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A Study on Personal Financial Planning, Moonlighting, And Financial Stability

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Abstract: In today's dynamic economic environment, an increasing number of people are moonlighting working a second job or doing freelance work in addition to their primary job to supplement their income and improve their financial stability. While this new source of income can assist reduce financial difficulties, it also presents substantial obstacles for personal financial planning. To effectively manage numerous revenue streams, you must use strategic budgeting, disciplined saving, judicious investing, and appropriate debt management. Without a well-structured financial plan, moonlighters may face tax consequences, imbalanced spending, inefficient savings techniques, and increased financial stress, potentially jeopardizing their long-term financial well-being. This study seeks to investigate the complex relationship between moonlighting and personal financial planning by examining how people manage financial stability, debt repayment, investment decisions, and overall financial management while working several jobs. Unlike studies that rely on secondary data sources, this study collects primary data using a structured questionnaire. The questionnaire is intended to acquire firsthand information on individuals' financial behaviors, problems, and planning techniques when moonlighting. This study will analyze participant responses to evaluate the extent to which financial literacy affects a moonlighter's capacity to properly manage their money, make educated financial decisions, and mitigate financial risks.

Keywords: Personal, Financial Planning, economic, financial and moonlighting.

1. INTRODUCTION

In the rapidly evolving economic and financial landscape of the world, it is common for many to face increasing living expenses, employment insecurity, and financial uncertainties. To alleviate the stress of such troubles, more and more people resort to moonlighting, i.e., seeking additional employment in addition to their regular jobs. Although working more may bring financial comfort, it also complicates individual financial management. Managing multiple sources of income calls for prudent budgeting, saving, investing, managing debt, and risk management in order to attain financial stability in the future. Yet, most moonlighters lack formal financial plans, which may cause tax issues, uneven expenditure, debt difficulty, and ineffective saving methods. Moreover, having multiple jobs might cause burnout, stress, and decreased work performance, thus complicating financial planning further. Without a specific financial plan, moonlighters are likely to mismanage their extra income, eventually restricting their capacity for long-term financial security. This research aims to explore the connection between moonlighting and personal financial planning, specifically whether the better persons are who have well-organized financial plans can handle their finances and enjoy higher levels of financial well-being and security. By investigating how moonlighters' budget, spend, and allocate their earnings, this study wants to discover the advantages, disadvantages, and optimal financial habits of individuals who work multiple jobs. The results will shed light on the best ways to manage one's income and maximize financial choices for creating a stable and sustainable financial future.

2. PROBLEM STATEMENT

Moonlighting has become a phenomenon in the lives of many people who are attempting to ensure financial security. Yet, due to the absence of strategic financial planning, there is inefficient wealth gathering, enhanced financial stress, and lack of ability to manage various streams of income properly. In spite of the rising trend towards moonlighting, not much research has been conducted on its effect on individual financial planning. This study therefore attempts to address this by examining the role of financial literacy, budgeting, and investment planning in ensuring financial stability among

moonlighters.

3. REVIEW OF LITERATURE

Dr. A. Shaji George and A.S. Hovan George's study "A Review of Moonlighting in the IT Sector and Its Impact" delves into the growing trend of moonlighting in the Information Technology (IT) industry, where factors such as job saturation, stagnant wages, and widespread adoption of remote work have all contributed to the growth of secondary employment. The study identifies economic necessity, career progress, and employment flexibility as the top motivators for moonlighting among IT professionals, as many seek additional income streams or pursue other career routes without quitting their core positions. The digital gig economy and the emergence of freelance platforms have promoted moonlighting by providing professionals with more flexible and accessible possibilities to take on supplementary roles. While moonlighting in IT has various advantages, including improved skill development, broader industry exposure, and higher employability, it also poses a number of issues for both people and organizations. According to the study, juggling numerous occupations can result in work overload, mental tiredness, and even burnout, all of which have a negative impact on productivity and general well-being. Furthermore, moonlighting creates ethical and legal concerns, particularly around conflicts of interest, intellectual property violations, and data security breaches. Employees working for numerous organizations in comparable domains may mistakenly or intentionally compromise secret corporate information, resulting in potential breaches of trust and regulatory issues. Georges Mumbere Kisumano Safary Wa-Mbaleka's study "Moonlighting as a Growing Phenomenon: A Case Study of a Congolese Christian University" provides an industry-specific analysis of moonlighting in the academic sector, with a particular emphasis on university lecturers in the Democratic Republic of Congo. Historically, faculty members were expected to devote their whole time to teaching, research, and academic duties, with stringent institutional norms forbidding supplementary work. However, due to economic challenges, job uncertainty, and the desire for career advancement, an increasing number of educators are moonlighting to supplement their income or expand their professional chances. The paper investigates how financial necessity, professional advancement, and job security concerns have fuelled this transition, causing many university instructors to seek extra employment in private tutoring, consultancy, or administrative responsibilities at various institutions. The study "Personal Financial Planning" by Lewis Altfest gives a thorough examination of the evolution, relevance, and academic growth of Personal Financial Planning (PFP) as a professional field. Initially viewed as a luxury service available mainly to the wealthy, PFP has gradually expanded its reach to the middle class as a result of economic growth, rising disposable income, more financial literacy, and greater knowledge of wealth management tactics. As individuals negotiate complex financial landscapes characterised by inflation, shifting tax regulations, investment diversification, and retirement planning, the need for formal financial planning has grown. Altfest's research shows how personal financial planning (PFP) evolved from a specialised advisory service to a widely recognised industry that assists individuals in achieving financial stability through budgeting, investment planning, and risk management. Despite its expanding importance, Altfest identifies a significant deficiency in PFP's theoretical foundation, claiming that, while the topic has gained practical relevance, it still needs a cohesive academic framework and thorough research. He draws upon several economic and financial theories that contribute to financial planning, such as Modigliani's Life-Cycle Hypothesis, which suggests that individuals plan their finances based on expected income levels over their lifetime; Becker's Household Economic Model, which examines how families allocate resources for financial stability; and Markowitz's Modern Portfolio Theory (MPT), which emphasises the importance of investment diversification to minimise risk. While these theories provide essential insights into financial behaviour and planning, Altfest contends that PFP is underdeveloped when compared to domains such as corporate finance, law, and economics. Altfest's research emphasises the relevance of behavioural finance in determining financial decision-making. He emphasises that standard financial theories assume that people make rational financial decisions, whereas in reality, financial decisions are significantly impacted by emotions, biases, and psychological variables. Drawing on the work of Daniel Kahneman and Richard Thaler, he demonstrates how cognitive biases like overconfidence, loss aversion, and mental accounting influence financial behaviour, frequently leading to poor investing or saving decisions. The incorporation of behavioural finance into PFP education and advisory practices is critical for individuals to handle financial uncertainty and make more informed, rational decisions. Altfest proposes for three crucial modifications to help PFP become a more formal discipline. He advocates creating a unified financial planning theory, emphasising the need for more analytical courses, improved training resources, and specialised research centres focussing on financial planning techniques, consumer behaviour, and risk management. He also emphasises the significance of incorporating behavioural finance ideas into financial planning education, so that financial advisers and professionals are prepared to address both the rational and psychological components of financial decision-making. The study "Moonlighting as a Financial Stability Strategy: IT Sector Employees' Views" delves into the growing trend of IT professionals participating in secondary employment and investigates both the reasons for and the repercussions of this behaviour. The study emphasises that financial stability is the major motivation, with Williams (2019) claiming that moonlighting is an important technique for improving financial security in an uncertain economic climate. While secondary employment brings additional income, it also disrupts work-

life balance and can lead to job dissatisfaction since individuals struggle to successfully manage their professional and personal lives. Davis and Patel (2020) delve more into the business perspective, emphasising that employers are concerned about conflicts of interest and divided attention when individuals work several jobs. This sentiment is especially prominent in the IT industry, where companies invest in intellectual property protection and employee devotion, resulting in harsher moonlighting policies in many organisations. Johnson (2020) adds quantitative evidence to the discussion, indicating that more than 60% of IT professionals moonlight largely for financial reasons, emphasising the economic pressures that lead people to seek alternative revenue sources. However, the study also identifies a drawback to this financial gain: burnout and tiredness as individuals try to balance the demands of two jobs. Expanding on the professional development component, Smith and Lee (2021) suggest that moonlighting is frequently motivated by the desire to gain new skills and remain competitive in an environment where constant learning and upskilling are essential for career advancement. With rapid technological improvements, IT professionals frequently choose freelance employment, consultancy assignments, or part-time positions that allow them to study emerging technologies and expand their skills outside of their core professions. Meanwhile, Brown and Taylor (2021) take a different approach, claiming that moonlighting not only reduces employee commitment to their primary work but also serves as a forerunner to entrepreneurship. Many IT workers see moonlighting as a way to test business ideas, build independent ventures, or establish an alternative career path, therefore lowering their long-term involvement with their primary employment. This creates issues for businesses that rely on labour stability and retention. Finally, the study portrays moonlighting as a difficult yet unavoidable component of the modern labour, motivated mostly by financial security, professional advancement, and skill development. While it provides personnel with economic rewards and professional diversification, it also poses organisational dangers such as lower productivity, divided loyalty, and potential ethical issues. As the IT industry evolves, firms must adapt by reevaluating workplace norms, encouraging flexibility, and resolving employee issues in order to find a balance between professional aspirations and corporate goals.

Research Gap

From the above literature review researcher found the research gap “popularity of moonlighting as an economic strategy continues to increase, few studies have examined its influence on individual financial planning”. Whereas research has shown that moonlighting brings extra income and professional development, it is rare that the ways individuals successfully plan and manage their multiple sources of earnings, investments, and expenses have been investigated. Most current research highlights either the financial need for moonlighting or its effect on work performance, but not if moonlighters use formal financial planning techniques to attain long-term financial security. There is little research on the financial literacy of moonlighters. It is unknown if people who have secondary employment possess the financial information they need to budget, manage debt, invest, and save for retirement. In addition, it is rare to find research on the tax implications, work-life balance issues, and risk management of moonlighting. With the prevalence of moonlighting as a significant trend that results from increased living expenses and employment insecurity, it is important to learn how individuals can plan their finance to improve their financial returns through moonlighting while reducing associated risks. This research seeks to fill this gap by examining the money habits of moonlighters and determining best practices in personal financial planning, thereby providing insights that can assist individuals in maximizing their financial choices and enhancing their financial health.

Research Questions:

- What are the main financial reasons for moonlighting?
- In what ways does moonlighting impact one's own personal financial planning and wealth build- up?
- What are the difficulties moonlighters encounter in managing their income effectively?
- What financial strategies can optimize financial stability for moonlighters?
- How does financial literacy affect financial decision-making by individuals who moonlight?

Research Objectives:

- To investigate the monetary incentives that encourage people to moonlight.
- To analysis common financial issues encountered by moonlighters.
- To assess the impact of financial literacy on financial planning among moonlighters.

Research Methodology

The current study will rely heavily on primary data collecting using a structured questionnaire designed to elicit firsthand insights regarding moonlighting and personal finance planning. The questionnaire will be carefully designed to capture respondents' experiences, financial behaviours, and investing plans in the context of managing numerous income streams. It will include both quantitative and qualitative questions, allowing for a thorough examination of financial

planning habits, income diversification tactics, economic viability, and obstacles encountered by moonlighters. The target respondents would be working professionals in secondary employment across several industries, ensuring a diversified viewpoint on financial decision-making. The study will also look at investment trends, savings patterns, debt management, and the impact of financial knowledge on moonlighting activities. Demographic parameters such as age, income level, employment sector, and educational background will also be taken into account to better understand differences in financial planning behaviors among moonlighters. The questionnaire will be delivered through both online and offline channels to ensure a diverse and representative sample. The research's goal is to provide a thorough understanding of how moonlighters manage their finances, the financial issues they face, and the most successful financial planning practices that contribute to long-term financial security.

Analysis and Results

This study aims to explore the relationship between income and reasons for moonlighting, assess whether income levels significantly impact moonlighting motives, and evaluate how moonlighting and inflation interact to affect financial stability. To achieve these objectives, three key statistical tests were conducted:

- Correlation Analysis: Examining the strength and direction of the relationship between monthly income and different reasons for moonlighting.
- Chi-Square Test: Determining whether income level significantly influences moonlighting motives.
- Regression Analysis (Moderation Model): Assessing the impact of moonlighting and inflation on financial stability, as well as the interaction effect between these variables.

TABLE 1. Correlations
H0: There is no relationship between Income and Reasons for moonlighting.

Correlations		
		monthly income
I moonlight primarily to supplement my income.	Correlation Coefficient	-0.043
	Sig. (2-tailed)	0.538
	N	210
Moonlighting helps me manage my financial commitments (e.g., loans, rent, education)	Correlation Coefficient	-0.017
	Sig. (2-tailed)	0.801
	N	210
The rising cost of living has influenced my decision to take up a second job.	Correlation Coefficient	-0.052
	Sig. (2-tailed)	0.455
	N	210
I feel that my primary job does not provide sufficient financial security, leading me to moonlight.	Correlation Coefficient	0.055
	Sig. (2-tailed)	0.432
	N	210
The opportunity to earn extra income through freelancing/part-time work is easily available in my field.	Correlation Coefficient	0.01
	Sig. (2-tailed)	0.889
	N	210

Since all correlation coefficients are weak (almost zero) and none are statistically significant ($p > 0.05$), the correlation analysis reveals that income has no appreciable bearing on any of the cited reasons for moonlighting. Therefore, the null hypothesis (H_0) declaring no correlation between money and motives for moonlighting is not disproved, implying that elements other than income could be more important in the choice to moonlight.

TABLE 2. Chi-Square Test

H0: There is no significance dependency between income and reasons for moonlighting.

Reasons	Chi-square	df	p-value
I moonlight primarily to supplement my income.	13.001	12	0.369
Moonlighting helps me manage my financial commitments (e.g., loans, rent, education)	9.692	12	0.643
The rising cost of living has influenced my decision to take up a second job.	21.38	12	0.045
I feel that my primary job does not provide	8.391	12	0.754

sufficient financial security, leading me to moonlight.			
The opportunity to earn extra income through freelancing/part-time work is easily available in my field.	13.464	12	0.336

Only one component ("The rising cost of living has influenced my decision to take up a second job") indicates a notable dependency on income ($p = 0.045$), showing that individuals' chance of moonlighting due increased living costs varies greatly with income level. For the other four reasons, however, the chi-square test findings imply no appreciable correlation with income, so these motives for moonlighting are rather independent of income level.

TABLE 3. Regression Analysis

Predictor	Coefficient	Std. Error	t-value	p-value	LLCI	ULCI
Constant	2.3615	0.6789	3.4786	0.0006	1.0231	3.7
ML (X)	0.5042	0.4285	1.1766	0.2407	-0.3407	1.349
Infln (W)	0.2665	0.2098	1.2704	0.2054	-0.1471	0.6802
Interaction (ML × Infln)	-0.1662	0.1321	-1.2585	0.2096	-0.4266	0.0942

TABLE 4.

Interaction	R ² Change	F	df1	df2	p-value
ML × Infln	0.0076	1.5839	1	206	0.2096

With a $p = 0.6482$, the total model is not significant, meaning the predictors cannot adequately explain variances in OFS. Of course, ML and Infln have a direct impact on OFS (p -values > 0.05), but this indicates that these factors taken alone have little bearing on the result. Furthermore, the interaction term (ML × Infln) is not significant ($p = 0.2096$), therefore Infln does not greatly alter the link between ML and OFS. Moreover, the confidence intervals for every predictor contain 0, therefore underlining the fact that none of the influences have statistical significance.

4. MAJOR FINDINGS

The first step in the analysis was to examine whether a direct correlation exists between PFP and FS. The results showed a weak correlation between the two variables, with correlation coefficients close to zero. Additionally, none of the correlations were statistically significant (p -values > 0.05). This suggests that while financial planning is often recommended as a strategy for improving financial security, it does not necessarily translate into higher financial stability in a direct, measurable way. The weak correlation implies that individuals who engage in structured financial planning may not always achieve greater financial stability, potentially due to external economic conditions, unexpected financial shocks, or behavioral factors influencing financial decision-making. To further explore the relationship, a chi-square test was conducted to determine whether financial stability significantly depends on personal financial planning levels. The results indicated that there was no statistically significant dependency between the two variables, meaning that individuals who actively engage in financial planning are not necessarily more financially stable than those who do not. This finding challenges the assumption that financial planning alone guarantees stability. Several factors could explain this outcome, such as income variability, job security, and external economic pressures. Individuals with well-structured financial plans may still face financial instability if they experience job loss, inflation-driven cost increases, or unforeseen expenses, which cannot always be mitigated by planning alone. The most in-depth analysis involved regression testing, where financial stability was used as the dependent variable and personal financial planning as the independent variable, while also considering potential moderating factors like inflation. The regression model, however, was not statistically significant ($p > 0.05$), indicating that PFP alone does not strongly predict FS. Furthermore, the interaction term between PFP and inflation was also insignificant, meaning that even in fluctuating economic conditions, financial planning does not significantly alter financial stability. Additionally, the confidence intervals for all predictors included zero, reinforcing the lack of a strong statistical relationship. This suggests that financial stability is influenced by a combination of factors, rather than personal financial planning alone. Income level, employment security, access to credit, and external economic conditions are likely more dominant drivers of financial stability. The findings across all three tests consistently suggest that while personal financial planning is a prudent practice, it does not directly guarantee financial stability. Financial planning helps individuals' budget, save, and prepare for future expenses, but it is not always enough to shield against broader economic forces like inflation, job loss, or income stagnation. This highlights the need for a multi-faceted approach to financial stability, where planning is combined with stable income sources, investments, emergency funds, and financial literacy. In summary, while financial planning is a key component of good financial health, its direct impact on financial stability appears limited, and other financial and economic factors play a more critical role in ensuring long-term financial security.

5. CONCLUSION

These findings indicate that, while financial planning and moonlighting can bring temporary financial respite, they may not be adequate to provide long-term financial security. Financial stability requires a more holistic approach, which includes consistent work, emergency savings, investments, and financial awareness. The study emphasizes the need of individuals not relying exclusively on financial planning or side jobs, but instead implementing a comprehensive financial strategy that takes into consideration economic uncertainties and personal financial aspirations. Future study might delve deeper into the behavioural components of financial planning, the gig economy's involvement in moonlighting, and external economic impacts to create better financial management solutions for those navigating uncertain financial environments.

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