

Financial Stress and Its Impact on Saving and Investment Behaviour among Salaried Employees in Chikkaballapura district

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Abstract

Purpose: The purpose of this study is to examine the impact of financial stress on saving and investment behaviour among public and private sector salaried employees in Chikkaballapura district of Karnataka. The study specifically examines the relationship between financial stress and employees' saving and investment behaviour and identifies whether financial stress significantly influences their financial decisions.

Methodology/Design: The study adopts a descriptive and analytical research design. Primary data were collected from 600 public and private sector salaried employees covering all taluks of Chikkaballapura district using stratified random sampling. Data were collected through a structured questionnaire using a five-point Likert scale. The questionnaire measured financial stress, saving behaviour and investment behaviour. The data were analysed using percentage analysis, mean, standard deviation, Cronbach's alpha, Pearson correlation, regression analysis, independent-samples t-test and ANOVA using SPSS.

Findings: The findings indicate that salaried employees experience a moderate level of financial stress, while saving and investment behaviour are also at a moderate level. Financial stress has a significant negative relationship with saving behaviour and investment behaviour. Regression analysis indicates that financial stress significantly influences both saving and investment behaviour. The findings further reveal significant differences in financial stress, saving behaviour and investment behaviour across selected demographic characteristics and between public and private sector employees.

Keywords: Financial Stress, Saving Behaviour, Investment Behaviour, Salaried Employees, Financial Well-being.

I. INTRODUCTION

Financial well-being has become an important concern among salaried employees because regular income does not necessarily ensure financial security. Rising living expenses, inflation, loan commitments, healthcare costs, children's education and uncertain future requirements can create financial stress. Such stress may influence employees' financial priorities and encourage them to focus on immediate financial needs rather than long-term saving and investment goals. Consequently, financial stress can affect employees' ability and willingness to save and invest systematically.

Saving provides financial protection against emergencies, while investment contributes to long-term wealth creation and financial security. However, employees experiencing financial pressure may reduce their savings, utilise existing savings for current expenses or postpone investment decisions. Therefore,

examining financial stress in relation to saving and investment behaviour is important for understanding employees' overall financial well-being.

Financial self-efficacy positively influences financial behaviour among Indian salaried-class individuals, while behavioural factors such as conservatism and herding can influence financial decision-making (Mulasi, Mathew, & Desai, 2023). Financial stress has a negative effect on financial well-being, whereas responsible financial behaviour contributes positively to employees' financial well-being (Gupta et al., 2022). Financial goals, emergency savings, retirement planning, budgeting, financial literacy, financial confidence, financial stress, income, risk tolerance and debt are important factors influencing financial planning among salaried individuals in India (Pande et al., 2024). Savings and investment behaviour plays an important role in determining how individuals allocate their income across different saving and investment avenues (Singh, Devi, & Jyoti, 2022).

Although existing studies have examined financial well-being, financial planning and investment behaviour, limited research has directly examined the impact of financial stress on both saving and investment behaviour among public and private sector salaried employees at the district level in Karnataka. Therefore, the present study examines this relationship among 600 salaried employees from all 6 taluks of Chikkaballapura district, Karnataka.

II. STATEMENT OF THE PROBLEM

Salaried employees receive regular income, but increasing expenditure, inflation, debt obligations and family responsibilities may create financial stress. Such stress may reduce employees' capacity to save and may influence their investment decisions. Employees experiencing financial pressure may postpone investments, reduce savings or prefer safer and more liquid financial instruments. Although previous studies have examined financial well-being, financial literacy, saving and investment behaviour, limited research has specifically examined the impact of financial stress on both saving and investment behaviour among salaried employees across all taluks of Chikkaballapura district. Hence, the present study attempts to address this issue.

III. REVIEW OF LITERATURE

Sehrawat and Vij (2020) examined financial well-being among public and private sector employees in Delhi using 105 valid responses. The study found that financial behaviour was an important predictor of financial well-being. Active saving, spending restraint and appropriate financial-product selection were among the important responsible financial behaviours. The study also showed that although public and private sector employees did not differ significantly in average subjective financial well-being, the pathways leading to financial well-being differed between the two groups.

Jaggar and Navlakhi (2021) examined financial well-being as an important component of holistic employee well-being. Their study highlighted financial or money-related issues as major sources of employee stress and emphasised the role of organisations in providing customised financial-wellness programmes. The authors suggested that financial education and structured workplace interventions can help employees manage financial challenges more effectively.

Ghosh and Nath (2023) investigated the determinants of private and household savings in India using data covering 1960–2016. They found that real per-capita income and banking access positively influenced saving, whereas inflation and uncertainty about the future purchasing power of accumulated savings discouraged saving.

Shroff, Paliwal and Dewasiri (2024) examined the impact of financial literacy on investment decisions in an emerging market using 384 Indian investors. Their findings demonstrated the importance of financial literacy in investment decision-making.

Usha (2024) examined financial literacy and risk tolerance in relation to investment decisions among salaried individuals across different districts of Karnataka. The study reported that higher risk tolerance was associated with a greater likelihood of investing in higher-risk financial products and emphasised the importance of financial education for improving investment decisions.

IV. RESEARCH GAP

The existing literature demonstrates that financial behaviour, financial literacy and financial stress are important determinants of financial well-being. However, three important gaps remain.

First, many existing studies focus on financial literacy or financial well-being rather than directly examining the relationship between financial stress and saving and investment behaviour. Second, research has frequently focused on metropolitan cities or specific occupational groups. Limited evidence is available from semi-urban and district-level settings such as Chikballapur. Third, limited research simultaneously compares the saving and investment behaviour of public and private sector salaried employees in the same geographical region. The present study addresses these gaps by examining 600 salaried employees from all 6 taluks of Chikballapur district.

V. SCOPE OF THE STUDY

The study covers public and private sector salaried employees working in all taluks of Chikballapur district namely Chikballapur, Chintamani, Sidlaghatta, Bagepalli, Gauribidanur and Gudibande of Karnataka, India. The study focuses on three major constructs: Financial stress, Saving behavior, Investment behavior. The study also examines differences in these variables across selected demographic characteristics such as age, gender, income, education, work experience and employment sector.

VI. NEED FOR THE STUDY

The study is needed because regular income does not always ensure financial security among salaried employees. Rising living expenses, debt obligations and future financial responsibilities can increase financial stress and affect saving and investment decisions. Understanding this relationship can help employees improve their financial planning and financial well-being. The findings can also help employers and financial institutions develop suitable financial-wellness programmes and financial products. The study is particularly relevant to employees in Chikballapur district, where financial conditions and investment preferences may differ from metropolitan areas.

VII. RESEARCH QUESTIONS

1. What is the level of financial stress among salaried employees in Chikballapur district?
2. What is the level of saving behaviour among salaried employees?
3. What is the level of investment behaviour among salaried employees?
4. Is there a significant relationship between financial stress and saving and investment behaviour?
5. Does financial stress significantly influence the saving and investment behaviour of salaried employees?

VIII. OBJECTIVES OF THE STUDY

1. To assess the level of financial stress among salaried employees in Chikkaballapura district.
2. To examine the saving behaviour of salaried employees.
3. To assess the investment behaviour of salaried employees.
4. To determine the relationship between financial stress and saving and investment behaviour.
5. To examine the impact of financial stress on saving and investment behaviour.

IX. HYPOTHESES

H₀₁: There is no significant relationship between financial stress and saving behaviour among salaried employees.

H₀₂: There is no significant relationship between financial stress and investment behaviour among salaried employees.

H₀₃: There is no significant difference in financial stress among salaried employees based on selected demographic characteristics.

H₀₄: There is no significant difference in saving and investment behaviour among salaried employees based on selected demographic characteristics.

H₀₅: Financial stress does not significantly influence the saving and investment behaviour of salaried employees.

X. RESEARCH METHODOLOGY

Research Design	Descriptive and Analytical
Area of Study	Chikkaballapura District, Karnataka
Population	Public and private sector salaried employees
Sample Size	600 respondents
Geographical Coverage	All 6 taluks namely Chikkaballapura, Chintamani, Sidlaghatta, Bagepalli, Gauribidanur and Gudibande of Chikkaballapura district of Karnataka, India.
Sampling Technique	Stratified Random Sampling
Sources of Data	Primary and Secondary Data
Instrument	Structured Questionnaire consists of 25 items.
Measurement Scale	Five-point Likert Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree
Statistical Tools	Percentage, Mean, SD, Cronbach's Alpha, Correlation, Regression, t-test and ANOVA
Software used	SPSS

XI. ANALYSIS AND INTERPRETATION

Table 1: Demographic Profile (N= 600)

Variable	Category	Frequency	Percentage
Gender	Male	348	58
	Female	252	42
	Below 25	72	12

Age	25–35	198	33
	36–45	174	29
	46–55	108	18
	Above 55	48	8
Sector	Public	300	50
	Private	300	50
Monthly income	Below ₹25,000	78	13
	₹25,001–₹50,000	198	33
	₹50,001–₹75,000	156	26
	₹75,001–₹1,00,000	102	17
	Above ₹1,00,000	66	11

Interpretation: The sample consists of 58% male and 42% female respondents, with the largest age group being 25–35 years (33%). Public and private sector employees are equally represented at 50% each. The largest income group (33%) earns ₹25,001–₹50,000 per month. Overall, the sample represents diverse age, gender and income groups.

RELIABILITY ANALYSIS

Table 2: Reliability Analysis

Construct	Number of Items	Cronbach's Alpha	Reliability Level
Financial Stress	8	0.884	Good
Saving Behaviour	6	0.861	Good
Investment Behaviour	6	0.873	Good
Overall Scale	20	0.912	Excellent

Interpretation: All constructs have Cronbach's Alpha values above 0.80, indicating good reliability. Financial Stress recorded 0.884, Investment Behaviour 0.873 and Saving Behaviour 0.861. The overall alpha of 0.912 confirms excellent reliability, making the questionnaire suitable for further analysis.

DESCRIPTIVE STATISTICS

Table 3: Mean and Standard Deviation

Variable	Mean	Standard Deviation (SD)	Level
Financial Stress	3.42	0.78	Moderate
Saving Behaviour	3.18	0.74	Moderate
Investment Behaviour	3.06	0.81	Moderate
Overall	3.22	0.78	Moderate

Interpretation: Financial stress recorded the highest mean score (3.42), indicating a moderate level of financial stress. Saving behaviour (3.18) and investment behaviour (3.06) were also moderate, with investment behaviour comparatively lower. The SD values (0.74–0.81) indicate reasonable variation in responses.

CORRELATION ANALYSIS

Table 4: Pearson Correlation Matrix

Variables	Financial Stress	Saving Behaviour	Investment Behaviour
Financial Stress	1	-0.421**	-0.386**
Saving Behaviour	-0.421**	1	0.512**
Investment Behaviour	-0.386**	0.512**	1

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

Interpretation: Financial stress has a significant negative relationship with saving behaviour ($r = -0.421$, $p < 0.01$) and investment behaviour ($r = -0.386$, $p < 0.01$). Saving and investment behaviour show a significant positive relationship ($r = 0.512$, $p < 0.01$). Thus, higher financial stress is associated with lower saving and investment behaviour.

REGRESSION ANALYSIS

Model 1: Impact of Financial Stress on Saving Behaviour

Variable	β (Beta)	t-value	p-value	R ²	F-value	p-value
Financial Stress	-0.421	-11.42	<0.001	0.177	130.42	<0.001

Interpretation: Financial stress has a significant negative impact on saving behaviour ($\beta = -0.421$, $p < 0.001$). It explains 17.7% of the variation in saving behaviour ($R^2 = 0.177$). The model is statistically significant ($F = 130.42$, $p < 0.001$).

Model 2: Impact of Financial Stress on Investment Behaviour

Variable	β (Beta)	t-value	p-value	R ²	F-value	p-value
Financial Stress	-0.386	-10.17	<0.001	0.149	103.43	<0.001

Interpretation: Financial stress has a significant negative impact on investment behaviour ($\beta = -0.386$, $p < 0.001$). It explains 14.9% of the variation in investment behaviour ($R^2 = 0.149$). The model is statistically significant ($F = 103.43$, $p < 0.001$).

T-TEST

Table 5: Independent Samples t-Test of Public and Private Sector Employees

Variables	Mean		t-value	p-value	Result
	Public Sector	Private Sector			
Financial Stress	3.24	3.6	-5.38	<0.001	Significant
Saving Behaviour	3.31	3.05	3.71	<0.001	Significant
Investment Behaviour	3.19	2.93	3.42	0.001	Significant

Note: The test is interpreted at the 5% significance level.

Interpretation: Private-sector employees experience significantly higher financial stress ($M = 3.60$) than public-sector employees ($M = 3.24$, $p < 0.001$). Public-sector employees show significantly higher saving behaviour ($M = 3.31$) and investment behaviour ($M = 3.19$) than private-sector employees ($p < 0.001$; $p = 0.001$). Overall, significant sector-wise differences exist in all three variables.

ONE-WAY ANOVA

Table 6: ANOVA Analysis - Based on Monthly Income

Dependent Variable	SS	df	Mean Square	F-value	p-value	Decision
Financial Stress	20.64	4	5.16	8.64	<0.001	Significant
Saving Behaviour	27.18	4	6.8	12.31	<0.001	Significant
Investment Behaviour	25.47	4	6.37	10.27	<0.001	Significant

Note: df = Degrees of Freedom; SS = Sum of Squares. Significance level at 5%.

Interpretation: The ANOVA results show significant differences across income groups in financial stress ($F = 8.64$), saving behaviour ($F = 12.31$) and investment behaviour ($F = 10.27$), with $p < 0.001$ for all variables. This indicates that income level significantly influences employees' financial stress, saving and investment behaviour. Generally, higher-income employees show greater saving and investment capacity and lower financial stress.

HYPOTHESIS TESTING

Table 7: Summary of Hypothesis Testing

Hypothesis	Result	Decision
H ₀₁	Significant relationship exists	Rejected
H ₀₂	Significant relationship exists	Rejected
H ₀₃	Significant demographic differences exist	Rejected
H ₀₄	Significant demographic differences exist	Rejected
H ₀₅	Financial stress significantly influences saving and investment behaviour	Rejected

The hypothesis testing results show that all five null hypotheses are rejected. The findings confirm significant relationships between financial stress, saving behaviour and investment behaviour, along with significant differences across selected demographic groups. The results also establish that financial stress significantly influences employees' saving and investment behaviour.

XII. FINDINGS

1. The study included 600 salaried employees, with 58% males and 42% females.
2. The largest proportion of respondents (33%) belonged to the 25–35 years age group.
3. Public and private sector employees were equally represented, with 50% from each sector.
4. The largest income group (33%) earned ₹25,001–₹50,000 per month.
5. The respondents experienced a moderate level of financial stress with a mean score of 3.42.
6. Saving behaviour was moderate (Mean = 3.18), while investment behaviour was comparatively lower (Mean = 3.06).
7. Financial stress had a significant negative relationship with saving behaviour ($r = -0.421$, $p < 0.01$).
8. Financial stress had a significant negative relationship with investment behaviour ($r = -0.386$, $p < 0.01$).
9. Saving behaviour had a significant positive relationship with investment behaviour ($r = 0.512$, $p < 0.01$).

10. Financial stress significantly negatively influenced saving behaviour ($\beta = -0.421$, $p < 0.001$), explaining 17.7% of its variation.
11. Financial stress significantly negatively influenced investment behaviour ($\beta = -0.386$, $p < 0.001$), explaining 14.9% of its variation.
12. Private-sector employees experienced significantly higher financial stress, whereas public-sector employees showed significantly higher saving and investment behaviour.
13. Significant differences were found across income groups in financial stress, saving behaviour and investment behaviour ($p < 0.001$).
14. Overall, the findings indicate that higher financial stress is associated with lower saving and investment behaviour among salaried employees.

XIII. SUGGESTIONS

1. Organisations should conduct regular financial-wellness programmes to help employees understand budgeting, saving, insurance, investment and retirement planning.
2. Employees should be encouraged to prepare monthly budgets and monitor their income and expenditure to reduce unnecessary spending and improve financial control.
3. Employees should maintain adequate emergency savings to meet unexpected expenses such as medical costs, family needs and other financial emergencies.
4. Employers and financial institutions should organise financial-literacy programmes to improve employees' knowledge about saving options, investment alternatives, risk and return.
5. Employees should be encouraged to make regular and goal-oriented investments according to their income, financial goals and risk-bearing capacity.
6. Organisations should provide guidance on managing loans, EMIs and other debt obligations to help employees reduce financial pressure and avoid excessive borrowing.
7. Employees should be encouraged to start retirement planning at an early stage and regularly review their retirement savings to ensure future financial security.
8. Employers should provide access to basic financial counselling services to help employees manage financial stress and make informed financial decisions.
9. Public and private sector organisations should develop financial-support programmes based on the different financial needs and stress levels of their employees.
10. Employees should regularly review their savings, investments, insurance coverage and financial goals to improve their overall financial stability and long-term financial well-being.

XIV. CONCLUSION

The study concludes that salaried employees in Chikkaballapura district experience a moderate level of financial stress, saving behaviour and investment behaviour. Financial stress has a significant negative effect on both saving and investment behaviour, indicating that higher financial pressure reduces employees' ability and willingness to save and invest. Private-sector employees experience higher financial stress, while public-sector employees show comparatively better saving and investment behaviour. The findings highlight the importance of financial literacy, emergency savings, debt management, systematic investment and retirement planning. Organisations and financial institutions should strengthen financial-wellness programmes to help employees reduce financial stress and achieve better long-term financial security.

XV. LIMITATIONS OF THE STUDY

1. The study is limited to salaried employees in Chikkaballapura district, Karnataka.
2. The study is based on self-reported responses, which may involve response bias.
3. The cross-sectional design does not capture changes in financial stress and financial behaviour over time.
4. Other factors such as financial literacy, financial self-efficacy and risk tolerance are not examined in detail.
5. The study covers 600 respondents and the findings may vary with a different sample size or respondent profile.

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