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A STUDY ON THE RELATIONSHIP BETWEEN FINANCIAL FITNESS AND INVESTMENT EVALUATION AMONG IT EMPLOYEES

(With Special reference to Rathinam Tech Zone)

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Abstract

This study investigates the link between financial fitness and investment evaluation among IT employees, highlighting the impact of financial literacy on their investment choices. Focusing on IT professionals in Coimbatore City, findings reveal a moderate level of financial understanding and a cautious investment approach, despite a keen interest in financial security. A significant gap in grasping complex financial concepts suggests the need for targeted financial education. Enhanced financial literacy is proposed as a means to boost confidence in investment decisions and navigate market volatilities more effectively.

Key words: Financial decision making, investing preferences, risk tolerance.

Introduction

This research delves into the nexus between financial fitness and investment decisions among IT employees in Coimbatore City, aiming to illuminate how financial literacy influences their investment strategies. Despite their proficiency in technology, IT professionals often encounter challenges in financial planning and investment due to varying levels of financial understanding. The study examines the financial literacy levels among these professionals and assesses its impact on their investment choices, with a focus on identifying

knowledge gaps and the need for targeted financial education. By exploring the relationship between financial knowledge and investment behavior, this investigation seeks to highlight the significance of financial literacy in enhancing investment decisions, thereby contributing to the financial wellbeing of IT employees.

Objectives of the study

- Evaluate financial literacy and analyze investment decisions among IT professionals in Coimbatore City.
- Identify financial knowledge gaps and explore the correlation between financial literacy and investment complexity.
- Assess the impact of financial education on improving financial literacy and investment behaviors.
- Recommend strategies to enhance financial literacy and support informed investment decisions within the IT sector.

Statement of the problem

The study identifies a pressing need for targeted financial education among IT professionals in Coimbatore City. Despite possessing moderate levels of financial literacy, these individuals face significant challenges in making informed investment decisions, primarily due to notable gaps in their understanding of complex financial concepts and a general lack of engagement with financial education. This situation emphasizes the critical importance of enhancing financial decision-making capabilities and overall financial well-being through improved educational interventions, aiming to equip IT employees with the necessary skills to navigate the increasingly complex financial landscape effectively.

Hypothesis of the study

The following hypothesis was formulated and evaluated in accordance with the previous objectives and the data gathered for this investigation.

- There is significant relation between the Financial Literacy and Investment decision of IT investors.
- There is significant level of financial risk among IT investors.

Research methodology

Sampling Design

Despite progress in gender equality, disparities persist in financial decision-making and investment behaviour. Despite shared financial goals, men and women often display distinct behavioural patterns in investment management. Understanding these differences is crucial for promoting gender equality, investment outcomes, and financial inclusion.

Sampling Techniques

Simple Random Sampling

Simple random sampling ensures equal probability of inclusion in a sample, eliminating bias and being affordable, but may limit researcher authority, potentially leading to unrepresentative groups.

Sample Size

The formula to calculate sample size for a population in Coimbatore city with in the specification of Rathinam Tech Zone.

$$n = \frac{N \cdot Z^2 \cdot p \cdot (1-p)}{(N-1) \cdot E^2 + Z^2 \cdot p \cdot (1-p)}$$

$n = 24$ is our sample size but we multiply as 5 and get a 120 respondents in singanallur taluk.

Statistical tools used

- Simple percentage analysis
- Pearson correlation
- Anova
- Descriptive statistics

Data analysis and Interpretation

1.1 Simple Percentage Analysis

Table showing the Level of financial knowledge of the respondents

S. NO	LEVEL OF FINANCIAL KNOWLEDGE	NO Of RESPONDENT	PERCENTAGE %
1	Beginner	26	21.4%
2	Intermediate	49	40.2%
3	Advanced	34	27.8%
4	Expert	13	10.6%
	Total	122	100

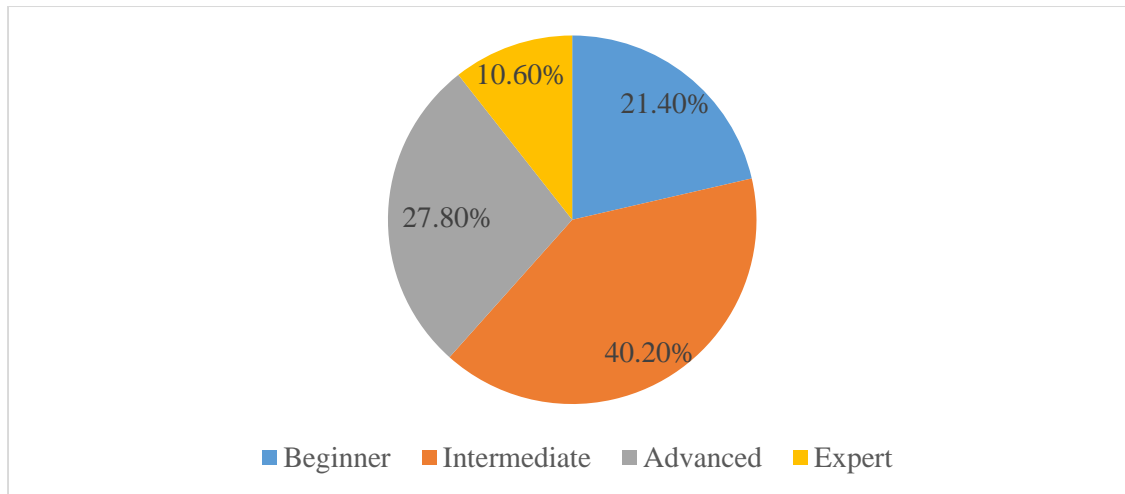
SOURCES: Primary Data-Author calculation

Interpretation

The above table shows 21.4% of the respondents are Beginner in the level of their financial knowledge, 40.2% of the respondents are Intermediate in the level of their financial knowledge, 27.8% of the respondents are Advanced in the level of their financial knowledge and 10.6% of the respondents are expert in the level of their financial knowledge.

Inference: Majority (40.2%) of the respondents are intermediate in their Finance knowledge level.

Exhibit Showing the Level of financial knowledge of the respondents



1.2 Pearson Correlation

Table showing the correlation for gender and rate of financial knowledge

Correlation			
		Gender	Rate of Financial Knowledge
Gender	Pearson Correlation	1	122
	Sig. (2-tailed)		0.182
Rate of Financial Knowledge	Pearson Correlation	122	1
	Sig. (2-tailed)	0.182	

Interpretation

The above table shows the pearson correlation, as the value for gender is 1 and rate for the financial knowledge is 0.182. So, the correlation is significant at the 0.182 level of 2-tailed. Hence, it is a positive correlation.

Inference: There is a positive correlation relationship between gender and rate of financial knowledge of the respondents.

1.3 Anova

Table showing the Anova comparison for confident level and investment period

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24442.018	9	2715.78	5737.216	.000
	Residual	55.857	118	0.473		
	Total	24497.875	127			
a. Predictors: Very confident, Confident, Neutral, Uncertain						
b. Dependent Variables: Investment period						

Hypothesis

To find out the best model fit to identify very confident, confident, neutral and uncertain predicts investment period towards confidence level and investment period.

The hypothesis indicates that all the independent factors are determining the dependent variable of Very confident, confident, neutral and uncertain. Here, the significance is 0.000 which is less than 0.05 therefore; we reject the above null hypothesis. It shows that there is a significant relationship between Investment period and very confident, confident, neutral and uncertain.

Inference: There is a significant relation between investment period and confident level of the respondents.

1.4 Descriptive statistics

Exhibits showing the Descriptive statistics for Factors influences the financial decision making

	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistics	Statistics	Statistics	Statistics	Statistics	Std. Error	Statistics	Std. Error
Social Influence	1	122	5.67	12.63	6.955	0.21	57.898	0.417
Personal Financial Goal	1	122	5.08	12.50	7.102	0.21	59.884	0.417
Financial Advice	1	122	5.67	12.321	7.236	0.21	62.391	0.417
Past Experience	0	122	5.79	14.707	7.049	0.21	52.157	0.417
Current Economic Condition	1	122	7.97	21.202	5.216	0.212	26.912	0.42

Hypothesis

As per the above table, Standard deviation value of social influence is 12.63 which is greater than the 0.05 level of significant, Standard deviation value of Personal financial goal is 12.50 which is greater than the 0.05 level of significant, Standard deviation value of Financial advice is 12.321 which is greater than the 0.05 level of significant, Standard deviation value of Past experience is 14.707 which is greater than the 0.05 level of significant and Standard deviation value of Current economic condition is 21.202 which is greater than the 0.05 level of significant. Hence, we accept it is Null Hypothesis (Hd1).

Inference: Here, the standard deviation value of all the factors is greater than 0.05. So we accept that there is no relationship between each factors.

Findings

- The majority of survey participants are female IT professionals with Master's degrees and 1-5 years of experience, reflecting a highly educated yet relatively novice segment in terms of industry tenure.
- A moderate level of financial literacy prevails, with particular awareness of inflation and an average grasp of stock market principles, coupled with a significant inclination towards investment for future financial security.
- Engagement with financial news is infrequent, yet there's a proactive stance on monthly portfolio adjustments; the impact of financial knowledge on investment decisions is perceived as moderate.
- Risk tolerance among respondents is moderate; there's a common practice of selling stocks during market downturns and a varied acceptance of short-term losses, underscoring a cautious approach to investment volatility.

Suggestion

1. Our study relevant that, investment behavior between both the investors and they are mostly take their decision through social influences. Current economic condition is main factor to take a financial decision making among both the investors.
2. Most of them get guidance from family and friends. In this, they have also get ideas from financial advisors is better than family and friends.
3. Both men and women confidence level in long term investment is uncertain that's true because the future economic condition is not predictable.
4. In financial decision making very few will influenced by government policies. So the government will encourage the investors to invest also in government policies.

Conclusion

The study reveals that IT employees in Coimbatore display moderate financial literacy and cautious investment behavior, underlining the importance of specialized financial education to bridge knowledge gaps, especially in complex market dynamics. Enhanced financial guidance can boost their confidence in investment decisions, leading to improved financial wellbeing and more robust management of personal and economic growth opportunities. This underscores the crucial role of financial education in empowering IT professionals towards informed and strategic investment practices.

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