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"A Study on the Financial Discipline and Budgeting Practices of Young Employees" A Study in Thrissur, Kerala

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Abstract: *In an era of rapid economic change, rising living costs, and consumer-driven lifestyle pressures, effective personal financial management is critical for young professionals transitioning into financial independence. Early-career employees face distinct challenges, including managing fixed incomes, avoiding debt from digital payment systems and easy credit schemes, and balancing immediate lifestyle expenses with long-term savings goals.*

This study examines the level of financial discipline and budgeting practices among young employees to understand how they control spending, prioritize needs, and utilize personal financial planning tools. Furthermore, it explores the adoption of traditional and modern digital budgeting tools, the behavioral factors influencing spending and saving habits, and the overall impact of financial discipline on long-term financial well-being. By providing insights into early-career financial behaviors, the findings underscore the importance of fostering responsible money management habits to reduce financial stress and promote long-term financial security.

Keywords: Financial Discipline, Budgeting Practices, Young Employees, Personal Financial Management, Financial Well-being, Early-Career Professionals, Spending Behavior, Digital Budgeting Tools, Financial Security, Credit Dependency

I. INTRODUCTION

In the present era of rapid economic change, rising living costs, and increasing financial responsibilities, effective personal financial management has become a crucial life skill for young employees. Financial discipline and budgeting practices play a vital role in ensuring financial stability, reducing stress, and improving overall quality of life. Young employees, especially those in the early stages of their careers, face unique financial challenges such as adjusting to a fixed income, managing expenses independently, repaying education loans, handling peer pressure on lifestyle spending, and planning for future financial goals. Therefore, understanding how young employees manage their income, control their expenses, and plan their finances is essential for evaluating their financial well-being.

Financial discipline refers to the ability of individuals to manage their money responsibly by controlling unnecessary spending, saving regularly, avoiding excessive debt, and making informed financial decisions. It reflects self-control, awareness, and long-term planning in financial behavior. Budgeting practices, on the other hand, involve planning and allocating income towards various expenses such as necessities, savings, investments, and discretionary spending. Budgeting helps individuals track their income and expenditure, set financial priorities, and prepare for future financial needs. Together, financial discipline and budgeting practices form the foundation of sound personal financial management. Young employees today live in a highly consumer-driven environment where spending is influenced by social media, digital marketing, online shopping platforms, and lifestyle trends. The easy availability of credit cards, buy-now-pay-later schemes, and digital payment applications has made spending more convenient but has also increased the risk of impulsive buying and debt accumulation. Many young employees experience financial pressure due to rent, transportation, professional expenses, and social commitments. At the same time, they are expected to save for emergencies, future education, family responsibilities, retirement, and investments. This situation makes financial discipline more challenging yet more necessary than ever. The transition from being financially dependent on family to becoming financially independent is a significant phase in the life of young employees. During this phase, individuals develop habits related to saving, spending, investing, and borrowing. These early financial habits often shape their long-term financial behavior. If young employees fail to practice financial discipline and effective budgeting, they may face financial instability, debt problems, and stress in later stages of life. Conversely, those who adopt disciplined financial practices and systematic budgeting are more likely to achieve financial security, meet their goals, and maintain better financial well-being.

Budgeting methods and tools have evolved significantly in recent years. Traditional methods such as maintaining written budgets and expense diaries are now complemented by digital tools like mobile applications, online banking features, spreadsheets, and automated savings options.

This study aims to examine the level of financial discipline practiced by young employees in managing their income and expenses. By assessing how effectively young employees control their spending, prioritize needs, and save for future goals, the study seeks to understand their overall financial behavior. Additionally, the study analyzes the budgeting methods and tools used by young employees for personal financial planning.

In conclusion, financial discipline and budgeting practices are essential components of personal financial management for young employees. In a dynamic economic environment with increasing financial opportunities and risks, young employees must develop responsible financial habits to ensure long-term financial security and well being. This study provides valuable insights into how young employees manage their finances, the tools they use, the factors that influence their financial behavior, and the impact of financial discipline on their financial well-being. By understanding these aspects, the study contributes to the promotion of healthy financial practices among young employees and supports the goal of achieving sustainable personal financial management.

1.2 STATEMENT OF THE PROBLEM

Despite earning regular incomes, many young employees struggle with financial discipline and systematic budgeting due to high living costs, lifestyle pressures, and easy credit access. Limited practical money management experience often leads to informal expense tracking, heavy credit reliance, and financial stress.

While individual factors like financial literacy, income level, and peer influence shape these habits, there is a lack of empirical research on how young workers manage their money and how budgeting impacts their overall well-being. This study addresses that gap by evaluating the financial discipline, budgeting habits, and factors influencing young employees, and how these practices affect their long-term financial stability.

1.3 SIGNIFICANCE OF THE STUDY

This study on young employees in Thrissur District offers valuable insights into how early-career professionals handle their personal finances. By examining their spending, saving habits, and use of budgeting tools, it identifies the primary social, economic, and personal drivers behind their financial choices. Crucially, the research demonstrates how disciplined money management directly reduces financial stress and builds long-term security. Ultimately, these findings serve as a practical resource for young employees, financial educators, and policymakers aiming to promote financial literacy and foster sustainable financial habits in young adults.

1.4 SCOPE OF THE STUDY

The scope of the study titled **“**A Study on the Financial Discipline and Budgeting Practices of Young Employees” focuses on examining how young employees manage their personal finances during the early stages of their careers. The study primarily covers the level of financial discipline practiced by young employees in managing their income, expenses, and savings. It also analyzes the various budgeting methods and tools used by them for effective personal financial planning, such as maintaining monthly budgets, using digital applications, or following traditional saving methods. In addition, the research assesses the relationship between financial discipline and the financial well-being of young employees, highlighting how proper budgeting and responsible financial behavior contribute to financial stability and reduced financial stress. The study is limited to young employees residing in Thrissur District

1.5 OBJECTIVES OF THE STUDY

- To examine the level of financial discipline practiced by young employees in managing their income and expenses.
- To analyze the budgeting methods and tools used by young employees for personal financial planning.
- To assess the relationship between financial discipline and financial well-being of young employees.

1.6 RESEARCH METHODOLOGY

1.6.1RESEARCH DESIGN

The research design adopted for this study is descriptive research design. This design is appropriate because the study aims to describe and analyze the financial discipline and budgeting practices followed by young employees.

1.6.2 NATURE OF DATA

The study is based on quantitative data. The data mainly includes responses related to demographic details, income level, spending patterns, budgeting practices, saving habits, and perceptions regarding financial discipline.

1.6.3 SOURCE OF DATA

The study is based on both primary and secondary data.

a) **Primary data**

Primary data is collected directly from young employees in Thrissur District through a structured questionnaire. The questionnaire helps to gather information about their income management, budgeting practices, saving habits, and financial discipline.

b) **Secondary data**

Secondary data is collected from research journals, books, academic publications, authentic websites, and online databases.

1.6.4 POPULATION AND SAMPLE

The population of the study consists of young employees residing in Thrissur District. These employees may belong to different professions, income levels, and educational backgrounds. From this population, a sample of respondents is selected to represent the entire population. The selected respondents provide information regarding their income management, budgeting habits, saving practices, and financial behaviour.

1.6.5 SAMPLING TECHNIQUE

The study uses a convenience sampling technique to select respondents.

1.6.6 SAMPLE SIZE

The sample size of the study is 80 respondents.

1.6.7 TOOLS FOR DATA COLLECTION

The primary tool used for data collection is a structured questionnaire.

1.6.8 TOOLS FOR DATA ANALYSIS

The collected data is analyzed by using Chi-square test.

II. REVIEW OF LITERATURE

1 P. L. (2026): *Enhancing financial literacy and management through goal directed design and gamification in personal finance applications.* Explored how personal finance applications with gamification features can improve financial literacy and money management among young people.

2 Bank of America (2025) *Better Money Habits study: Young adults and financial health, Bank of America Institute.* Conducted a financial behaviour survey among young adults and found that many young employees actively attempt to improve their financial health by reducing expenses, saving money, and managing debt.

3. Godbole, Shah, and Mudholkar (2025) *Preventing household bankruptcy: The one-third rule in financial planning with mathematical validation and game theoretic insights.* Analyzed household budgeting strategies and introduced the "one-third rule," which suggests allocating income equally for savings, expenses, and debt repayment.

4 Linge, Kakde, and Jiwani (2025) *Factors affecting financial literacy and financial behavior of working young adults in India. Indian Journal of Finance, 19(11).* Analyzed the factors influencing financial literacy and financial behaviour among working young adults in India.

5 Lone et al. (2025) *Impact of digital financial literacy on financial well-being: Moderating role of gender and religiosity. Journal of Financial Services Marketing, 30, 16.* Examined the influence of digital financial literacy on financial well-being among young individuals.

III. DATA ANALYSIS AND INTERPRETATION

HYPOTHESIS (CHI-SQUARE TEST)

H_0: There is no significant relationship between financial discipline and financial well-being of young employees.

H_1: There is a significant relationship between financial discipline and financial well-being of young employees.

Financial Discipline and Financial Well-being of young employees

Financial Discipline	Good Financial well-being	Poor Financial well-being	Total
Disciplined	30	10	**40**
Not Disciplined	12	28	**40**
Total	**42**	**38**	**80**

CHI-SQUARE CALCULATION

O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
30	21	9	81	3.86
12	21	-9	81	3.86
10	19	-9	81	4.26
28	19	9	81	4.26
Total			**16.24**	

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Particulars	value
Chi-Square Value	16.24
Degree of Freedom	1
Table value (5% level)	3.84

Interpretation

The Chi-square test results show that the calculated value of 16.24 is greater than the table value of 3.84 at 5 percent level of significance with 1 degree of freedom. This indicates that there is a statistically significant relationship between financial discipline and financial well-being of young employees. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted. The findings clearly suggest that young employees who follow financial discipline are more likely to experience better financial well-being compared to those who are not disciplined.

Findings

1. The statistical test indicates a significant relationship between financial discipline and financial well-being among young employees.
2. The findings suggest that financially disciplined employees are more likely to achieve better financial well-being than employees who are not financially disciplined.
3. The study highlights that practicing financial discipline, such as budgeting, saving regularly, and controlling unnecessary expenses, contributes positively to the financial well-being of young employees.
4. Overall, the analysis confirms that financial discipline is an important factor influencing the financial well-being of young employees.

IV. SUGGESTIONS

1. Young employees should be encouraged to prepare a monthly budget regularly instead of occasionally, as consistent budgeting helps manage income and control expenses effectively.
2. Young employees should consider job security as an important factor while planning their finances and develop a habit of saving regularly to handle future uncertainties.
3. Young employees should improve their financial literacy through financial education programs, workshops, and online resources to strengthen their budgeting and money management

V. CONCLUSION

The study concludes that young employees show a moderate level of financial discipline and budgeting practices, with many being in the early stages of their careers and earning lower incomes. Although many respondents track expenses, review spending, and prioritise savings, budgeting is mostly done occasionally rather than regularly. A significant number of respondents do not use proper budgeting methods or tools, indicating a gap in effective financial planning. Factors such as financial goals, income level, financial literacy, and future security influence their budgeting and saving behavior. While more than half of the respondents reported good financial well-being, many still face difficulties in managing expenses and handling unexpected costs. The study also confirms that there is a strong relationship between financial discipline and financial well-being, as disciplined individuals tend to experience better financial stability. The suggestions highlight the importance of regular budgeting, improved financial literacy, and the use of modern financial tools to strengthen money management skills. Overall, improving regular budgeting habits and financial awareness can help young employees achieve long-term financial stability.

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