

Purchase Intentions among University Students In Malaysia Receiving Student Loans

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Induction

Educational loans made available by the government enable more students to afford tertiary education. College students represent an attractive market segment and are therefore exposed to a wide variety of 'commercial temptation.' Mismanagement of income and credit along with the lack of planning may lead to financial problems.

Objective

This paper will explore the purchase intent among loan recipients, which is assumed to reflect their spending priorities, preferences and values. The specific objectives of this paper are:

1. To compare the purchase intention among different groups of university students (i.e., gender and ethnicity)
2. To determine the association of purchase intention and academic achievement.
3. To investigate the association between financial problems and purchase intention among students.

Methodology

The sample for this study represents 10% of those receiving a student loan at a university in Malaysia. The data were collected using self-administered questionnaires completed during the three days students received their loan warrants for the December 2000/2001 semester session in the Grand Hall of the university. Every tenth student who came to collect his or her educational loan warrant was given the questionnaire to be completed while waiting in line. Completed questionnaires were returned on the way out of the hall. The instrument was developed based on a questionnaire developed by Hira and Mugenda (2000) with additional questions developed by the research team. A total of 1800 questionnaires were distributed and only 1500 were returned and considered usable. For the socioeconomic variables, included were sex, age, marital status, place of origin, number of siblings, academic achievement, whether the respondents experienced staying in boarding school, parents marital status, educational attainment, and occupation. Descriptive statistics were used to present the data. To substantiate conclusion on differences and similarities between groups compared, Anova were applied. Test for correlations were carried out using Pearson correlation.

Findings

Sample Characteristics

A total of 1500 students participated in this study of which 72.1 Malays, 18% Chinese, 6.1 Indians and 3.8% others; 40% males, 60% females, mean age 20.98 years old, majority were single; 46.7% originally from rural, 20.7% from small town and 32.4% from urban areas. Among the male students, more than half had attended boarding school. On the other hand, more than half of the female students did not attend boarding school. The majority of the respondents were the middle child. Academically their mean CGPA was 3.01.

Purchase Intention

The findings of the study revealed that besides using loans for educational purposes, respondents also intended to spend the money for other purposes such as settling debt and buying clothing. The purchase intention was grouped into two group, (1) buy books, save and buy computer; and (2) settle debt, investment, sent to parents, clothing, treat friends, motorcycle and hand phone. Five percent of the students indicated they had no intention of using the money for either one the three items in the first group of purchase intention. On the other hand, 60 percent respondents indicated two out of three items while there were only 12 percent respondents who selected all three items. In contrast, when the other seven items were counted, there were 24 respondents did not plan to use their loan

money on any of the items listed. Seventy percent respondents had the intention of spending the money on one to three of the items listed while 5 percent of the students had four to seven items.

When the number purchase intention was compared by sex, CGPA and ethnic group the data showed that males tended to have slightly higher mean (3.2939) compared to females (3.2846), Malays had higher mean compared to other ethnic and those with lower CGPA reported having higher mean number of purchase intention than other groups.

Statistical Tests

Anova analysis indicated that there was a significant difference in number of problems faced by the students between ethnic ($F=15.270$; $p=.000$). Pearson correlation indicated that there was a negative correlation between academic achievement and number of purchase intention ($r=-.060$ $p<.005$) and positive correlation between number of purchase intention and number of problems faced ($r=.225$; $p<.005$).

Implications of the Study

There has been no earlier research in Malaysia focusing on the purchase intention among students receiving educational loans. The patterns discussed earlier indicated the spending priorities of the respondents. Students' intention to use the money for other purposes may indicate potential financial problems since the loan money is barely sufficient to support their living expenses. Much need to be done to understand the dynamics of spending behavior among university student. Though their purchase intention can reflect their priorities, there is a need to study student's values and attitude toward money to enable educators to provide more relevant educational material to it has to be managed wisely as to avoid financial problems before the end of semester or next loan payment. The policy maker in the university need to plan and implement financial management course to the students to enhance their financial knowledge and practices. This will enhance the students' financial well-being.

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