

Sources of Income among University Students in Malaysia

This study will examine the sources of money in addition to study loan received by university students and factors associated with these sources. Having additional amount of money afforded students to spend money for other to meet their needs as students. Though the loan disbursed is expected to be sufficient, the discussion with several students indicated that more students are having problems managing the sources available due to increase cost of living as well as unplanned spending. The amount of money receive by the respondents in addition to the loan were comparatively high for one person need. The study also revealed that those who rely on loan only to support their university life tended to be students from rural, with low income and had parents with low levels of income. Limited financial resources available to this group of students topped up with lack of financial management skills may lead to more financial problems which can effect their academic achievement.

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Introduction

College education has become the single most important factor in promoting positive economic transitions and avoiding negative ones, only college educated individuals have a significantly higher than average chance of rising from the low income group into the middle class (Duncan, Smeeding & Rodgers, 1992). The development of education in Malaysia has been motivated by this fact and educational improvement has been identified as one of the strategy to eradicate poverty (Malaysian Government, 2000). Two critical factors defining access to a college education have been (a) the rising costs of higher education and (b) methods of financing a college education. With the increase in open admission policies for many public institutions of higher learning, the relative importance of financial resources has grown even larger as an important gatekeeper of college access (Beverly & Frank, 1996). In Malaysia, the educational loan was introduced in 1996 to provide more opportunity to more students to afford university education. University students are becoming one of the important segment of population since they will be the future leader of the nation. Henry, Weber and Yarbrough (2001) concluded that university students are vulnerable to financial crisis and this was further confirmed by So-Hyun Joo and associates (2003). University students financial behavior while studying can be a reflection of their behavior when they enter the job market. In addition, how they financially behave depend on how much money they received. This study will examine the sources of money in addition to study loan received by university students and factors associated with these sources.

Methods

This study was among the first being conducted after the launching of the National Higher Education Fund on 1st November 1997. The fund was set-up under the National Higher Education Fund Act 1997 (566 Act) which was enforced on 1st July 1997. The respondents consist of 10.0% of the study loan recipient population in one of the 10 public universities in Malaysia. Data are collected within the three days when the students received their semester loan at the main hall. Each of the 10 students in line for the money was required to filled-up a questionnaire from provided before they left the main hall. A total of 1,800 questionnaire forms are distributed with only 1,500 forms completely filled-up. Income in this study defined money received by respondents from various sources. Respondents were asked to indicate whether they ever received money from listed sources, frequency and amount received. The data were analyzed using SPSS software and the results will be presented using descriptive analysis and inference analysis. For inference analysis, several variables are correlated to give the Pearson values.

Findings

Profile of The Students

The respondents comprised of 60.5% females and 39.5% males. The over representation of female respondents is expected since the population of female students in universities in Malaysia is 60% females and 40% males (Department of Statistics, 2003). Majority of the respondents were Malays, followed by Chinese, Indians and Others which comprised of ethnic groups from Sabah and Sarawak. The Cumulative Grade Point Average (CGPA) reported by the respondents indicated that the female respondents on the overall were doing better than of male students and such trends is observable in most of the universities in Malaysia. Though Malaysia is experiencing rapid urbanization, 46% of the respondents indicated they were brought up in the rural areas while about one third indicated they grew up in the city. Those brought up in urban and rural experienced different life style and exposure to the consumer environment. The rural urban development gap (income, infrastructure, services, and others) also indicate different consumer socialization experience. Where the respondents live during the semester may influence their financial situation.

Sources and Amount of Money

All students participated in this study received study loan ranging from MYR5,000 to MYR7,000 per semester depending on the program. Majority of the respondents indicate that they took the study loan to support their university education and to lessen up their parents' financial burden. Nevertheless the respondents felt that the amount of money received from the study loan was insufficient to cover their financial needs. Majority of the students received money from family and in some cases the students obtain additional income by working. Parents are the main source of money for the respondents. The amount of money received was converted into a yearly amount and computed for all sources cited. On the overall among 1184 respondents in this study received a mean of MYR2071.12 per year. Male students received significantly higher mean (MYR2351.68) compared to female respondents (MYR1865.39).

Profile of Loan Recipients

The respondents were grouped into two groups, 100% loan dependent and loan with additional support. Those reported receiving at least one source on daily, weekly and monthly basis were grouped as loan with additional support while those reported not receiving money on regular basis from any of the sources were categorized as 100% loan dependent. There were 52% males and 58.9% female respondents who 100% loan dependent. The data clearly shows that higher proportion of females survived their university education on loan only while higher proportion of male respondents received money on regular basis from other sources. When the data was further analyzed, the result shows that higher proportion of males with lower CGPA who were 100% loan dependent while there was no clear patterns among female respondents. The data also shows that those depend on loan alone tended to have parents with lower mean income compared to the other group. The data clearly indicate that the socio economic background of the family can be the main determinant of the accessibility of respondents to additional money among university students in Malaysia.

Sources of Income and Financial Matters

Respondents were asked to indicate their satisfaction with financial situation and financial problems experienced. It is assumed that those with less number of money sources tended to have lower satisfaction with their financial matters. The correlation analysis carried out indicated that there was no significant relationship between the two variables. There were about one thirds respondents who indicated they were not satisfied with their savings, debt, ability to meet needs and financial skills. In addition, there was no significant difference in the satisfaction pertaining to financial matters between the group with 100% loan and those with additional source of money. The data shows that number of sources of money received has positive correlation with total amount received ($r= 0.134$, $p= 0.00$). Amount of money received was positively correlated with parents' income ($r=0.222$ and $p= 0.000$). The data also did not support the assumption that the sources of money is associated with CGPA and financial problems.

Implication & Recommendation

Data from the study clearly shown that majority of students received other sources of money either regularly or occasionally from parents, siblings as well as relatives. Having additional amount of money afforded students to spend money for other to meet their needs as students. Though the loan disbursed is expected to be sufficient, the discussion with several students indicated that the one and more students are having problems managing the sources available due to increase cost of living as well as unplanned spending. The amount of money receive by the respondents in addition to the loan were comparatively high for on person need. Having working mother, siblings and grandparents increase the students' opportunities to receive

additional sources of money. Since students have money in addition to study loan, efforts should be made to introduce to them the financial alternatives such as savings, investment and insurance to contra the promotional activities carried out to promote spending. The study also revealed that those who rely on loan only to support their university life tended to be students from rural, with low income and had parents with low levels of income. This is in line with the educational loan policy of enabling more people to afford tertiary education. Limited financial resources available to this group of students topped up with lack of financial management skills may lead to more financial problems which can effect their academic achievement. Since financial education has never been taught at school levels, it should be introduced to the university students to prepare them to manage their loan money effectively as well as preparing them to manage their future earning. This gave rise to the need of financial education especially in managing financial resources. It can be done through short courses or workshops, web-page and newsletters to students. The officers handling student affairs in universities should be given courses to enhance their advisory skills in financial matters in order to advice the students better. This will contribute to the achievement of one of the goal of Consumer Policy of empowering Malaysia consumers.

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Endnotes

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