

# Students Financial Problems in Higher Education Institutions

Norhaslinda Daud, Norlia Mat Norwani and Rohaila Yusof

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i10/5312> DOI: 10.6007/IJARBSS/v8-i10/5312

**Received:** 13 Sept 2018, **Revised:** 27 Oct 2018, **Accepted:** 08 Nov 2018

**Published Online:** 09 Nov 2018

**In-Text Citation:** (Daud, Norwani, & Yusof, 2018)

**To Cite this Article:** Daud, N., Norwani, N. M., & Yusof, R. (2018). Students Financial Problems in Higher Education Institutions. *International Journal of Academic Research in Business and Social Sciences*, 8(10), 1558–1565.

**Copyright:** © 2018 The Author(s)

Published by Human Resource Management Academic Research Society ([www.hrmars.com](http://www.hrmars.com))

This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: <http://creativecommons.org/licenses/by/4.0/legalcode>

**Vol. 8, No. 10, 2018, Pg. 1558 - 1565**

<http://hrmars.com/index.php/pages/detail/IJARBSS>

JOURNAL HOMEPAGE

Full Terms & Conditions of access and use can be found at  
<http://hrmars.com/index.php/pages/detail/publication-ethics>



# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



## Students Financial Problems in Higher Education Institutions

Norhaslinda Daud<sup>1</sup>, Norlia Mat Norwani and Rohaila Yusof

Faculty of Management and Economic, Universiti Pendidikan Sultan Idris, 35900 Tanjong Malim, Perak, Malaysia

<sup>1</sup>Corresponding Author Email: norhaslinda.daud88@gmail.com

### Abstract

This study aims to identify the financial problems faced by students in Higher Education Institutions (HEI). This study uses questionnaires as an instrument for data collection method. A total of 480 samples among the undergraduates in HEIs responded to the questionnaires. Data were analyzed using the descriptive statistics. The results showed the majority of respondents suffered from financial problems because of their limited financial resources and were faced with high cost of living. Their spending levels were still in control and within the boundaries of being a student. Sound financial management will have a positive impact on the financial health of the students on campus.

**Keywords:** Financial Problem, Student, Higher Education Institution

### INTRODUCTION

Students in higher education require more money to cover the cost of study and living in universities as higher education costs in public and private educational institutions are on the rise. As a result of limited financial resources and rising cost of education, there may be students struggling with financial problems in their daily lives. Based on the above observation, this study aimed to identify the financial problems faced by students in HEI.

### OBJECTIVES OF THE STUDY

- To identify the financial problems faced by students in Higher Education Institutions

### REVIEW OF LITERATURE

#### Financial Problems

Financial problems faced by students could be caused by a number of problems as discussed below:

#### Financial Assistance Received Late

According to Hassan, Ismail and Harun (2013) financial aid in the form of scholarships or loans for students on a yearly, semester or monthly basis accepted by them. The delay is quite burdensome because they have to rely on other financial resources such as self-financing, family funding, borrowing with others or applying for emergency loans with their respective HEIs. This problem is beyond of students control and they are only able to wait until the financial assistance is received.

#### No Other Financial Source

Some students have no other financial resources and rely only on scholarships and education loans. Some groups of students comprise of poor or orphan families. Perhaps they have no savings because they have used up all their savings and do not want to borrow from others because of anxiety to burden themselves with debt. Perhaps they are also reluctant to take part-time jobs because they do not want to affect their academic performance. The Online Daily News survey (2011) found that out of nearly 180,000 students of University Teknologi Mara, 10,000 were students from the poor. Some of these small groups have yet to receive financial resources, both from governmental and private bodies. The inadequate problem or lack of financial resources is burdensome for students, especially for underprivileged students as this may affect their learning performance (John Abdullah & Ahmad, 2007).

#### Inadequate Loan or Scholarship

Referring to Ahmad (2005) study on financial management patterns among students who obtained PTPTN financial loans at University Putra Malaysia (UPM) found that the majority of respondents felt that the amount of loans they earned was insufficient to cover the cost of living and education. Students are required to pay the services and equipment required for their respective studies and pay for room rent, daily expenses for meals and drinks, public transport or petrol fares and others. Even though they have tried to minimize their expenditure but the loan or scholarship still inadequate.

### **METHODOLOGY**

According to Abdul Wahab (2013) the methodology of study is defined as a descriptive study using survey methods to obtain information. The target population of this study is centered on HEIs from four zones in Peninsular Malaysia. North, South, West and East Zones was covered. Selection of this location is appropriate to achieve the objective of the study. University Pendidikan Sultan Idris (UPSI), University Teknologi Petronas (UTP), University Teknikal Malaysia Melaka (UTeM), University Multimedia Melaka (MMU), University Putra Malaysia (UPM), University Tenaga Nasional (Uniten), University Malaysia Pahang (UMP) and UCSI University Terengganu are involved according to their respective zones.

The researcher has chosen a purposive sampling method where the population involved is the final year of Bachelor's degree. This group of students is selected because the student has reached maturity in making financial decisions while undergoing studies at HEI. Krejcie & Morgan (1970) table was referred to determine the size of the sample. Referring to the table, the sample size appropriate for this study was 480 students because the total population was approximately 20,000 students.

According to Table 1, the respondents' background consisting of gender, age, race, HEI name and CGPA. It is found that female students dominate male students in HEI. For aged, the range is between 20 - 24 and above, this is because all respondents involved are from the final year of the Bachelor's. Respondents consist of various ethnicities in Malaysia. The selection of the same number of respondents from all universities involved is taken to obtain fair and equitable results. All respondents have a CGPA of more than 2.00. It can be concluded that the performance of majority of the respondents belong to the excellent students in HEI.

Table 1 : Respondents Background

	Frequency	Percentage (%)
<b>Gender</b>		
Male	216	45
Female	264	55
<b>Age</b>		
20 - 21 years old	22	4.6
22 - 23 years old	327	68.1
24 years above	131	27.3
<b>Race</b>		
Malay	347	72.3
Chinese	73	15.2
Indians	32	6.7
Others	28	5.8
<b>HEI</b>		
University Pendidikan Sultan Idris	60	12.5
University Malaysia Pahang	60	12.5
University Teknologi Petronas	60	12.5
University Tenaga Nasional	60	12.5
University Teknologi Melaka	60	12.5
University Putra Malaysia	60	12.5
Malacca Multimedia University	60	12.5
Terengganu UCSI University	60	12.5
<b>CGPA</b>		
2.00 - 2.50	39	8.1
2.51 - 3.00	167	34.8
3.01 - 3.50	155	32.3
3.51 - 4.00	119	24.8

The researcher has chosen the questionnaire as an instrument because this method is an effective measure in collecting many data. In addition, it also saves time, cost and energy. The questionnaire used is modified based on previous research. The items in the questionnaire were considered as relevant for the purpose of this study. These items are assessed in terms of reliability

and validity before they are distributed to the respondents. The questionnaire items were formulated based on what has been recognized as valid and subsequently reviewed by six lecturers serving IPTA and IPTS with research expertise to ensure the structure of the questionnaire, content and language used are accurate. A pilot study was conducted throughout April 2017, involving 30 respondents comprising students who are currently studying at University Pendidikan Sultan Idris (UPSI) for the purpose of conducting reliability test.

Table 2: Reliability result of Variable (Cronbach Alfa)

Variable	Cronbach Alfa Pilot Test (n=30)
Financial Problem	0.888

The results obtained are further illustrated in the form of descriptions and tables to enable readers to understand the findings clearly without requiring long description (Kirkpatrick & Feeney, 2005).

## FINDINGS AND DISCUSSION

### Financial problems faced by Respondents

Table 3 lists the financial problems faced by HEI students. The first problem is that there are always expenses that exceed the revenue received. For this problem, 238 respondents or 49.6% agree that they are dealing with this problem. While 111 respondents or 23.1% stated they were uncertain and 131 respondents or 27.3% did not experience this problem. So, the majority of respondents experience this financial problem.

For the second problem, they use savings for basic needs expenditure, 260 people or 54.2% answered they are experiencing this problem, while 103 respondents or 21.5% are not sure whether they are experiencing this problem or not and the remaining 117 or 24.3% responded they did not faced this problem. So overall, the majority of respondents are dealing with this problem.

For the third problem, they are worried about financial resources, the majority of respondents 285 or 59.4% answered that they are worried about financial resources, only 92 people or 19.2% do not worry about their financial resources and 103 or 21.5% answered they are not sure whether experiencing this problem or not. So it can be concluded that students in HEI always been worried about how to get financial resources and manage limited financial resources.

In terms of credit card problems, a total of 328 people or 68.3% disagreed with these problems, only 69 people or 14.4% had this problem and only 83 people or 17.3% were in uncertain. This is not a major problem because the majority of the respondents do not have credit cards so they are not burdened with debt problems resulting from the use of the credit card.

On the issue of no excess money to make savings, 170 persons or 35.4% had this problem, while 195 or 40.6% did not faced this problem and 115 or 24.0% answered not sure whether they had this problem or not. This problem occurs because the financial resources obtained by the respondents are only limited to their academic and daily expenses. All money received is used for that purpose and no surplus can be used for savings.

However, for deficit problem such as not able to pay bills such as mobile phone bills, 266 people or 55.4% answered they did not experience this problem, while 105 or 21.9% had this problem and 109 or 22.7% were in uncertain. The respondents did not experience this problem as they used the reload code of RM5, RM10 and RM30 only. By using this reload code they are able to control spending on communication costs.

For the next problem, it is not possible to repay the loans borrowed, 281 or 58.6% disagree with this problem, while 114 or 23.8% are in uncertain and 85 or 17.7% agree with this problem. This is because the respondents agreed after graduation at the HEI they are required to pay the loan. However, there are some respondents who borrow money from friends, so they cannot afford to pay back because of limited financial resources.

In the case of finding a loan to cover the cost of living expenses, 104 or 21.7% agreed seeking loans to cover the costs of living expenses, while 110 or 22.9% were in uncertain and the remaining 266 or 55.4% disagreed with this problem. It is found that the majority of respondents do not borrow money to cover their expenses.

The next problem is students not knowing where the money was spent, 150 or 31.2% agreed that they did not know where the money was spent while 116 or 24.2% were at an uncertain level and the rest 214 or 44.6% answered did not experience this problem. This is because the majority of respondents make financial planning when they receive financial loans for 1 semester so they know how to spend the money properly without suffering shortage of money.

In the case of uncertain amount of debt incurred, 301 people or 62.7% responded disagree with this problem, while 77 persons or 16.0% replied agreeing to this problem and 102 or 21.3% answered unsure faced this problem or not. This is because when receiving loans from government and non-government borrowers, the loan amount is recorded in the loan agreement so the respondents know the amount of debt they bear.

While the problem of picking up new debts to cover old debt, 340 or 70.9% responded disagree with this problem, while 58 or 12.1% responded agreeing to this problem and 82 or 17.1% responded unsure of the problem. This is because respondents do not like to be burdened with debts, they only asking financial assistance from families when the money in hand is insufficient to cover their expenses in HEIs.

On the issue of no savings for emergency time, a total of 258 or 53.8% responded disagree with this problem, while 138 or 28.8% responded agreeing to this problem and 84 or 17.5% responded unsure of the problem. This is because respondents have little savings for emergency time and save money when there is a surplus of money.

For the problem of not being able to buy the desired items, 190 or 39.6% responded disagree with this problem, while 141 or 29.4% responded agreeing to this problem and 149 or 31.0% answered unsure of the problem. This is because the respondent is able to buy the desired item, perhaps because the item is not too expensive.

For the problem of taking cash from credit cards, a total of 305 or 63.6% responded disagree with the problem, while 93 or 19.4% responded agreeing to this problem and 82 or 17.1% responded unsure of the problem. This is because the majority of respondents do not have a credit card so they do not take cash from the credit card.

The last problem, which was not able to focus on the subject due to financial problems, 267 or 55.7% responded disagree with this problem, while 113 or 23.6% responded agreeing to this problem and 100 or 20.8% responded unsure of the problem. This is because the majority of respondents are still able to concentrate on their studies despite financial difficulties. However, some may not be able to focus on education when experiencing financial problems.

Overall, the majority of respondents experienced financial problems such as running on deficit budget, do not prioritize expenses, not keeping records of expenses, no planning and fail to repay loans because of their limited financial resources and faced with high cost of living. There is an imbalance between income and expenditure. This findings is in line with studies conducted by Masud, Husniyah, Laily and Britt (2004), Nik Lee and Salamon (2012). However, HEI students need to be smart in planning when receiving money simultaneously so that they will not have a chronic financial problem later.

Table 3 : Financial Problems faced by Respondents

Item	Financial Problem	Strongly Disagree Frequency (Percent)	Disagree Frequency (Percent)	Not Sure Frequency (Percent)	Agree Frequency (Percent)	Strongly Agree Frequency (Percent)
1	There are always expenses that exceed the income received.	29 (6.00%)	102 (21.30%)	111 (23.10%)	202 (42.10%)	36 (7.50%)
2	Always use savings for basic needs expenses.	16 (3.30%)	101 (21.00%)	103 (21.50%)	224 (46.70%)	36 (7.50%)
3	Always worry about financial resources.	21 (4.40%)	71 (14.80%)	103 (21.50%)	212 (44.20%)	73 (15.20%)
4	Always buy items using credit.	169 (35.20%)	159 (33.10%)	83 (17.30%)	56 (11.70%)	13 (2.70%)
5	There is no excess of money to make savings.	52 (10.80%)	143 (29.80%)	115 (24.00%)	131 (27.30%)	39 (8.10%)
6	Cannot afford the related bills such as mobile phone bills.	85 (17.70%)	181 (37.70%)	109 (22.70%)	86 (17.90%)	19 (4.00%)
7	Cannot repay loan borrowed.	105 (21.90%)	176 (36.70%)	114 (23.80%)	59 (12.30%)	26 (5.40%)
8	Looking for a loan to cover the cost of living expenses.	113 (23.50%)	153 (31.90%)	110 (22.90%)	85 (17.70%)	19 (4.00%)
9	Do not know where the money has been spent.	73 (15.20%)	141 (29.40%)	116 (24.20%)	110 (22.90%)	40 (8.30%)
10	Not sure the amount of debt incurred.	122 (25.40%)	179 (37.30%)	102 (21.30%)	61 (12.70%)	16 (3.30%)
11	Take new debt to cover old debt.	187 (39.00%)	153 (31.90%)	82 (17.10%)	47 (9.80%)	11 (2.30%)
12	Have no savings for emergency time.	103 (21.50%)	155 (32.30%)	84 (17.50%)	118 (24.60%)	20 (4.20%)
13	Not able to buy the desired item.	62 (12.90%)	128 (26.70%)	149 (31.00%)	120 (25.00%)	21 (4.40%)
14	Taking cash from credit card.	142 (29.60%)	163 (34.00%)	82 (17.10%)	79 (16.50%)	14 (2.90%)
15	Cannot focus on lessons due to financial problems.	117 (24.40%)	150 (31.30%)	100 (20.80%)	92 (19.20%)	21 (4.40%)

## CONCLUSION

As a conclusion, there is an imbalance between students' income and spending. The majority of respondents suffered from financial problems because of their limited financial resources and poor planning. Their spending levels are still in control and within the bounds of being a student.

## Acknowledgement

Higher Education Institutions (UPSI, UTP, UMP, UCSI TERENGGANU, UPM, UNITEN, UTEM, MMU MELAKA).

## Corresponding Author

Norhaslinda Daud

Universiti Pendidikan Sultan Idris, 35900 Tg Malim, Perak, Malaysia

Email: Norhaslinda.daud88@gmail.com

## References

- Abdul Wahab, L. (2013). Aplikasi Prinsip Pemuliharaan Terhadap Kerja Penyesuaigunaan Bangunan Bersejarah Sebagai Hotel di Tapak Warisan Dunia UNESCO Melaka & George Town oleh Universiti Sains Malaysia.
- Ahmad, M. M. (2005). *Kajian Pola Pengurusan Kewangan di Kalangan Pelajar yang Menerima Pinjaman Kewangan Perbadanan Tabung Tinggi Nasional (PTPTN) di Universiti Putra Malaysia (UPM)*.
- Berita Harian. (2011). *73 Peratus Pelajar Daif Ambil Pradiploma UiTM*. Accessed on 21 February 2017 from <http://www.bharian.com.my>.
- Hassan, H., Ismail, N., & Harun, H. (2013). *Kajian Terhadap Pengurusan Wang Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) Dalam Kalangan Pelajar Semester Enam Politeknik Tuanku Sultanah Bahiyah, Jabatan Pengajian Am Politeknik Tuanku Sultanah Bahiyah, Kulim, Kedah*.
- John Abdullah, S. A. & Ahmad, H. (2007). *Kewangan & Pelajar IPT*. Kuala Lumpur: Utusan Publications & Distributors Sdn Bhd.
- Kirkpatrick, L. A. & Feeney, B. C. (2005). *A Simple Guide to SPSS for Windows, Version 12.0 and 13.0*. Wadsworth Publishing.
- Krejcie, R. V. & Morgan, D. W. (1970). Determining Sample Size for Research Activities. *Educational and Psychological Measurement*, 30, 607-610.
- Masud, J., Husniyah, A. R., Laily, P. & Britt, S. (2004). Financial Behavior and Problems among University Students: Need for Financial Education. *Journal of Personal Finance*, 82-96.
- Nik Lee, N. N. A. & Salamon, H. (2012). *Kompetensi Pengurusan Kewangan Dalam Kalangan Pelajar: Kajian Terhadap Pelajar Sarjana Muda Sains Serta Pendidikan (Sains Sukan)*. Universiti Teknologi Malaysia.