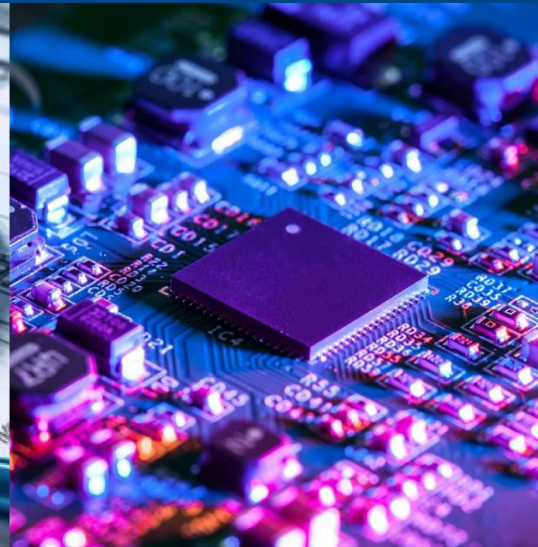
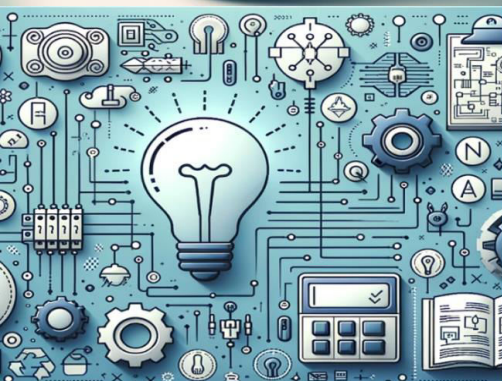




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Financial Literacy and Investment Behaviour of Employees: A Study on the Manufacturing Sector

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ABSTRACT: Financial literacy is the ability to understand and apply financial skills such as budgeting, saving, investing, borrowing, and planning to make informed financial decisions, which significantly influences investment behaviour. This study explored the relationship between financial literacy and investment behaviour of employees of Swift Power Products Engineering Private Limited, a manufacturing organization that makes automobile solenoid coils and industrial automation products, using a descriptive survey design. Data was collected from 63 respondents through a questionnaire using a convenience sampling technique, and analysed using percentage analysis, frequency distribution, reliability test, correlation analysis, and the Chi-Square test. The questionnaire had excellent reliability with a Cronbach Alpha score of 0.942. The study revealed that the employees had a moderate level of financial literacy skills with monthly budgeting and diversification of investments scoring highest on the scale while regular investments and attending financial planning workshops recorded the lowest marks. The analysis further established a positive correlation between financial literacy, investment preferences, and influencing factors in investment behaviour of the employees. However, no significant relationship was found between financial literacy and investment behaviour of the employees with respect to gender, age, and income. The study recommends regular financial literacy empowerment programs to improve the level of financial literacy and investment behaviour of the employees.

KEYWORDS: Financial Literacy, Investment Behaviour, Employees, Investment Preferences, Financial Planning, Manufacturing Industry.

I. INTRODUCTION

Financial literacy is the knowledge and understanding of financial principles such as budgeting, saving, investing, borrowing, and planning to make informed financial decisions. With the proliferation of financial products and investment schemes, financial literacy has become a critical skill for managing finances. Investment behaviour, on the other hand, refers to the tendency of individuals to save and invest their money in a particular scheme depending on their knowledge, income, and attitude towards risks.

Employees comprise significant investors as they not only have a regular income but also some level of financial literacy. Individuals with financial literacy knowledge are more likely to plan and save their money regularly and wisely compared to those without the knowledge. With the rising cost of living, increased financial products and schemes, and easy digital access to financial services, financial literacy has become relevant today as people seek to develop good saving and investing habits to grow and diversify their income streams while still maintaining a good quality of life.

This study was conducted in the manufacturing industry among the employees of Swift Power Products Engineering Private Limited, a premier automobile solenoids and industrial automation products manufacturing company based in Chennai, Tamil Nadu. The study aimed to establish the level of financial literacy and investment behaviour among the employees as well as the influence of financial literacy on their investment preferences.



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II. PROBLEM STATEMENT

While most employees have a regular income, many lack financial literacy knowledge on budgeting, saving, and investing and are, therefore, unable to make informed financial decisions. Most employees often tend to seek advice from family members, friends, or colleagues when making financial decisions. Despite the number of investment schemes available, low financial literacy among employees has negative implications on their savings and investment behaviour, which has a direct impact on their retirement savings. Therefore, this study aimed to assess the level of financial literacy and investment behaviour among employees while considering the factors influencing their investment decisions.

III. OBJECTIVES OF THE STUDY

Main objective: To determine the financial literacy level and investment behaviour of employees.

Secondary objectives:

1. Ascertain the level of financial literacy skills among the employees.
2. Establish employees' investment preferences.
3. Determine the factors influencing the employees' investment decisions.
4. Provide recommendations for improving financial literacy level and investment behaviour.

IV. REVIEW OF LITERATURE

Kumar & Reddy 2024 Reported that Indian working professionals with financial literacy knowledge are well-equipped with the knowledge to make informed investment decisions. Author argued that there is a need to increase employees' financial literacy level through workshops. Conducted a study to establish the level of financial literacy and investment behaviour of employees and how financial literacy influences their investment decisions.

Patel & Shah 2023 Authors found that employees' investment decision-making process was significantly influenced by income, age, financial literacy, and risk appetite. The study further showed that improved financial literacy leads to better financial freedom.

Gupta & Singh 2022 Authors argued that employees with better financial literacy skills tend to make more prudent financial decisions and are, therefore, able to increase their overall net worth. The study established that employees from the private limited sector have diverse investment preferences compared to those in the government sector, thus indicating the influence of financial literacy on investment behaviour.

Sharma & Kumar 2021 The authors established that the use of mobile and digital technology has transformed the way people transact and manage money. They further found that employees with poor financial literacy knowledge are reluctant to invest in various financial schemes due to the risks involved.

OECD 2020 Report stated that financial literacy helps individuals make informed financial decisions and protects them against adverse financial risks. The report recommended the need to intensify financial education and literacy at global levels to empower individuals to participate in financial activities with confidence.

Dr. Geetika T. Kapoor & Ms. Rupali Shukla (2022): The authors examined the relationship between demographic factors and mutual fund investment preferences among 200 respondents in Uttar Pradesh. Their findings revealed that factors such as age, gender, education, and marital status did not significantly influence mutual fund investment decisions, indicating that investment preferences depend on factors beyond demographics.

Rai 2019: Rai found that working professionals with strong financial knowledge are more likely to invest in Systematic Investment Plans (SIPs), mutual funds, and retirement schemes. The study emphasized that financial literacy promotes disciplined investing and supports long term wealth creation.

Klapper, Lusardi & Van Oudheusden (2015): The global survey conducted by the authors revealed significant differences in financial literacy across countries and demographic groups. Individuals with higher financial knowledge



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showed greater confidence in investment and financial planning, highlighting the importance of financial education for economic inclusion.

Agarwal, Driscoll, Gabaix & Laibson (2015): The authors concluded that improved financial knowledge results in more rational and informed financial decisions. They also highlighted that practical experience, combined with financial education, enhances financial literacy and supports better investment and money management practices.

Lusardi & Mitchell (2014): Lusardi and Mitchell emphasized that financial literacy is essential for effective financial decision-making. Individuals with greater financial knowledge are more likely to save regularly, prepare for retirement, and make informed investment decisions. Their study highlights financial education as a key driver of long-term financial well-being.

V. RESEARCH METHODOLOGY

Descriptive survey research design was used in this study as it helped in examining the financial literacy level and investment behaviour of employees without the control of any experimental treatment. Both primary and secondary data were used. The primary data were collected from the employees of Swift Power Products Engineering Private Limited using a structured questionnaire while the secondary data were obtained from books, journals, research papers, government and regulatory agencies' reports and publications, and other online resources.

The study used convenience sampling to select 63 employees from different age groups, gender, income levels, and work experience. The questionnaire had two sections; Section A captured the respondents' demographic information, while section B measured financial literacy, investment preferences, and influencing factors using a 5-point Likert scale. Before conducting the analysis, the reliability of the questionnaire was tested using Cronach Alpha to establish internal consistency. The data collected were analysed using percentage analysis, frequency distribution, reliability test, correlation analysis, and the Chi-Square test. The results were then presented in percentages and graphs for easy interpretation. The data collection process took one month, starting from 10 th June 2026 and ending on 10 th July 2026.

The study had two hypotheses; the null hypothesis (H_0) stated that there is no correlation between financial literacy and investment behaviour of employees while the alternative hypothesis (H_1) argued that there is a relationship between financial literacy and investment behaviour of employees.

VI. RESULTS AND DISCUSSIONS

6.1 Demographic Profile of Respondents

Out of the 63 respondents, 50.8% identified as female and 49.2% as male, indicating a almost equal distribution in both genders. In terms of age groups, almost half of the respondents (44.4%) belonging to the 20-30 years age group, followed by 31-40 years (20.6%), over 50 years (19.0%), and 41-50 years (15.9%). In terms of educational qualification, almost half of the respondents (44.4%) belonged to the postgraduate category, followed by professionally qualified respondents (23.8%), undergraduates (20.6%), and others (11.1%). In terms of monthly income, 34.9% of respondents earned less than Rs. 25,000, 28.6% earned between Rs. 25,001 and Rs. 50,000, 22.2% earned between Rs. 50,001 and Rs. 75,000, and 14.3% of respondents earned more than Rs. 75,000; Therefore, it can be concluded that the respondents mostly comprised of lower and middleclass earners. In addition, 69.8% of the respondents had attended any investment awareness programme, while 30.2% had not.

Demographic	Highest Response Category	Frequency (n)	Percentage (%)
Gender	Female	32	50.8
Age	20-30 years	28	44.4
Qualification	Postgraduate	28	44.4



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Monthly Income	Below Rs. 25,000	22	34.9
Investment Awareness Programme	Attended	44	69.8

6.2 Financial Literacy, Investment Preferences, and Influencing Factors

The mean scores for the twenty statements were between 3.21 and 3.70, indicating that respondents generally agree with the statements to a moderate extent. In relation to the financial literacy statements, it was found that the highest mean score was recorded for 'preparing a monthly budget' (3.67), and 'understanding the role' recorded the lowest mean (3.44). Concerning the investment preferences statements, the highest mean score was recorded for 'diversification of financial products' (3.65), while 'investing a portion of income on a regular basis' had the lowest mean score (3.27) in this study. This suggests that while employees have a good understanding of financial planning and investment, there is need for more encouragement in the implementation of these concepts. In relation to the factors affecting investment decisions, results indicate that 'information obtained from the internet and social media' had the highest mean (3.70), followed by 'investing offers tax-saving benefits' (3.63) and 'considering risks' (3.56). Regarding financial literacy improvement, 57.1 per cent of the respondents agreed or strongly agreed that employers should conduct regular financial awareness programmes, 52.4 per cent agreed that having better financial knowledge increases their level of confidence in relation to investment decisions, and 58.7 per cent agreed that continuous education in financial literacy has a positive effect on their long-term financial wellbeing in this study.

Construct	Highest-Rated Item	Mean	Lowest-Rated Item	Mean
Financial Literacy	Prepares monthly budget	3.67	Understands importance of financial planning	3.44
Investment Preferences	Diversifies investments	3.65	Regularly invests a portion of income	3.27
Influencing Factors	Social media / internet information	3.70	Investment decisions influenced by income level	3.37
Literacy Improvement	Continuous financial education aids well-being	3.54	Interested in attending workshops	3.21

6.3 Reliability and Correlation Analysis

The reliability of the 20-item questionnaire was tested by calculating Cronbach's Alpha, which amounted to 0.942. This score was sufficiently high, significantly exceeding the acceptable level of 0.70 and approaching the 'good' level of 0.80, which suggests that the questionnaire was reliable. Pearson correlation analysis revealed that all items of the questionnaire were positively correlated (mostly at a statistically significant level) with financial literacy, investment preferences, and factors affecting investment decisions. In particular, financial literacy items were positively correlated (mostly highly significantly) with items of investment preferences, which signified that employees who demonstrated a higher level of financial literacy were more likely to exercise active and planned investment policies, such as regularly investing income in specific assets ($r = 0.562$), or be aware of the investment options and periodically review their portfolio ($r = 0.569$). Items of financial literacy were also positively correlated with one another, mostly highly significantly ($r = 0.655$), and the same can be said about items of investment preferences ($r = 0.656$).



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6.4 Chi-Square Test Results

Chi-Square test was applied to determine whether there was a statistically significant association between employees' demographics and their financial literacy or investment preferences. In particular, the analysis did not reveal any significant association, as demonstrated by the results below.

Association Tested	Pearson Chi-Square	df	p-value	Result
Gender & Financial Literacy	14.749	16	0.543	Not Significant
Age & Financial Literacy	46.273	48	0.544	Not Significant
Age & Investment Preferences	48.761	48	0.442	Not Significant
Income & Investment Preferences	50.092	48	0.390	Not Significant

Since all the p-values exceeded 0.05, it was concluded that the null hypothesis was accepted in all cases, i.e., the gender, age, or income of the employees did not affect their financial literacy and investment preferences significantly. This implies that financial awareness and access to financial information, rather than gender, age, and income, had a greater impact on the investment behaviour of the employees.

VII. FINDINGS

1. The sample size was almost equal in both genders; in fact, 50.8% of the respondents were female while 49.2% were male.
2. Most of the respondents were between the 20–30-year age bracket (44.4%) and a quarter of the respondents were in each of the remaining age brackets.
3. Most of the respondents were postgraduates (44.4%) followed by graduates (40.7%) implying that a fair percentage of the respondents had attained a university education.
4. A large percentage (63.5%) of the respondents had an income of less than Rs. 50000 monthly, and therefore comprised of the lower, middle, and working-class citizens.
5. A large percentage (69.8%) of the respondents had attended a financial awareness programme before.
6. Budgeting on a monthly basis ($M = 3.67$) and understanding the risk-return relationship ($M = 3.59$) were the highest financial literacy practices while regularly investing a portion of one's income ($M = 3.27$) was the lowest.
7. Spreading of investments among different financial products ($M = 3.65$) and choosing safe and secure investment options ($M = 3.62$) were the preferential investment behaviours of the employees.
8. Social media and internet information had the greatest influence on employees' investment decisions ($M = 3.70$) followed by the tax benefits of investing ($M = 3.63$).
9. The reliability score of the questionnaire was found to be excellent with a Cronbach's Alpha of 0.942.
10. The correlation analysis revealed that there is a positive relationship between financial literacy, investment preferences and the factors influencing investment decisions.
11. Both the Chi-Square tests conducted failed to show a significant association between gender, age, and income and the financial literacy and investment preferences of the employees ($p > 0.05$).



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VIII. SUGGESTIONS

1. Organise regular financial literacy programmes that can educate employees on budgeting, saving, investing, risk, taxes, and retirement income planning among others.
2. Encourage employees to save or invest a portion of their income regularly instead of randomly.
3. Educate the employees on different investment options like mutual funds, fixed deposits, shares, bonds, insurance, PPF, and NPS among others.
4. Increase employees' financial literacy on the risk-return relationship of various investment options so that informed investment decisions can be made.
5. Encourage diversification of investments according to the financial goals and risk tolerance levels of the employees.
6. Considering the strong influence of social media and internet information on employees' investment decisions, encourage them to seek credible and authorised information before investing.
7. Arrange for one-on-one or group sessions with qualified financial planners to inform employees on the best ways to invest.
8. Encourage employees to plan for retirement income to enhance their financial wellness.
9. Organise regular workshops and seminars on budgeting, investing, and taxation to encourage financial wellness.
10. Encourage wider distribution of financial awareness and investment education materials to the 30.2% of the employees who had not received any form of financial literacy education.

IX. LIMITATIONS OF THE STUDY

The study was limited to the employees of one manufacturing organisation, and 63 employees may not represent the employee population of other organisations. The analysis was based on the self-reported opinions of the employees and therefore there is a possibility of desirability bias, especially since the study was conducted at a particular point in time. The study was limited by time, and the scope of the study was therefore limited. Additionally, while several factors that influence employee investment behaviour were considered, there might still be other environmental or macroeconomic factors that influence investment behaviour.

X. CONCLUSION

The study set out to determine the relationship between financial literacy and investment behaviour of employees of a manufacturing organisation. The study established that employees have moderate to positive financial literacy which encompasses good budgeting practices, knowledge of various investment options and risk-return relationship but poor regular savings or investing practices. The analysis revealed that financial literacy is positively associated with investment preferences (correlation). The Chi-Square tests also revealed that financial literacy has a positive association with investment behaviour across all genders, age brackets, and income levels and is therefore not restricted to one gender, age bracket, or income level. The influence of social media and internet searching in influencing employees' investment decisions was extremely high; therefore, employees are encouraged to consult credible and authorised financial planners and platforms when making investment decisions. Thus, the study concluded that regular workplace financial literacy workshops and seminars will greatly improve the financial literacy levels, investment behaviour, and therefore the financial wellness of employees, to the benefit of the employees, employers, financial planners, and policymakers.

XI. FUTURE SCOPE

The study was limited to only 63 employees selected via convenience sampling; future studies can consider a larger sample size and can be undertaken in different organisations or settings to enhance generalisability. Future studies can consider the financial literacy and investment behaviour of employees over time. Since the study revealed that most employees are influenced by the information they get from their social media, future studies can focus on determining the most used digital platforms among employees and determine the extent to which they influence investment decisions. Additionally, future studies can utilise more advanced statistical techniques like regression and structural equation modelling to reveal causal relationships. Lastly, future studies can utilise experimental designs to determine the effect of financial literacy interventions on the investment behaviour of employees.



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