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The Impact of Financial Status on the Academic Performance of Public University Students in Bangladesh

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Abstract

Objectives: This study aims to examine the impact of financial status on the academic performance of public university students in Bangladesh.

Methods: The researchers used a quantitative approach because the empirical evaluations rely on numerical measurement and analysis. A self-administered survey questionnaires were used to acquire the primary data. This study consisted of 100 randomly chosen respondents from different departments in Islamic University in Bangladesh. All of the data received from respondents were coded and assembled using the SPSS application.

Findings: The study shows a strong positive relationship between financial problems, financial factors, and academic results of university students. There is a lower positive relationship between financial satisfaction, affluent financial condition, and academic results of university students.

Novelty: The study advised the students that they have to cope with any financial difficulty. The parents should play a good role in their family by paying attention to their child's financial condition. The Government should make a conducive policy relating to academics as well as the overall environment. The University should make some positive policies that, students who come from underprivileged families should pay tuition fees and minimize other academic fees that can eliminate financial anxiety and bring attention to academic performance.

Type of Paper: Empirical.

JEL Classification: A20; G0; G59.

Keywords: academic performance, financial problems, financial satisfaction, Bangladesh.

Introduction

Financial status plays a vital issue for everyone, especially students. Most of the public university students come from lower-middle economic status. University students are affected by financial conditions both positively as well as negatively. Students who come from underprivileged families, have to struggle to spend money on educational expenses, or other basic needs, so thus financial problems affect students' mental health and eventually cause financial distress which affects university students' academic results.

Research has identified compulsive purchasing disorder, compulsive hoarding, pathological gambling, workaholic, financial dependency on others, financial adultery, and financial enmeshment as a few of the financial disorders. A huge number of students are enrolled in higher education institutions, including public universities, private universities, and colleges [1]. Most of them come from poor family backgrounds. The majority of the students are experiencing financial difficulties and do not receive any financial assistance for their educational endeavors, let alone support from their families. Therefore, students are forced to make difficult decisions about whether to spend their money on food or other essentials. Health problems force others to make difficult decisions that impact their financial situation [2]. To cope with the high cost of living, students confront financial difficulties as a result of a lack of financial resources.

Many university students face financial difficulties, which can have a severe impact on their academic performance [3,4]. This financial concern can negatively impact their academic performance as they divide their attention between financial and academic matters. Therefore, family finances can be a motivator and encourage students to perform well academically [5]. Some families provide about half of their monthly expenses, students earn about one-third, and the rest is from other sources. For earning additional income to cover educational expenses can also impact students' academic performance [6]. In most cases, the economic status negatively affects academic outcomes, especially for minority students [7, 8]. Inadequate financial support for students in need has been associated with various negative outcomes, including decreased academic performance, difficulties in social adjustment, and compromised mental and physical well-being. Financial stress also manifests in several ways, such as absenteeism, poor academic achievement, and dropping out of university [9]. In some cases, the costs of supporting a university's education may contribute to a higher incidence of financial worry among students than in other cases [10]. Financial anxiety has been linked to lower academic performance, and financially anxious students have been shown to perceive their campus environment as less supportive. University administrators must be aware of the consequences of financial anxiety because increased levels of unmet financial need have been linked to lower academic performance [11,12,and 13].

However, financial distress is a serious issue that cannot be ignored, especially for university students. They can be heavily influenced by finances in their daily lives, especially when it comes to their academic performance. Financial distress can lead to health issues, mental health issues, and of course academic performance. Almost two-thirds of the total cost of education is covered by households in Bangladesh, while only one-third is by the government, the costs make some educational opportunities inaccessible to the poor. Around seven percent of families in Bangladesh have to borrow to send their children to school, according to a UNESCO report. So, lack of family financial resources, students working part-time jobs, tuition, or having multiple jobs for more hours to reduce their study time could eventually impact their academic performance. Therefore, the purpose of the study is to determine the impact of financial conditions on the academic performance of public university students in Bangladesh, especially faced by Islamic university students.

Literature Review

Financial distress among university students has garnered increasing attention, and a few research studies have been conducted entirely using the web/online form and other methods. This research was undertaken to examine some of the factors that may contribute to financial distress and its impact on the academic results of university students, as shown by various disseminated questionnaires. Financial concerns such as financial satisfaction, family's financial crisis, part-time job, financial anxiety, outstanding loans, and affluent financial conditions may put university students under a great deal of strain, resulting in financial distress. These factors may act as a trigger for all financial distress-related concerns among students, which ultimately influence their lives, most notably their academic performance and mental health status. Financial distress has been a subject of conversation for families and individuals for a long time, but it has been an exclusive issue among university students over the past five to ten years. Students who are experiencing financial distress may develop more sophisticated challenges and troubles. Researchers have to investigate and assess the relevance of all relevant aspects, including financial satisfaction, family's financial crisis, part-time job, financial anxiety, outstanding loans, and affluent financial conditions.

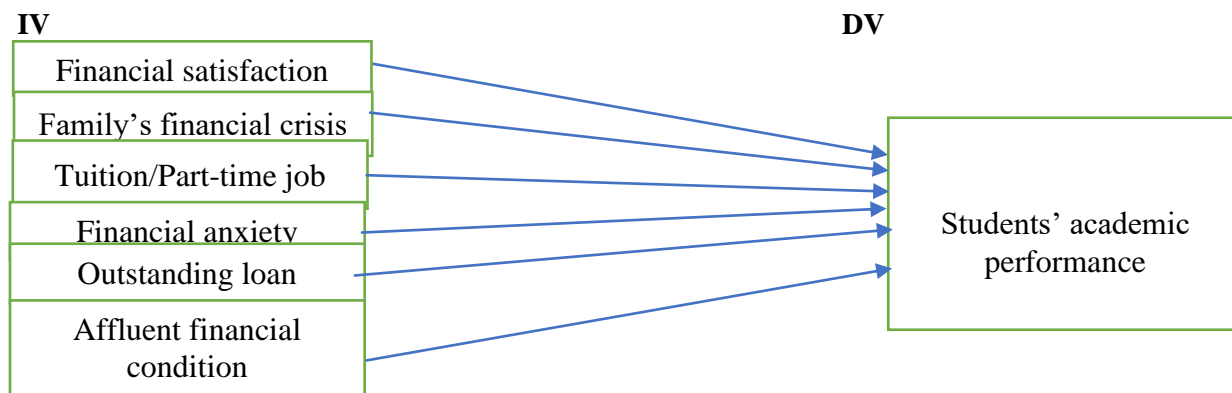
Americans are affected by the economic downfall. Even college students often worry about their finances, which then this financial worry may affect their academic performance as the students divide their attention between financial and academic. Hence this can be stated that the family's finances are motivation and encouragement for the students to have a good academic performance [14]. Having a lack of financial resources leads to financial problems, thus affecting students' academic performance [15, 16]. The student's poor performance occurs because of family-related factors (uneducated parents, big family, poor family, divorced parents), teacher-related factors (incompetent teacher, ineffective teaching methodology), and financial factors (financial distress, not enough money for educational expenses) [17]. The student's families/partners provide about half of the student's total monthly expenses, students themselves earn about one-third and the rest is provided by other sources.

To earn additional income for maintaining educational expenses affect their performance [18]. Due to poor financial conditions, students fail to pay tuition fees, fail to meet basic needs, and fail to afford learning materials including books which lead to poor academic performance [19, 20]. The students who are happy with their financial aid are also more confident, tolerant, and less stressed [21]. Financial awareness and family financial support influenced financial pleasure. When students receive financial aid from their families, they behave positively as international students [22]. The association between family background characteristics and children's academic achievement is estimated using a structural equation model, which simultaneously estimates the relationship between observable indicators and latent variables as well as the relationship within these latent variables. The effects of family history and other mediating factors on children's academic success [23].

It is clear from the existing literature that there are identified variables that impact academic performance among university students in Bangladesh. There are two concepts in this research: the independent variables (IV) are financial satisfaction, family's financial crisis, part-time job, financial anxiety, outstanding loan, and affluent financial conditions and the dependent variable (DV) is academic results of the university students in Bangladesh.

Development of Research Model and Hypothesis

Based on the literature review of the study, the researcher prepared the following research model



A hypothesis is a tentative assertion based on the theory that describes an observation, an event, or a scientific problem. To confirm or disprove the hypothesis, more investigation, testing, or study should be done. By using hypothesis testing, it is possible to find the following relationship hypothesis:

H1: There is a significant relationship between financial satisfaction and students' academic performance.

H2: There is a significant relationship between a family's financial crisis and students' academic performance.

H3: There is a significant relationship between tuition/part-time jobs and students' academic performance.

H1.4: There is a significant relationship between financial anxiety and students' academic performance.

H5: There is a significant relationship between outstanding loans and students' academic results.

H6: There is a significant relationship between affluent financial conditions and students' academic performance.

Methods

This study examines the impact of financial conditions on the academic performance of Bangladeshi university students. Because the empirical evaluations rely on numerical measurement and analysis, the researchers adopted a quantitative strategy. The primary data is collected through survey questions, which require less skill and sensitivity. The Five Point Likert Scale is quantified using this technique using several independent and dependent components. The analysis unit for the current study consisted of 100 randomly chosen respondents (university students) from Bangladesh who took part in the survey. Among the respondents, age, gender, race, marital status, economic status, and level of education all represent different demographics. All of the data received from respondents was coded and assembled using the SPSS application.

Numerous statistical tests were conducted to determine the hypothesis testing procedure and data analysis. A reliability analysis was conducted on the seven variables. Values of 0.60 and higher for Cronbach's Alpha are regarded as satisfactory [24].

Results and Discussions

Reliability Test:

Cronbach's Alpha	Number of independent and dependent items	Number of responses
0.707	7	100

The reliability test is conducted via Cronbach's Alpha for all the scale questions asked in the survey questionnaire to evaluate the one-dimensional scale questions. The reliability test is a method for determining the internal consistency of a scale. Cronbach's Alpha was used to determine the degree of consistency and also Cronbach's alpha is frequently used to indicate the lowest limit of acceptability. Greater than 0.7 indicates that the variables' items are homogenous and measure the same constant. The Cronbach's alpha value is 0.707 and a value greater than 0.70, so the internal consistency of independent and dependent variables is reliable good based on the table.

Correlation coefficient:

Assessment of student's financial conditions and their academic performance: Correlation coefficient:

	Dependent variable	Academic Performance	Correlation coefficient		Interpretation
			R	R ²	
Model 1	Independent variable	Financial factors (Financial anxiety, Family's financial crisis, Financial satisfaction, Outstanding loan, Tuition or Part-time job, Affluent financial condition).	.383 ^a	.147	A strong positive relationship between academic performance and financial factors.
Model 2	Independent variable	Financial anxiety	.215	.046	A strong positive relationship between Students' financial anxiety and academic results.
Model 3	Independent Variable	Affluent(high) financial condition	.108	.012	Lower positive relationship between students' affluent financial condition.
Model 4	Independent variable	Family's financial crisis	.319	.102	Strong positive relationship between the student's family's financial crisis and their academic result.
Model 5	Independent variable	Tuition/Part-time job	.229	.052	Positive relationship between student's part-time job or tuition and academic result.
Model 6	Independent variable	Outstanding loan	.256	.065	A strong positive relationship between student's outstanding loans and academic results.
Model					Lower positive relationship

7	Independent variable	Financial satisfaction	.095	.009	between students' financial satisfaction and academic results.
Model 8	Independent variable	Financial problems(Financial anxiety, Family's financial crisis, Outstanding loan)	.377	0.142	Strong positive relationship between student's financial problems and academic results.

The correlation coefficient value R represents the strength and direction of linear relationship between dependent and independent variables and R -squared is a statistical measure of fit that indicates how much variation of a dependent variable is captured by the independent variable(s) in a regression model.

From the above model-1, the R -value is 0.383 states that there is a positive and strong relationship between students' financial conditions and their academic performance. The R square is 0.147 means that 14.7% of public university students' academic results are impacted by financial conditions, and 85.3% of student's academic performances are not impacted by financial conditions. From the model -2 R value is 0.215 means that there is a strong positive relationship between academic results and financial anxiety and R Square .046 states that 4.6% of students' academic results are affected by financial anxiety. From model-3 R -value is 0.108 means that there is a lower positive relationship between academic results and affluent financial condition and R Square .012 means that only 1.2% of students' academic results are affected by their affluent financial condition. From model-4 R -value is 0.319 means that there is a strong positive relationship between academic results and a family's financial crisis and R Square 0.102 means that 10.2% of students' academic results are affected by a family's financial crisis. From the model, the -5 R -value is 0.229 means that there is a positive relationship between academic results and tuition or part-time jobs and R Square .052 states that 5.2% of students' academic results are affected by tuition or part-time jobs. From model-6 R -value is 0.256 means that there is a strong positive relationship between academic results and outstanding loans and R Square .065 means that 6.5% of students' academic results are affected by outstanding loans. From model-7 R -value is 0.095 means that there is a lower positive relationship between academic results and financial satisfaction and R Square .009 means that only 0.9% of students' academic results are affected by their financial satisfaction. From model-8 R -value is 0.377 means that there is a strong positive relationship between academic results and financial problems and R Square 0.142 means that 14.2% of students' academic results are affected by their financial problems.

Findings

- i. 50% of Islamic University students come from low-economic status families, whereas 39% are from middle-class families and 11% come from upper-class families. Hence majority of students come from underdeveloped families so students face financial crises to cope with daily necessities.
- ii. The 4.6% of public university student's academic results are hampered by financial anxiety. Financial anxiety affects students' mental stress, which has badly impacted their academic results.
- iii. The 5.2% of students in Islamic University student's academic results are impacted by engaging in part-time jobs or tuition. Students assumed that tuition or part-time jobs to reduce their study hours could eventually badly impact their academic results.
- iv. The 10.2% of student's academic performance have been impacted by family's financial crisis. Due to the family's financial crisis, students will not get complete financial support from their families. Hence, they face complex financial problems that lead to changes in academic performance negatively.
- v. The 6.5% of students' academic result change by educational loans or friend cycle loans to meet their monthly tuition fees, mess rent, food expenses, etc. Because educational loans increase students' financial anxiety. Almost 80% of public university students do not have enough money at the end of the month. So they need to borrow money from various sources to meet their necessities.
- vi. Only a few students believed that their academic results have to improve by financial satisfaction. Because 0.9% of students' academic results will be improved by financial satisfaction. So 99.1% of students believed that financial satisfaction has not improved their academic results. That means only financial satisfaction has not improved academic performance.

- vii. Overall financial conditions (several financial factors) have to impact student's mental health and academic result. The researchers find that near about 14. % of student's academic results are badly impacted by financial factors.
- viii. Students believed that they secured a 15% CGPA of 3.5-3.74 from financial comfort, a 25% CGPA of 3.25-3.49 from financial satisfaction, 18% of students secured a CGPA below 3 from financial problems (financial anxiety, family crisis, and other financial problems).

Recommendations

The study was aimed at finding the impact of financial conditions and university students' academic performance along with how to solve student's financial crises, mental sickness issues, and recommendations. Based on the findings, the researchers see that financial factors can have both positive and negative impacts on university student's academic performance. While financial satisfaction positively affects students' academic results (although not to a large extent) and financial problems can hurt student's academic performance. So, on the findings, the proposed recommendations are:

- i. The government should make a conducive policy relating to academics as well as the overall environment.
- ii. University should take some positive policy that, for students who come from underprivileged families should grant tuition fees and minimize other academic fees that can eliminate financial anxiety and bring attention to academic performance.
- iii. The university can also appoint good counselors or mentors to provide proper help and guidance to assist students in getting rid of mental pressure.
- iv. The government, financial institutions, or universities should provide adequate education loans, terms, and policies should students friendly that they can properly utilize these educational loans over their academic life.
- v. Seminars should be organized in various departments or faculties to enlighten students more about the possible bad result of mental sickness on their academic performance.
- vi. The government should keep educational costs low so that guardians can completely bear their children's educational costs.
- vii. The parents should take the necessary steps to provide sufficient funds for bearing their children's educational expenses and maintain proper communication for improving their academic results.

Conclusion

There is a significant relationship between financial conditions and the academic results of the students. Lack of financial resources, university students have to engage in part-time jobs or other activities to cope with their monthly educational expenses. Sometimes students borrow money from friends or educational loans from banks to meet their necessities. Family's financial crisis also affects their mental health. The absence of family financial assistance and the overall financial crisis have affected students' academic results. However, financially solvent students cannot improve their academic results at large. That means although financial problems badly affect students' academic performance financial satisfaction improves their academic performance. Due to part-time jobs, students have low opportunities to study absenteeism and irregular university attendance are factors that impact their academic results. Students who come from underprivileged families, have to suffer more have to minimize expenses, and cut down their morning breakfast which increases students' mental sickness and eventually leads to poor academic performance. Finally, it says there is a significant relationship between financial conditions and academic performance based on public universities in Bangladesh's sample of Islamic University students.

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