GATR-Global Journal of Business and Social Science Review
GATR JOURNALS
Journal homepage: http://gatrenterprise.com/GATRJournals/GJBSSR/vol12_2024_issue4.html
GATR-Global J. Bus. Soc. Sci. Review 12(4) 161 – 168 (2024)

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

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ABSTRACT

Objective - The study's purpose is to examine the impact of financial status on the academic performance of public university students in Bangladesh.
Methodology/Technique – The researchers used a quantitative approach because the empirical evaluations rely on numerical measurement and analysis. Self-administered survey questionnaires were used to acquire the primary data. This study consisted of 100 randomly chosen respondents from different departments at Islamic University in Bangladesh. The SPSS software was utilized to code and compile all of the information that was obtained from the participants.
Finding –The study shows a significant positive correlation between the academic performance of university students and their financial difficulties and issues. Financial satisfaction, affluent financial status, and students' academic performance are less positively correlated.
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 allow students who come from underprivileged families to pay tuition fees and minimize other academic fees, which 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.
Reference to this paper should be referred to as follows: Alam, M.S; Haque, M.M; Hasan, M.M. (2024). The Impact of Financial Status on the Academic Performance of Public University Students in Bangladesh, *GATR-Global J. Bus. Soc. Sci. Review,* 12(4), 161–168. https://doi.org/10.35609/gjbssr.2024.12.4(1)

1. Introduction

Financial condition is a significant concern for all individuals, particularly students. Most public university students come from lower-middle economic status. University students are affected by financial conditions both positively and negatively. Students who come from underprivileged families struggle to spend money on educational expenses or other basic needs, so financial problems affect students' mental health and eventually cause financial distress, which affects university students' academic results.

*Paper Info: Revised: October 11, 2024
Accepted: December 31, 2024
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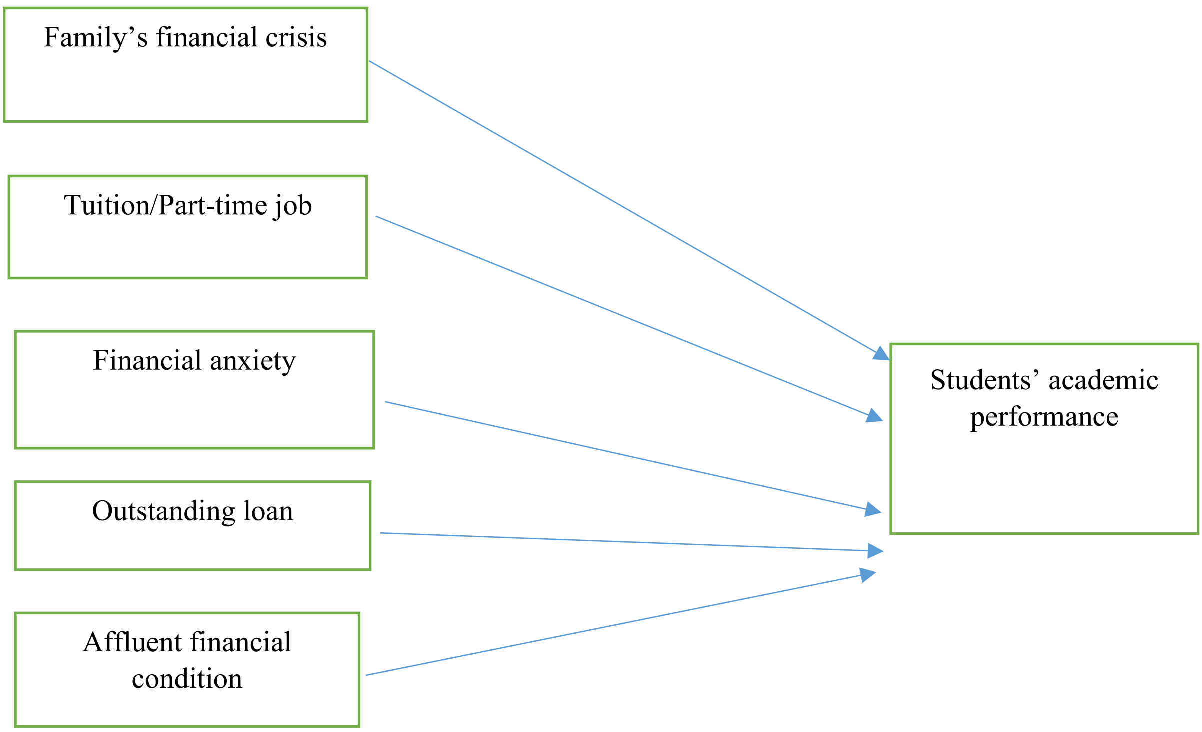
Several financial disorders have been identified by research, including obsessive hoarding, compulsive purchasing disorder, pathological gambling, workaholics, financial adultery, financial dependency on others, and financial enmeshment. Higher education institutions, such as colleges, universities, and private universities, have a vast student body (Hirschmann, 2021). The majority of them are from low-income families. The students are struggling financially and do not receive any support from their families, let alone financial aid for their academic pursuits. As a result, students are forced to make tough choices on whether to spend their money on food or other essentials. Health problems force others to make difficult decisions that impact their financial situation (Perman, 2019). Because they lack the necessary funds, students struggle financially to keep up with the rising cost of living. Financial troubles are a common problem for college students, and they can negatively affect their academic performance (Choy, 2001) (Martinez et al., 2009). As they split their time between financial and academic issues, this financial worry may harm their academic achievement. Consequently, family wealth might be a source of inspiration and drive for students to achieve academic success (Dang & Bulus, 2015). Some families provide about half their monthly expenses, students earn about one-third, and the rest is from other sources. Earning additional income to cover educational expenses can also impact students' academic performance (Barteková, 2019). In most cases, the economic status negatively affects academic outcomes, especially for minority students (Alon & Tienda, 2005) (Alon, 2009). Inadequate financial support for needy students 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 (Abdallah et al., 2022). 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. (Bennett et al., 2015). Research has indicated that students who experience financial concerns perform less academically and believe their campus community is less encouraging. University administrators need to understand the effects of financial worry because poorer academic performance has been associated with higher levels of unmet financial need. (Mehta et al., 2011) (O'Rourke et al., 2020) (Mrozinske, 2016). 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 regarding their academic performance. Financial distress can lead to health issues, mental health issues, and, of course, academic performance. In Bangladesh, households pay over two-thirds of the total cost of education, with the government covering only one-third. As a result, some educational possibilities are out of reach for those who cannot pay for them. According to a UNESCO assessment, about 7% of Bangladeshi families must borrow money to send their kids to school. Therefore, a student's academic performance may eventually be impacted by a lack of family financial means, part-time employment, tuition, or working multiple jobs for longer hours to cut down on study time. Therefore, the study aims to determine the impact of financial conditions on the academic performance of public university students in Bangladesh, especially those faced by Islamic university students.

2. Literature Review and Development of Hypothesis

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 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 financial crisis, part-time job, financial anxiety, outstanding loans, and affluent financial conditions may put university students under great strain, resulting in financial distress. These factors may trigger 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. Still, 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 must investigate and assess the relevance of all relevant aspects, including financial satisfaction, financial crisis, part-time job, financial anxiety, outstanding loans, and affluent financial conditions. The economic collapse affects Americans. Even college students frequently worry about money, and when they split their time between money and school, this financial anxiety may impact their academic performance. Thus, it can be said that the family's financial situation inspires and supports the pupils to perform well in school (Dang & Bulus, 2015). Student's academic performance is impacted by financial difficulties that arise from a lack of funds (Norazlan et al., 2020) (Nnamani et al., 2014). 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) (Alami, 2016). The students' families/partners provide about half of the students' monthly expenses; the students earn about one-third, and other sources provide the rest. To earn additional income for maintaining educational expenses affects their performance (Barteková, 2019). Due to poor financial conditions, students fail to pay tuition fees, meet basic needs, and afford learning materials, including books, which leads to poor academic performance (Abdallah et al., n.d.) (Fauzi & Khoo, 2021). The students happy with their financial aid are also more confident, tolerant, and less stressed (Moneva & Tuñacao, 2020). Financial awareness and family financial support influenced financial pleasure. Students who receive financial aid from their families behave positively as international students. (Ali et al., 2020). The structural equation model is used to estimate the link between observable indicators and latent variables and the relationship between these latent variables. This allows for the estimation of the association between family background traits and children's academic achievement and how children's academic success is impacted by family history and other mediating factors (Li & Qiu, 2018). It is clear from the existing literature that variables have been identified 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 the academic results of the university students in Bangladesh.



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.*
H4: *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.*

3. 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 (Sekaran & Bougie, 2010).

4. Results and Discussions

Reliability Test:

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

Cronbach's Alpha is used to assess the reliability of all the scale questions in the survey questionnaire, including the one-dimensional scale questions. The internal consistency of a scale can be ascertained using the reliability test. The degree of consistency was ascertained using Cronbach's alpha, which is also commonly used to show the lowest acceptable limit. The variables' items are homogeneous and measure the same constant if the value is greater than 0.7. The internal consistency of the independent and dependent variables is dependable and good, according to the table, with a Cronbach's alpha value of 0.707 and a value higher than 0.70.

Correlation coefficient: Assessment of students' 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 7	Independent variable	Financial satisfaction	.095	.009	Lower positive relationship 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 the 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 of 0.383 states a positive and strong relationship between students' financial conditions and their academic performance. The R square of 0.147 means that 14.7% of public university students' academic results are impacted by financial conditions, and 85.3% of students' academic performances are not impacted by financial conditions. From the model, the -2 R value is 0.215, which means a strong positive relationship between academic results and financial anxiety, and R squared.046 states that 4.6% of students' academic results are affected by financial anxiety. From model 3, an R-value of 0.108 means a lower positive relationship between academic results and affluent financial condition, and an R square of.012 means that only 1.2% of students' academic results are affected by their affluent financial condition. From model 4, the R-value is 0.319, which means a strong positive relationship between academic results and a family's financial crisis, and R squared 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 of 0.229 means a positive relationship between academic results and tuition or part-time jobs, and R squared of.052 states that 5.2% of students' academic results are affected by tuition or part-time jobs. From model 6, an R-value of 0.256 means a strong positive relationship between academic results and outstanding loans, and an R square of.065 means that 6.5% of students' academic results are affected by outstanding loans. From model 7, an R-value of 0.095 means a lower positive relationship between academic results and financial satisfaction, and an R squared of.009 means that only 0.9% of students' academic results are affected by their financial satisfaction. From model 8, the R-value is 0.377, which means a strong positive relationship between academic results and financial problems, and R squared 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, the majority of students come from underdeveloped families, so students face financial crises to cope with daily necessities.
ii) 4.6% of public university students' academic results are hampered by financial anxiety. Financial anxiety affects students' mental stress, which has badly impacted their academic results.
iii) 5.2% of students at Islamic University'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) 10.2% of students' academic performance has been impacted by their 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) 6.5% of students' academic results 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 had 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 students' mental health and academic results. The researchers find that near about 14. % of students' 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, and 18% of students secured a CGPA below 3 from financial problems (financial anxiety, family crisis, and other financial problems).

5. Conclusion and Recommendations

Students' financial circumstances and academic performance are significantly correlated. Lacking 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. A 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 costs, and cut down on their morning breakfast, which increases students' mental sickness and eventually leads to poor health that affects their academic performance. Last but not least, it asserts that there is a noteworthy correlation between academic achievement and financial circumstances based on public universities in Bangladesh's sample of Islamic University students.

The study sought to determine how financial circumstances affected university students' academic performance as well as how to tackle students' financial difficulties, mental health disorders, and suggestions for improvements. The researchers conclude from their findings that financial considerations can affect university students' academic performance in positive as well as negative ways. Whereas financial satisfaction positively affects students’ academic results (although not to a large extent) and financial problems can hurt students’ 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) The university should adopt some positive policy that students who come from underprivileged families should grant tuition fees and minimize other academic fees that can eradicate financial anxiety and bring attention to academic performance.
iii) The institution may assign qualified mentors or counselors to offer the right support and direction to help students relieve mental stress.
iv) The government, financial institutions, or universities should provide adequate education loans, terms, and policies should students feel that they can properly utilize these educational loans over their academic lives.
v) Seminars should be organized in various departments or faculties to enlighten students more about the possible bad result of mental illness 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.

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