



Set-up the Moral Compass of Employees through Workplace Financial .

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ABSTRACT

While organizations are offering the employees remuneration under different nomenclature and employees are in the need of understanding the salary and all other financial benefits in details. One of the growing areas in employee benefits is workplace financial . This study was conducted to understand the need of workplace financial of central and state government employees. In this paper, attempted to throw lights on conceptual background of workplace financial literacy, meaning, benefits, components, implementation process and need of the financial literacy at workplace. In this study, it is found that Employer-sponsored financial programs, financial wellness programs, Technology-based solutions and Integration with other benefits are the recent developments. This study concluded by offering suggestions such as Provide financial and training to employees at workplace, offer retirement plans to make employees feel secure, provide access to financial advisors, conduct financial wellness workshops, offer financial incentives, promote financial accountability, and provide resources for financial tools.

KEY WORDS

Financial Education, Financial Behavior, Economic Growth, Less Absenteeism, Risk Management, Perquisites and Pays.

INTRODUCTION

The major noticeable difference between the employer and employee is the level of financial literacy they do possess. With the specialized skillsets about financial procurement and investment the entrepreneur becomes employer and without which an educated becomes the employee in the same organization. In traditional organization set up the employer always wanted his employees to be in the darkness of these financial affairs of the organization as well as other affairs. But in recent scenario employer wants his employees to be skillful and happy inside the organization as well as outside the organization. In the nutshell happy contributing employee is the key for the wealth maximization. In India both central government and state government employees are protesting in many way and demanding for implementation of OPS – Old Pension Scheme in place of NPS- National Pension Scheme by understanding the depth and width of NPS in the later stage. Now in India OPS has become a most debatable topic as some of the states have taken initiative to replace the NPs with OPS and employees in the other states are started change the pace of their protest. Here in such circumstances it's important to dig it down to know the level of financial literacy of the employees before we make any conclusions. Workplace financial literacy is utmost important aspect at which employers need to focus on since the employees will join the organization or accepts the projects by misunderstanding the perks and benefits or just understanding the surface of the package and at later stage they will start roaring or complaining about the employers stand by stating or renaming their offers as double-dealer. The Salary components, annual bonus, leave travel allowances, medical reimbursement, medical insurance scheme, HRA or housing arrangements, leave encashment, most importantly retirements benefits are really a difficult chapter to make employees to know. Workplace financial literacy makes its easy meet the minds of employers and employees with all these offerings of employers to employees.

Overall, financial literacy affects everything from day-to-day to long-term financial decisions, and this has implications for both individuals and society. Low levels of financial literacy across countries are correlated with ineffective spending and financial planning, and expensive borrowing and debt management. These low levels of financial literacy worldwide and their widespread implications necessitate urgent efforts. Results from various surveys and research show that the Big Three questions are useful not only in assessing aggregate financial literacy but also in identifying vulnerable population subgroups and areas of financial decision-making that need improvement. Thus, these findings are relevant for policy makers and practitioners. Financial illiteracy has implications not only for the decisions that people make for themselves but also for society. The rapid spread of mobile payment technology and alternative financial services combined with lack of financial literacy can exacerbate wealth inequality.

To be effective, financial literacy initiatives need to be large and scalable. Schools, workplaces, and community platforms provide unique opportunities to deliver financial to large and often diverse segments of the population. Furthermore, stark vulnerabilities across countries make it clear that specific subgroups, such as women and young people, are ideal targets for financial literacy programs. Given women's awareness of their lack of financial

knowledge, as indicated via their “do not know” responses to the Big Three questions, they are likely to be more receptive to financial .

The near-crisis levels of financial illiteracy, the adverse impact that it has on financial behavior, and the vulnerabilities of certain groups speak of the need for and importance of financial . Financial is a crucial foundation for raising financial literacy and informing the next generations of consumers, workers, and citizens. Many countries have seen efforts in recent years to implement and provide financial in schools, colleges, and workplaces. However, the continuously low levels of financial literacy across the world indicate that a piece of the puzzle is missing. A key lesson is that when it comes to providing financial , one size does not fit all. In addition to the potential for large-scale implementation, the main components of any financial literacy program should be tailored content, targeted at specific audiences. An effective financial program efficiently identifies the needs of its audience, accurately targets vulnerable groups, has clear objectives, and relies on rigorous evaluation metrics.

There are three compelling reasons for having financial in school. First, it is important to expose young people to the basic concepts underlying financial decision-making before they make important and consequential financial decisions. Financial literacy is very low among the young and it does not seem to increase a lot with age/generations. Second, school provides access to financial literacy to groups who may not be exposed to it (or may not be equally exposed to it), for example, women. Third, it is important to reduce the costs of acquiring financial literacy, if we want to promote higher financial literacy both among individuals and among society.

There are compelling reasons to have personal finance courses in college as well. In the same way in which colleges and university offer courses in corporate finance to teach how to manage the finances of firms, so today individuals need the knowledge to manage their own finances over the lifetime, which in present discounted value often amount to large values and are made larger by private pension accounts.

Financial can also be efficiently provided in workplaces. An effective financial program targeted to adults recognizes the socioeconomic context of employees and offers interventions tailored to their specific needs.

LITERATURE REVIEW

Fan, L., et., al (2021) In this research explored the relationship between financial sources and emergency savings of U.S. adults, and examined the mediating role of financial literacy. The results showed that receiving financial from both school and workplace had positive associations with having emergency funds. Financial literacy was found to be positively associated with having emergency funds and financial literacy mediated the relationship between financial and having emergency savings. The findings of this study reinforced the significance of different financial sources in increasing the likelihood of saving for emergencies. Implications for policymakers, financial educators and counselors, and employers are included.

Goyal, K et al (2021) - The objective of this study is to review of 502 articles - published in peer-reviewed journals from 2000 to 2019. Citation network, page-rank analysis, co-citation analysis, content analysis and publication trends have been employed to identify influential work, delineate the intellectual structure of the field and identify gaps. The most prominent journals, authors, countries, articles and themes have been identified using bibliometric analysis, followed by a comprehensive analysis of the content of 107 papers in the identified clusters. The data were retrieved in December 2019 from the Web of Science core collection platform by Clarivate analytics. The author concluded the study by saying. Financial literacy is an issue with vast implications for economic health and its development can guide the way to competitive and stable economies.

Lusardi A (2019) - This study aimed to describe how we measure financial literacy, the levels of literacy we find around the world, the implications of those findings for financial decision-making, and how we can improve financial literacy. The objective of this conceptual study is to know the level of financial literacy among people, Cross country comparison of financial literacy level. Does financial literacy matter in the current situation; Conclusion of the study is the lack of financial literacy, even in some of the world's most well-developed financial markets, is of acute concern and needs immediate attention. In today's world, financial literacy should be considered as important as basic literacy, i.e., the ability to read and write. Without it, individuals and societies cannot reach their full potential.

STATEMENT OF PROBLEM

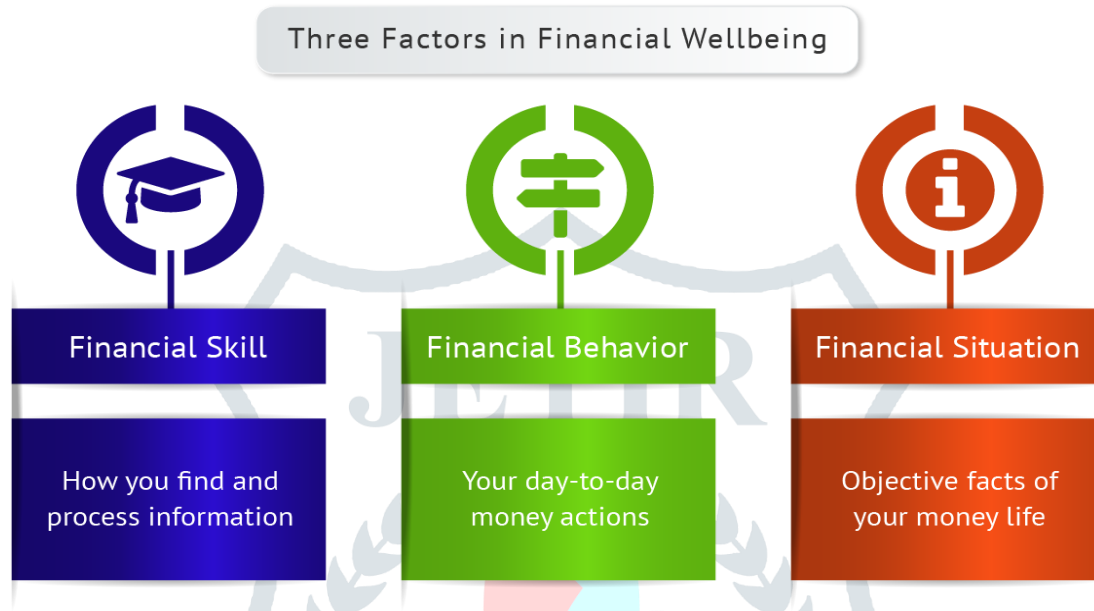
Social security is the most anticipated and its expectation grows as people become aged. Pension scheme makes retired employees life socially secured. But at this juncture in India there is neither uniformity nor certainty about the pension they do receive after their retirement. In 2006 when the NPS was introduced all over India, employees were less responsive and have no clear knowledge regarding their corpus fund as well as their receivables. Lack of workplace financial literacy and employees were not opposed the scheme at that point of time and demanding the replace now. Assuming the employees were not taught the financial aspects of the upcoming pension scheme is the main route cause for this revolt and opposition. Proper financial literacy would have controlled this unrest condition and motivated employees to contribute more for the national wellness. Hence this study made an attempt to understand the importance and elementary issues of workplace financial literacy.

OBJECTIVES OF THE STUDY

- ✓ To understand the Workplace Financial Literacy and its components
- ✓ To Study the benefits of Workplace Financial Literacy
- ✓ To understand the implementation process of workplace financial literacy program.
- ✓ To Study the employees need of workplace financial literacy
- ✓ To through the light on recent development in workplace financial literacy
- ✓ To provide the suggestions based on the study.

FINANCIAL LITERACY

Financial literacy is defined as the “knowledge and understanding of financial concepts and risks, and the skills, motivation and confidence to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life”. (OECD, 2014).



WORKPLACE FINANCIAL LITERACY

Workplace financial literacy program is paying salary rewards and teaching how to manage it among expenditures, savings and investments. Employee financial wellness programs teach your staff how to make informed and effective decisions about their finances. They walk away with the skills to better manage their income and expenses. They also learn more about how to build financial security and wealth.

Types of workplace financial programs vary. Print materials, such as newsletters and retirement statements, are widespread. Some employers provide extensive year-around financial programs that include personal counseling while others send only print materials to their employees. Generally, workplace financial programs include retirement benefit statements, brochures, newsletters/magazines, seminars or workshops, workbooks or worksheets, face to-face counseling, telephone counseling, web-based services, software programs, videos, and CD-roms.

Recently, some employers have started to provide employees with access to professional investment advice in-person or via the telephone or the Internet. Although employer-provided financial has become more prevalent, less than half of the employees in the United States benefit from such programs. It is estimated that only about 10% of employees in the India have received employer-provided financial . Few organizations are keen about this workplace financial literacy and many are not even aware of it. There are good number of service providers emerged across the nation

COMPONENTS OF FINANCIAL LITERACY

Earn

There are many sayings and proverbs says, learn to earn before you spend. Afore you can start spending, saving, and investing, you need to know how much money you make. If you make the same amount each month, this part is pretty easy. Being employee its his limited resources and unlimited wants. The financial literacy must help him to allocate and apportion the his limited earnings among his selected priorities.

Borrow

Barrowing the loans and advances is not considered generally as a good sign of economic condition in the traditional financial beliefs. But employees must be taught that barrowing loans and advances from low interest fund and investing them on high interest yielding investment options are always wise step. Employees should know that their borrowing capacity and monthly financial commitments before barrowing on regular EMIs. Financial literacy of the employees at least let the employees to barrow some loans such home loans which reduces his taxation burdens.

Spend

Spending is inevitable, willingly some goes out our hand and some spending are bitter fruits and have to meet them with our heavy weighted hearts. The workplace financial literacy must enable employee to spend his earning on maximum utility yielding products or services so that he get maximum satisfaction from his earning – spending process. There is actually a thumb rule that 50:30:20 for spending which says 50% of your earning should be used for needs, 30% of which is asked to use for wants and rest 20% must be saved for future uncertainty, but it differs from country to country and employees should literate these all and should design his/her own rule while working with organization to feel self-satisfied.

Save and Invest

The basic feature of humankind and which no other creature possesses is saving for future in the form of currency. This inherent feature is only the factor stimulated the entire economic universe. The employees feel their growth only if they can save out of their salary. We must ensure employees have sufficient knowledge about bank savings and other investment avenues. Stocks, Shares, futures, forwards, options, commodity markets, Mutual funds, Bonds, Real estate, gold and other investment opportunities must be taught to employees to make them they use them for their investment diversification. The workplace financial literacy must have keen focus on these issues which create the distinguished feeling than the other employer. We must see that employees will never put all his eggs in one basket.

Protect

Workplace financial literacy must throw lights on this area as well. Earning is one part of the story and saving part of it is equally likely important. However keeping our investment safe and secure is must and should. Protecting investments and switching from loss making assets to profit making assets at right regular intervals is good characteristic of an investor.

BENEFITS OF WORKPLACE FINANCIAL LITERACY.

- Employees Will Better Understand the Business Case
- A Better Potential for Employees to Upskill Themselves

- Less Need for Employees to Have a Side Hustle
- New Appreciation of Non-Cash Remuneration
- Reduces Staff Vulnerability
- Better Retention and Loyalty
- Less Absenteeism
- Lower Healthcare Costs
- Reduced Stress
- Greater Focus and Productivity

IMPLEMENTATION PROCESS OF EMPLOYEE FINANCIAL LITERACY TRAINING AT WORKPLACE

a. Conduct a Survey on Employee Financial Health and Literacy

A survey to find out the employee's knowledge base in handling his finances is to be conducted. While many people think that being financially literate means having a good amount of money, it is actually much more than that! Although employees may be knowledgeable about how to manage their personal finances, many lack the knowledge required to be successful in managing their finances once they start working. You can use free services from Google forms or other similar services.

What are your goals with regards to your finances?

Do you have any savings?

When was the last time you reviewed your financial plan?

What is your biggest financial goal right now?

How much do you earn per annum?

How much do you spend per month on essentials?

What percentage of your income do you save every month?

How comfortable are you with credit cards? Can you handle credit well?

b. Identify employee's level of financial literacy

Based on the results of the surveys, provide training sessions for those who need additional assistance based on their answers on the surveys. It can prevent them from making costly mistakes with their finances.

To understand how to implement this training at the workplace, it is important to identify employees' level of knowledge. The employee financial literacy program provided by the company should take into account the level and needs of each employee as well as provide training tailored to specific needs.

For example,

Employees with low financial literacy skills may require a more basic explanation of the concepts.

Employees with higher literacy skills can benefit from more in-depth and specific training tailored to their individual needs.

Employees who are just starting out should be trained on topics that include:

Understanding a paycheck

The impact of taxes on income and savings

How debt can undermine long-term goals

Employees who have been with the company for some time should be trained on topic that includes:

Planning for retirement

Credit management – including credit scores and credit reports, understanding creditworthiness, managing credit responsibly by paying bills on time, not exceeding credit limits, etc.

Saving for major purchases such as a home or new car

c. Make it Highly Engaging

Find a training program based on requirements and implement your employee financial well being program. Also simply providing this training isn't enough. You have to make sure employees actually learn the material and that it sticks with them long after the course ends.

It is important to create engaging and interactive sessions. You can also opt for simulations based on real life situations to help employees learn better. You can conduct simulations in the office or even online using a virtual setup to model various money management scenarios. These tools teach employees how they should handle their finances when faced by such a scenario. This is a great way of helping employees learn concepts quickly and easily at their own pace.

d. Determine Goals by Considering Employee Needs

Knowing the reasons for employee financial illiteracy and its benefits will help you determine your goals for the program. In order to keep tracking, it's important to outline what you're trying to do and how you want financial to fit into the big picture of your business.

When determining goals, you want to be sure that the training will be effective and beneficial for your employees. Look at your company's overall goals as well as individual employee goals. You will also want to make sure that the training is relevant to your company's culture.

e. Track Evaluation of Your Training Program

The important factor of your al program is evaluating its success. It is a feedback system that helps you to gather the information regarding their satisfaction level. The feedback system should be designed in such a way that it can help you to know about the effectiveness of your program.

As an employer, you will want to equip your employees with necessary knowledge to help them make better financial decisions that will not only benefit their lives, but also the life of your business. So it is important to have a system in place to track if the goals and objectives of the training are achieved.

Make Them Aware of Its Importance

To get employees to understand the value of training, you will have to give them a clear picture of why they need financial literacy. It is more than just learning how to use excel and other software programs. It is about helping employees become better decision makers and learning how to manage their personal finances.

To build a successful corporate finance training program, you must first learn what employees want from such a program and how to help your employees make the most of it. This is where learning management software like simulations can be helpful, and highly effective by helping employees retain the knowledge and apply it in real life.

RECENT DEVELOPMENT IN WORKPLACE FINANCIAL LITERACY

Financial literacy in the workplace has become an increasingly important topic in recent years, as employers recognize the benefits of having financially literate employees. Here are some of the recent developments in this area:

- **Employer-sponsored financial programs:** Many employers are now offering financial programs to their employees, either as part of their employee benefits package or as a separate initiative. These programs cover a range of financial topics, including budgeting, saving, investing, and retirement planning.
- **Financial wellness programs:** Some employers are taking a more holistic approach to financial by offering financial wellness programs. These programs focus on improving employees' overall financial health, rather than just teaching them specific skills or knowledge. They may include tools and resources to help employees manage debt, create a budget, and plan for retirement.
- **Technology-based solutions:** Many employers are turning to technology-based solutions to deliver financial to their employees. This includes online courses, mobile apps, and other digital tools that make it easy for employees to access financial resources.
- **Integration with other benefits:** Some employers are integrating financial with other employee benefits, such as health and wellness programs. For example, a company might offer a financial planning workshop as part of its annual health fair.

Overall, the trend towards workplace financial literacy reflects a growing recognition of the importance of financial wellness for individuals and society as a whole. By empowering employees with the knowledge and tools they need to make informed financial decisions, employers can help to create a more financially stable and secure workforce.

SUGGESTIONS

Here are some suggestions based on our study about workplace financial literacy:

- a. **Provide financial and training:** Employers can provide financial and training programs to their employees to improve their financial literacy. These programs can cover topics such as budgeting, saving, investing, retirement planning, and debt management.
- b. **Offer retirement plans:** Employers can offer retirement plans such as 401(k) or IRA to their employees. This can help employees save for their retirement and also educate them about retirement planning.
- c. **Provide access to financial advisors:** Employers can provide access to financial advisors or financial planners who can help employees with their financial planning and investment decisions.
- d. **Conduct financial wellness workshops:** Employers can conduct financial wellness workshops to help employees improve their financial health. These workshops can cover topics such as budgeting, debt management, and retirement planning.
- e. **Offer financial incentives:** Employers can offer financial incentives such as bonuses or profit-sharing plans to encourage employees to save and invest for their future.
- f. **Promote financial accountability:** Employers can promote financial accountability by encouraging employees to track their expenses, create a budget, and monitor their credit score.
- g. **Provide resources for financial tools:** Employers can provide access to financial tools such as budgeting apps, investment calculators, and retirement planning tools to help employees manage their finances effectively.

By implementing these suggestions, employers can help their employees improve their financial literacy, achieve financial wellness, and reduce financial stress.

CONCLUSIONS

It's never too late to start financial literacy programs at work. Workplace financial literacy is like a combo offer to the employees as employers pay salary along with required skillsets to spend or invest/saving ideas. Employer can never satisfy the employees by paying expected salary as it always grows but can make an attempt to create employee satisfaction by training them to save and invest the same in profitable avenues. It will help employees understand their finances and make better spending, saving and investment decisions. It will also improve their overall well-being, lowering stress and leading to more effective ways of managing debt. More importantly, the organization should ensure this training does not end just after the employee training session.

Rather, it should be forming a partnership with them so you can help them on their path to financial health and success, both at work and outside of work.

We often see many memes and jokes about month end financial crunch jokes and empty pocket lessons. Financial stress can have a negative impact on the workplace. For instance, studies found that employees stressed about their finances say their money concerns are a distraction at work. Furthermore, this can lead to reduced performance. Additionally, 62% of employees asked stating monthly expenses as their biggest financial concern each month. Moreover, the financial burden leads to anxiety, depression and other mental health issues. Consequently, financial literacy can help break this rigorous cycle and increase workplace morale, business productivity and reduce costs. The employer may induce employees towards the productivity by setting entangling moral campus of employees that their perquisites and pays are part of organizations wealth.

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