack clarity or direction in their financial objectives. This indicates a potential area for financial mentoring.
- **Emergency Fund Preparedness:** Only 52.7% reported having emergency savings. This highlights vulnerability to financial shocks such as job loss, illness, or unforeseen expenses.
- **Monthly Savings Behavior:** 48.2% of employees save or invest 10–20% of their income. However, 35.5% save less than 10%, underscoring the need for better income management and budgeting awareness.
- **Risk Tolerance:** 42.7% of respondents show moderate risk tolerance, preferring safer investment options over high-risk, high-return avenues like equity markets.
- **Up skilling Efforts:** A promising 69.1% of employees have explored up skilling or de skilling opportunities. Although no direct correlation was found with demographic factors, this reflects a proactive career and possibly financial mindset.
- **Investment Knowledge:** Only half of the respondents (50%) feel confident in their understanding of investment products. This knowledge gap may lead to underutilization of potentially beneficial instruments like mutual funds or tax-saving schemes.
- **Spending and Saving Plan:** 52.7% follow a structured financial plan, showing a growing awareness of disciplined financial behavior, though nearly half still operate without one.

#### Statistical Analysis

The study employed various statistical techniques using SPSS to validate hypotheses and uncover relationships within the data.

- **Correlation Analysis:** A Pearson correlation analysis was used to test the relationship between gender and up skilling behavior, yielding a p-value of 0.645, indicating no significant correlation. Interestingly, age demonstrated a downward trend in up skilling interest, implying younger professionals are more inclined to enhance their skill sets.
- **Regression Analysis:** A linear regression model was applied to evaluate the predictive power of gender and age on confidence in investment understanding. The analysis showed no statistical significance, suggesting that other factors such as financial education or exposure may play a more critical role.
- **Chi-Square Tests:** Chi-square tests were conducted to examine potential associations between demographic variables (gender, education, experience) and financial confidence. The findings revealed no significant associations, reinforcing the idea that financial literacy training should be uniformly implemented rather than targeted to specific demographic groups.

These statistical insights highlight that while demographic characteristics provide important context, intrinsic motivation, financial exposure, and organizational initiatives likely play a larger role in influencing financial behavior and planning confidence among employees.

## VI. DISCUSSION

The study reveals that while employees demonstrate a basic understanding of financial planning, many lack deep knowledge about investment options, portfolio diversification, and risk management. This partial understanding often leads to conservative investment behaviors, with a strong reliance on fixed deposits and insurance rather than diversified instruments like mutual funds or equities.

The data indicates that a significant portion of employees do not maintain emergency funds, suggesting vulnerability to unexpected financial shocks. Furthermore, only half of the respondents reported having a clear financial plan, highlighting the need for structured financial guidance within the organization.

Despite expectations that education and experience might influence financial awareness, statistical analyses confirmed that these demographic variables had limited impact. This finding reinforces the idea that financial behavior is not solely shaped by formal education but by active exposure, access to reliable resources, and personal motivation.

The high interest in up skilling among employees, particularly those under 30, indicates a positive trend in proactive career and financial development. However, the absence of a significant correlation between this interest and demographic factors suggests that internal motivation or organizational culture may be stronger drivers.

Another important observation is the mismatch between financial goal setting and actual planning behavior. While more than half of the respondents acknowledge having financial goals, many lack structured plans to reach them. This points to the need for targeted goal-setting workshops and one-on-one financial coaching sessions.

Moreover, the preference for traditional investment products could be influenced by limited access to digital financial tools or a lack of trust in complex financial markets. Encouraging digital literacy and providing user-friendly fintech solutions can bridge this gap and expand investment horizons.

The study also highlights a potential opportunity for organizations to integrate financial wellness into employee well-being programs. By aligning personal financial health with professional development, companies can foster a more resilient and engaged workforce.

Overall, these findings suggest a pressing need for company-wide financial literacy initiatives, inclusive training programs, and easily accessible financial planning tools to help employees develop better savings habits, make informed investment decisions, and prepare for financial emergencies.

#### Recommendations

- Conduct regular financial literacy workshops.
- Provide personalized financial counseling.
- Encourage creation of emergency funds.
- Promote tax-saving investment options through HR engagement.
- Develop digital tools for budgeting and planning.

#### Limitations

- Study limited to one company, may not represent broader workforce.
- Self-reported data may include biases.
- Limited sample size (110 respondents).
- Results may vary with time due to changing economic conditions.

### VII. CONCLUSION

Effective financial planning is essential for the long-term stability of salaried individuals. This study underscores the importance of structured financial behavior and highlights the need for improving awareness about diverse investment avenues. By implementing targeted strategies, organizations like FemtoSoft Technologies can empower employees to make informed financial decisions, thereby enhancing overall financial well-being.

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