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## THE FINANCIAL PROBLEMS AND ACADEMIC PERFORMANCE AMONG PUBLIC UNIVERSITY STUDENTS IN MALAYSIA

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### ABSTRACT

Financial plays an important role in students' academic performance. Financial problems are a serious issue that needs to be addressed as it leads to multiple stages of problems such as health issues and academic performance. Dang and Bulus (2015) education is a high-cost social service therefore insufficient financial support will be a problem for students to enhance themselves in academics thus leading to poor academic performance. This paper aims to identify the relationship between financial problems and academic performance faced by public university students in Malaysia. Self-administered surveys were used to gather data from a total of 120 respondents among public university students. Data collected was analysed using the SPSS in order to obtain the descriptive statistics. From the results, it is ascertained that there is a significant relationship between financial problems and academic performance of  $p = 0.014 < \alpha 0.05$  indicating that the students with financial problems affect their academic performance.

### ARTICLE INFO

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## 1.0 INTRODUCTION

Financial problems are a vital issue for everyone, especially students. Most students have to struggle to make ends meet as they come from underprivileged families. Thus students have to make difficult decisions whether to spend money on food or other essential needs; and others have to go through health issues that took a toll on their financial situations (Perman, 2019). With the lack of financial, hence students faced financial problems to adapt to the high cost of living. Financial is a severe issue that lingers among university students and might affect their academic performance. Therefore, the purpose of this study is to identify the relationship between financial problems and academic performance faced by the students of Sultan Idris Education University (UPSI).

## 2.0 LITERATURE REVIEW

Financial problems are commonly faced by everyone, especially for those who come from underprivileged or low-income families. According to Asri, Abu Bakar, Laili and Saad (2017), stated that although students do not have a commitment on paying monthly debt instalments like other households, however, their status as students requires them to pay their education fees, rents and other essentials, by which they received the financial from loans, scholarships or their families. In addition, students who come from underprivileged or low-income families might affect their academic performance. Many past research has been done to show a relationship between financial problems and the students' academic performance. According to Olufemioladebinu, Adediran and Oyediran (2018), the parent's income or social status has positively affected the students' academic performance in an examination.

This can be further supported by a previous study by Olufemioladebinu et al. (2018) explained that students who come from low socio-economic family status tend to show a poor academic performance compared to students who come from a better family background status. To add, according to Asri et al. (2017) stated that students who come from a high economic status are able to have a stimulating learning environment. Hence it is possible for those who have a better family financial background to excel well and achieve a better academic performance compared to those students who come from low-income families. According to Nnamani, Dikko and Kinta (2014), they mentioned that financial problems of the students extremely contribute to the students low academic performance, which therefore leads to the low quality of education in many ways. As stated in this early literature, financial problems lead to the financial stress which will eventually influence the low academic performance of the students. A study from Widener (2017), they mentioned that financial stress has been consistently related to the students' low academic performance. According to a study by Asri et al. (2017), mentioned that there are many factors that contribute to students academic performance. However, family socio-economic are the significant factors as it involves financial management which will provide motivation for the students to either have passion or not to achieve in their academics.

According to Dang and Bulus (2015), stated that many Americans are affected by the economic downfall. Even college students often worry about their finances, which then this financial worry may affect their academic performance as the students are dividing their attention between financial and academic. Hence this can be stated that the family's finances are motivation and encouragement for the students to have a good academic performance. Asri et al. (2017) added that when a highly motivated student encounters a financial problem, the student will turn the problem into motivation for them to achieve success. Therefore, whatever problems that come, which include financial problems, should not hinder the students if they want to succeed academically.

According to Widener (2017) mentioned that there are two ways of how a financial problem could affect the students academic performance which are health problems and having to work part-time. Widener (2017) further added that financial problems lead to health problems such as anxiety which then lead to negative behaviours such as addiction to alcohol or uncontrolled shopping, hence making the students lose their focus on their academics. When students face financial problems to cope with the high cost of living, they are more exposed and vulnerable to health problems. Therefore, here comes the issue of whether students who have financial problems can handle the stress of managing their daily lives and finance. According to Asri et al. (2017) stated that poor financial management could cause an individual unable to control the stress and thus it affects their daily life such as health by making them depressed and becoming physically ill. This can

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be further supported by the study of Asri et al. (2017) which stated that one of the causes of stress among students is because of their financial problems in which the students tend to feel dizzy and have anxiety that will eventually create tension with them.

In other words, financial problems lead to various problems that will eventually affect the students academic performance. Another way financial problems could affect the students' academic performance is stated by Widener (2017), in order to overcome the financial problems, most students make a decision of having to work part-time and even working for a long horse, which takes away their time focusing on their academics. Hence, having a part-time job leads to a lack of studying, taking less credit hours and also poor attendance resulting in their poor academic performance. This can be supported by a study from Widener (2017). It found that students who are financially depressed had lower grades and enrolled in fewer credit hours. Most students are involved in part-time jobs given by universities or local companies. According to Asri et al. (2017), the students who come from underprivileged socio-economic status families are often constrained by problems such as needing to work to help their families, incapable of buying learning materials that will ultimately impact their academic performance. According to Perman (2019), CNBC journalist, stated that having a part-time job during the study takes a greater impact on low-income students, whereby approximately 6 million students took a part-time job, and most of them are women, Blacks and Latinos. By juggling between jobs and academics, some students have to struggle to overcome and manage their financial problems.

This affects their academic performance as they have to divide their focus and attention between work and their academics. Perman (2019) also mentioned that approximately 59% of students from underprivileged or low-income families worked for 15 hours and more, and they received a C average or lower for their academics. This does not only affect the students schedule as they not only have to manage their time for classes and assignments, but they also have to manage and plan their part-time job schedule accordingly. This will eventually affect their academic performance and add to health problems such as fatigue. As the effect of this financial problem, students tend to be less socialising, skip classes, and take a toll on their health, leading to poor academic performance. According to Asri et al. (2017), stated that due to financial problems, some students tend to be quiet, unsocialised with their friends and less interaction in class thus leads to a decrease in their academic performance due to their lack of interaction in acquiring knowledge.

### 3.0 METHODOLOGY

A total of 120 respondents from public university students in Malaysia answered the self-administered questionnaires. To address students' financial problems, the researcher adapted and adopted an instrument consisting of 15-item from Daud, Norwani and Yusof (2018). The instrument has previously shown a Cronbach alpha value of .871, indicating that it is considered reliable and relevant to the study. The example of questions asked are 'I always borrow some money from my friends' and 'My expenses always exceeded my received income' with a 5-Likert scale ranging from strongly agree to strongly disagree. To address students' academic performance, the researcher adapted and adopted an instrument consisting of 19-item from DuPaul, Rapport and Perriello (1991). The instrument has previously shown a Cronbach alpha value of .731, indicating that it is considered reliable and relevant to the study. The example of questions asked are 'Over the past semester(s), how are your academic results?' and 'How often do you find yourself being careless in completing your work?' with a 5-Likert scale ranging from very poor to excellent.

### 4.0 FINDINGS AND DISCUSSION

Table 1 below shows the frequency distribution of the number of respondents by gender. The number of respondents involved in this study was 120 public university students in Malaysia. A total of 82 respondents (68.3%) consisted of female students, and 38 respondents were male students. Thus, it can be concluded that there are more female students than male students involved in this study.

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Table 1: The demographic profile of respondents (N=120)

Variables	Percentage (%)	Mean	SD
<b>Gender</b>			
Female	68.3	-	-
Male	31.7		
<b>Ethnicity</b>			
Malay	67.5	-	-
Chinese	7.5		
Indian	4.2		
Bumiputra	15.0		
Others	5.8		
<b>Monthly Household Income</b>		1.30	.655
Low (< RM4500)	78.3		
Moderate (RM4501 - RM9000)	15.8		
High (RM9001 - RM13500)	3.3		
Very High (RM13501 - RM18000)	2.5		
<b>Monthly Expenses</b>		1.15	.467
Low (< RM2000)	88.3		
Moderate (RM2001 - RM4000)	7.5		
High (RM4001 - RM6000)	4.2		

Table 1 above shows the frequency distribution of monthly household income, monthly expenses and financial status. For frequency distribution of monthly household income, 94 respondents (78.3%) had low monthly household income, whereas 19 respondents (15.8%) had moderate monthly household income. It can be summarised that there are a high number of respondents who had low monthly household income compared to respondents who had moderate, high and very high monthly household income. As for the frequency distribution of monthly expenses, 106 respondents (88.3%) had low monthly expenses, whereas nine respondents (7.5%) had moderate monthly expenses. Thus, it can be concluded that most respondents spent below that RM2000 monthly for their expenses compared to respondents who had moderate and high monthly expenses.

Table 2: Pearson Product-Moment Correlation of Financial Problems and Academic Performance (N=120)

Variables	<i>r</i>	<i>p</i>
Financial Problems	-.224	0.014
Academic Performance		

\*Correlation is significant at the 0.05 level (2-tailed)

H1: There is a significant relationship between financial problems and academic performance among public university students in Malaysia.

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Pearson Correlation analysis had been used to determine the relationship between financial problems and academic performance. The findings in Table 2 showed a significant relationship between financial problems and academic performance because value  $p = 0.014 < \alpha 0.05$ . Apart from that, value  $r = -0.224$  showed a negative relationship between financial problems and academic performance, and the relationship strength is negligible. Hence, this indicates that hypothesis H1 has been rejected. Hence, this can be summarised as a significant negative relationship between financial problems and academic performance, even though the relationship strength is negligible.

For underprivileged students from low-income families, having a lack of financial resources leads to financial problems. Some students depend solely on education loans or scholarships, and some students depend on their families income. In contrast, some have to work to self-finance their education and essential daily necessities. Daud et al. (2018) stated that some students do not have other financial resources. They do not have any savings. The students do not want to borrow money from others because they do not want to burden themselves by owing to others and being in debt. Whereas some students lack financial resources as they are reluctant to have a part time job as these students do not want their academic performance to be affected (Daud et al., 2018).

However, this contradicts a study that stated that financial problems are one of the factors that encourages students to have a part-time job (Asri et al., 2017). Therefore, with the lack of financial resources to overcome the financial problems, students have to reduce their study hours for them to opt for alternative financial resources by having to work part time for long hours or have multiple jobs which could impact their academic performance.

Despite various types of loans or scholarships provided as financial assistance for unprivileged students, some of them still struggle to make ends meet. Some have to budget their expenses by even cutting their meals too. Most students are unable to differentiate their wants and needs. Ibrahim, Harun and Isa (2009) stated that once the students have an abundance of money, they would use it for essential expenses. However, some of it will be spent on items that are not even necessary. This could be supported by a study from Asri et al. (2017) mention that some students are also spending more money on necessities such as transportation and clothing. These two items do not guarantee improvement in their academic performance. Hence, from this, it can be summarised that financial problems have a significant relationship towards academic performance with past researchers' support.

## 5.0 CONCLUSION

In conclusion, the relationship between financial problems and academic performance among public university students in Malaysia is best described based on financial assistance received late, lack of financial resources, insufficient loan/scholarships and lack of financial management. From the findings, some students depend solely on education loans or scholarships. Some students depend on their family income, whereas some have to work to self-finance their education and daily necessities. Having a lack of financial resources leads to financial problems, thus affecting students academic performance. Daud et al. (2018) stated that some students do not have other financial resources because they do not want to burden themselves by owing others and be in debt.

With the lack of financial resources to overcome financial problems, some students have to reduce their study hours to opt for alternative financial resources by working part-time for long hours or having multiple jobs which could eventually impact their academic performance. Besides, some students are unable to differentiate their wants and needs. Ibrahim et al. (2009) mentioned that once the students have an abundance of money, they would use it for essential expenses. However, some would spend on items that are not even necessary. Lack of financial assistance and high financial problems whereby they might be financially stressed can affect their academic performance.

Some students came from privileged families whereby parents could afford to provide money for their children. Sani (2019) mentioned that some students can get ad-hoc weekly or monthly allowance from their parents. This helps the students to manage their financials, thus them having low financial problems. However, for those students who came from

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underprivileged families, they have to depend solely on education loans that they had applied and minimise their expenses which to some, they even had to cut their meals for them to keep some extra money. Students who came from underprivileged families whose parents could not afford to give any allowance could struggle to pay for their necessities such as rents, food and academic materials. Thus this took a toll on their health such as food insecurity and financial stress, hence eventually leads to poor academic performance.

Overall, there is a significant relationship between financial problems and academic performance based on the Malaysia sample of public university students. However, future studies are recommended to employ financial management, financial stress and financial insecurity variables to measure the relationship between financial problems and academic performance among student in higher education institutions.

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