
The Impact Of Financial Problems On College Student Performance

Task 1: Introduction

1.1 Background - Student financial problem

Financial problem is a situation where money worries are causing stress. However, college student has been facing financial problem lately and this problem had become a major problem for college student. Financial problem faced by student are known as they do not have enough money for their daily expenses, where money worries is causing them to stress. After that, financial problems will bring impact to both mental and physical health. According to Halliday Wynes, (2014), a student financial position will affect their commitment in learning which will affect their academic performance. Moreover, due to inflation and trade war, it had made most of the country facing recession and increases the cases of student facing financial problem. Therefore, we have conducted a research to show the impact to college students' academic performance if they don't take time to manage their money and ways to solve it.

1.2 Problem Statement

Money are important in the world today, however the problem is that some people have lots of it, and most people have less than enough. Especially most of the college students are facing financial crisis because they do not have the knowledge on how to manage their money. When college students facing financial crisis, they would be facing a lot of stress and could not concentrate on the lecturer which will bring impact to their academic performance such as their grades and result and that will affect their future when finding jobs.

1.2.1 You spend more than you earn (Symptoms)

The most common symptoms you will notice when facing financial problem is you are spending more than your earning. The cost of living as a college student are high whereby, they usually spend more than how much they earn, especially for those who living away from family and being independence for the first time. They do not know how to manage their budget and they will use their money without any awareness and facing problem such as not enough money to buy what they need. For example, they bought luxury phone such as iPhone for RM6,000 while they only earn RM2,000 monthly.

1.2.2 Using credit card to pay daily expenses

When a college student does not have enough money to pay, they will use their credit card given by their parent to pay for their expenses. For example, you are using credit card to purchase groceries or any other foods. Using a credit card to pay for their expenses is convenience while they are adding debt to their bank account and the interest of credit card are very high. Moreover, it could bring them into a cycle where their paying one debt off with another such as paying credit card loan using another credit card.

1.2.3 Not enough savings to cover emergency expenses

In the society today, it is normal for a college student to live without saving any money. But, they did not aware that accidents could happen at any time. When accident happens, they could not pay for the emergency expenses since they do not have any money inside their saving account, and they have to pay with their credit cards and adding debt to their account. (Maureen, 2019), mentioned that the first reason people get into debt is because they do not have a saving accounts.

1.2.4 Financial problem affecting personal life

When a college student is having an ongoing financial stress, it will affect their personal life such as sleep problems where they worry about their financial statue and could not fall into sleep. Financial problem will also affect college student mental health such as facing depression and anxiety. According to (Thomas Richardson, 2013), there is a strong relationship between financial problem and depression.

1.3 Research Objective

1. To identify the relationship between the financial problem and college student's academic performance.
2. To identify type of financial problem that will affect student academic performance.
3. To identify ways to solve college student's financial problem.

1.4 Research Question

1. How does a financial problem affect college student academic performance?
2. Which factors will cause financial problem to college students?
3. What factor will minimise financial problem faced by college student's?

1.5 Significant of The Study

The findings of our study will give benefits to college student by giving advices to them on how to manage their money wisely so they wouldn't facing financial problems since financial problem would give them many troubles. When the college student is stress, they wouldn't pay attention on their study and that will affect their grades. Moreover, they will know how to solve those financial problem they are facing with the solution at the end.

Research Methodology

Research methodology is the techniques that are used in research process to collect and evaluate data. The research design framework consists of six layers which is research philosophy, research strategies, research choices, time horizon, and data collection techniques. We will explain which methods we will choose when we are doing our survey.

3.1 Research Philosophy

In the first layer of research methodology is philosophy. Research philosophy is about how we

going to gather, analyze and use the data according to an event. Moreover, there are four research philosophy which is positivism, realism, interpretivism, and pragmatism. Positivism is used to seek identify, measure and evaluate any event and provide explanation for it. Realism is a theory that particular things exist independently from our perception or belief. Interpretivism is used to understand the differences between human in our role as social actors. Pragmatism argue that both positivist and interpretivist is possible to work together. At last, positivism is more suitable to our research.

3.2 Research Approach

There are two approach in research which is inductive approach and deductive approach. Inductive approach is a research that start with aim and objective that need to be achieved during the research process. Deductive approach is a research that start with hypotheses and see whether the theory is confirmation or rejection. Moreover, the difference between inductive and deductive is researcher will normally use inductive approach to collect data and develop the theory with the result while researcher normally use deductive approach to test a theory. For our research, deductive approach is more suitable for us compare to inductive approach since we came out a hypothesis first which is the impact of financial problem to college student academic performance.

3.3 Research Strategies

Research strategies is how does a research is going to be carried out and get information from. There are a few research strategies in research methodology which is action research, case study, experimental, interview, survey, and ethnography. However, we had chosen survey as our research strategic to collect data because it is the most suitable way to carry out our research. By using survey as our research strategic, we could collect huge amount of data and it is the most convenient way to collect data since we only giving survey to 30 persons. Moreover, we could get the information and data on the spot.

3.4 Research Choices

There are three research choices which are mono-method, mixed method and multi-method. Research choices is identified by the method of data we collected. Two main method of data is qualitative data and quantitative data. Qualitative data is the data that usually not in numeric form such as picture while quantitative data is the data in numeric form such as graph.

Firstly, mono-method usually only collect either qualitative or quantitative data. Secondly, mixed method will use both data to provide a better understanding. Thirdly, multi-method also will use both data but restricted to selected within one worldwide. For our research, we have chosen mixed method which because our research consists of financial problem where we will ask about their income monthly and also their opinion.

3.5 Time Horizon

Time horizon describe the time that will spend in this research. There are two type of time horizon in research methodology which is cross-sectional and longitudinal. Cross-sectional in other word is short term study where the research will conduct in a short period of time and data

are collected at a single moment in time. Then, Longitudinal is a research that will take long period of time to collect data and they will collect the data in different times since data could changes over time so they can compare the data. However, we have chosen cross-sectional based on our study because we collect the data using survey and it is cost efficient.

3.6 Data collection techniques

We have design 13 questions that are related to our research for college student to answer to obtain the data we needed. The questions we asked in our questionnaire is about their demography, courses they are studying, and their respond on how financial problem will affect academic performance. For the first 2 questions, we ask about their demography details such as their gender and age. After that, we ask for their academic qualification and the programme they are studying. Furthermore, we ask about their sources of income and their monthly income. Respondents can choose not to reveal their monthly income as it is a sensitive question. Then, we ask for their opinion whether they agreed or not on the more money they spent on study will improve academic performance. For this question, we used likert scale where they could choose between absolute disagree to absolute agree. At last, we will ask the causes that college students are facing financial problem and the methods that will minimize financial problem. We have a few options for them to choose and they also can write down their own opinion.

3.7 Ethical Issues

There are a few ethical issues we faced while doing this survey which are involved voluntarily, aware of the right to discontinue, not coerced, and anonymity.

Before we gave them the survey questionnaire, we will inform them that we are doing a research related to financial problem and academic performance so they would involve voluntarily. They could choose not to answer our questionnaire. After that, we also informed our participants that they have the right to discontinue to answer. They have no obligation to answer the question and could stop answering the questionnaire anytime when they feel offended by our questions.

Moreover, we make sure there is no coerced. We will let them to answer the questionnaire by themselves and no position of power will be used. At last, their information will be anonymous unless they gave us the permission to reveal their information.

Conclusions

5.1 Discussion

The main objective of this study is to determine whether credit card abuse, financial distress and religiosity is the most important factor that influencing the academic performance of college students. College students who use credit card who use irresponsibly always suffer in financial problem. Students with high consumer debt earn poorer grades, drop out of school, suffer from depression, file for bankruptcy, and work more hours to pay their bills (Miller 2000; Mannix 1999). From the survey that have conducted, there is 24% of the students facing financial problem by purchasing luxury products through credit card. This has shown that FCUC students

does not really addicted in purchasing luxury stuffs and 52% state that their income could not cover their daily expense. The fact that college students could not cover their income is because the schoolwork is busy which cause them to have lesser time to search for part-time which lead them to financial difficulties. Next, we expect that the number of students facing financial distress will be increase day by day. This is because from the question 6 in the survey, we have known that up to 44% of students have no income at all, they are just rely on the pocket money from their parents. Only 41% of the students who earn income on their own rather than depending on their parents. These students need assistance on financial knowledge and financial decision to help them in order to decrease their financial distress in the future. Financial distress has slowly becoming the vital of the students because they do not have enough knowledge on it. Based on question 5 in the survey, 76% of the students do not have any income but their main source of income is the pocket money given by their parents. Only small amount of the students earn money from part-time work, forex trading and freelance photography. From the result, college students in FCUC need to strengthen their ability of financial independent before they step out to the society for work. Lastly, religiosity has a slightly effect on college student's financial behavior. The college and government should support religious authorities on organize religious activities by also activities on financial knowledge such as inserting financial topic element during seminars or talks.

5.2 Limitations and Suggestion for future studies

Limitations and suggestion are always exist for any kind of future studies. This is because it is a very important key to gain improvement for the studies from any different kinds of method. First of all, the questionnaire can be improved by increasing the sample size from 30 respondents to 100 respondents. Sample size is a important element for a research. The larger the number of sample sizes provides more accurate of data and means value. Larger size helps to determine the mean which refers to the average value of tested samples. It may also help to gain more detail through the questionnaire. Besides that, online survey is one of the easiest and fastest ways to conduct survey but most of the respondents might choose to ignore the survey or they might simply provide any useless information. To increase the accuracy of the results, face to face interview is the best way because it allows respondents to have a conversation between interviewer and respondents so that the interviewer can seek for explanations of responses. Then, number of research questions due to get the exact same answer from the respondents. Next, number of variables is related to the questions in the survey. This is because instead of providing option such as agree and disagree, options like "strongly agree", "neutral" and "strongly disagree" allows respondents to have more option rather than narrow options. This helps in collecting data more reliably and accurate. Last but not least, sampling unit is one of the methods to target respondents form various places. For example, if survey is conducted in First City University College, research can send sampling unit to any other college such as Sunway University College or TARC or any other college that in other areas. This is because different sampling unit may get different results for the research. Not only places, races and religion may also affect the final results of the future studies.