

FINANCIAL CONSTRAINTS AND ITS RELATIONSHIP WITH ACADEMIC ACHIEVEMENT AT UNIVERSITY LEVEL

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ABSTRACT

This study examined how monetary restrictions affect university students' academic performance, including their ability to manage their academic expenses. The study perused to find any connection between financial troubles and academic ruptures, and the coping mechanisms of students. Data were collected using a questionnaire and statistically analyzed (N = 200) from the students of The Islamia University of Bahawalpur. In contrast to widespread assumptions, the results indicate that financial problems, rather than simply blocking academic success, can in some cases spur students to do better. Finding gender and locality-based discrepancies, but where male and rural students found their studies and personal budgets to be a much bigger financial burden. Such coping strategies were distinguished by female students showing greater reliance on them, suggesting that they are more flexible in coping with financial pressure. Despite their resilience, prolonged financial stress can have adverse psychological and emotional consequences, potentially affecting academic persistence. This study underscores the importance of institutional financial aid programs, financial literacy training, and support mechanisms to alleviate students' economic challenges. Future research should explore the long-term financial impact on students' post-graduation career stability and economic mobility.

Keywords: Financial constraints, academic achievement, student performance, coping strategies, socio-economic impact.

INTRODUCTION

Education is an important tool in personal and societal development. Academic achievement is often used to measure educational success. People and communities grow, adapt, and succeed on the basis of the quality of their education and how much they achieve in school. As Nelson Mandela famously said, "Education is the most powerful weapon which you can use to change the world." This quote highlights how powerful education is not only for individuals, but also for the world as a whole. Academic achievement involves learning more than facts or passing exams. It represents a person's ability to think critically, solve problems, and continue learning throughout their lives. If more people attain higher education, society will

gain. More educated people are more productive and innovative, which fuels economic growth and narrows inequality. Therefore, education is an issue that is taken very seriously by governments and policymakers worldwide because they know that education has so much power to shift things for the better. Achieving a college degree is a long-term goal for many. Research indicates that college graduates tend to have more job opportunities and higher salaries than do those who do not. However, even though most people agree that higher education is valuable, its actual value differs from person to person. Other studies are incredibly difficult, but have much lower graduation rates. Such students tend

to achieve higher success rates. On the contrary, there are students who just do the bare minimum and, as a corollary, find it harder to obtain a good job after graduation. A college is a significant investment in time and money. For most students, earning a degree takes a minimum of four years. Attending college can be costly and can run tens of thousands of dollars annually. Therefore, it is understandable that students seek to squeeze the most out of their college experience and learn as much as possible. However, few students are able to do so if they have financial problems. Financial instability negatively impacts students in a variety of ways, including their health and ability to perform in school. Dang and Bulus (2015) highlighted that students who lack enough financial support tend to face difficulties in achieving academic success. It is common for students, especially those from low-income families, to experience financial struggles. Many students must hold several jobs to pay for basic necessities such as food and rent. Various forms of financial stress can affect health and lead to additional problems in schools (Perman, 2019).

Students from disadvantaged or low-income families face more financial challenges. Asri et al. (2017) conceded that students do not incur monthly expenses as working adults do, but that they still need money for rent, food, and transportation. Students with affluent families often have greater access to resources that facilitate success. For instance, they may have access to tobacco technology, tutoring, or a quiet place to study. In contrast, lower-income students may not have access to these tools, which can hinder their academic success. Research has demonstrated that students perform better on tests when their parents make more money or enjoy higher social status. Families with more financial resources can provide a learning-friendly environment such as access to books, computers, and extra-curricular activities. In contrast, students from lower-income families typically deal with much more financial stress, making it difficult for them to focus on their studies. Likewise, Widener University (2017) highlighted the relationship between financial stress and academic performance, reporting that students with financial concerns received worse grades. Financial challenges can also lead students to work part-time, thus limiting the hours they can

study. Many students choose whether to attend class, do their homework, or work. These effects can result in students skipping out of class, receiving poor grades, and even leaving school altogether. This finding is supported by research from Widener University (2017), which found that financially stressed students take fewer classes and earn lower grades. This is a particularly serious problem for low-income students because they are often forced to work in school.

Balancing schoolwork can be taxing for students' physical and mental health. Many low-income students work at least 15 hours a week, which is usually associated with lower grades (Perman, 2019). This may cause students to work harder than necessary for long periods of time and eventually develop burnout from which they are unable to study. Moreover, financially struggling students often report being out of place among their peers, skipping classes, or avoiding social activity. These factors hinder academic success. It is measured with respect to the set standards or goals of education. It involves anything ranging from test scores and grades to teacher-defined learning goals. Academics often measure success using these outcomes (Romney, 2003). According to Walberg's theory (Reynolds & Walberg, 1992), students' performance depends on their individual characteristics (motivation and intelligence) and environment, of which family and school are significant components. Similarly, Elger's (2007) academic performance theory states that good grades can be achieved through effort, although this also requires proper support for the environment.

Arguably, financial problems are one of the most significant factors thwarting students from achieving their maximum academic potential. What system problems contribute to this issue? According to Dynarski and Scott-Clayton (2006), the rising cost of higher education in the United States has created financial barriers to student access and completion in college. With so many students having to resort to loans, this adds extra pressure and can in turn affect their ability to concentrate on their studies. The struggles associated with money are not unique to college students. In primary and secondary education settings, financial constraints may restrict access to necessary resources such as textbooks, computers, and extracurricular resources. According to Lubienski (2014), the output of academic

performance is lower in poorer or less financed schools than in better financed ones. We now see a need for financial support at every level of education.

In summary, financial constraints are a major issue that affects students' academic performance. Even if people believe that education is the best remedy for better life circumstances, the fees and costs that students must deal with may make this journey toward success difficult. From the exorbitant price of colleges to the scarcity of resources available in low-income schools, financial challenges present hurdles that influence students' capacity to learn and meet their goals. This will require joint efforts by government entities, schools, and communities to support the financial means and resources of students in need. It is only when we realize that we can actually help everyone have a fair chance of succeeding in education as well as in life. The effects of financial limitations on academic performance exceeded those of individual students. However, they have greater implications for the society as a whole (Lubienski, 2014). The role of poverty and wealth in school performance: The impact of income on national assessments of student achievement. Furthermore, spending on higher education can restrict access to college and deepen pre-existing disparities in education (Dynarski & Scott-Clayton, 2006). Thus, we must focus on the financial obstacles that students encounter and empower to remove the financial burden, and put all students on equal footing to accelerate their success in education and the future.

Cost limitations serve as a major driving factor influencing economic actions from an individual-level right to an international level (Stiglitz & Weiss, 1981). Financial Constraints: The concept of financial constraints refers to the limitations that firms face not only in terms of access to various forms of capital (e.g., equity and debt), but also their liquidity and the efficiency with which they allocate resources (Modigliani & Miller, 1958). Financial constraints have been shown to give rise to adverse selection and moral hazard in financial markets (Akerlof, 1970), with increased information asymmetries disrupting resource allocation and risk management. Indications of disproportions between investment and cash flow are registered for periods in which indirect indicators are consistently used (e.g., sensitivity to

cash flow) and for direct indicators such as surveys and financial statement analysis (Carpenter and Petersen, 2002; Fazzari et al., 1988). Financial constraints can affect, but an extreme one is to delay, the growth or investment decisions of a business (Cleary et al., 2007; Beck et al., 2008).

The relationship between financial constraints and university-level academic achievement is an ongoing and complex research area. Exploring these gaps in research is vital to provide a holistic viewpoint, not only in raising awareness of this issue but also in improving policy and funding decisions to cater to a greater support network for students with financial hardships entering higher education.

2. Statement of Problem

Financial constraints significantly hinder university students' academic achievements, forcing many to juggle work and studies and limiting focus and resources. Rising educational costs, inadequate financial aid, and economic challenges, especially during the COVID-19 pandemic, exacerbate these issues, affecting enrollment, performance, and well-being, necessitating further investigation of their impact.

3. Objectives of the Study

1. To investigate and analyse the effects of financial issues on students.
2. To analyse the coping strategies used by students to overcome the financial burden.
3. To provide suggestions to deal with the rising costs of education.

RESEARCH METHODOLOGY

This study aimed to investigate the relationship between financial constraints and academic achievement at university level. This study employed a descriptive research design to identify financial constraints and their relationship to academic achievement at the university level. The population consisted of ADP, BS, and MPhils. university students at Islamia University of Bahawalpur. According to the records, 67,670 students were studying at the university ((link unavailable)). A sample of 200 students was stratified and selected, and the sample size was determined using a statistical formula, resulting in a sample of 200 students from a population of 53,472 students (Kothari, 2004). A random sampling technique was used to select samples. In

the first stage, ten departments from The Islamia University of Bahawalpur were randomly selected. Twenty students from each department were randomly selected, resulting in a sample of 200 males and females. Data were collected through a questionnaire and a systematic process of gathering information to obtain data from the respondents (Bryman & Bell, 2015). The researcher personally approached and requested that 200 students complete the questionnaire. All 200 students returned the completed questionnaires, resulting in a 100% return rate. The researcher collected the data directly.

4. Sampling

Sample size refers to the number of items to be selected from the universal to constitute a sample (Kothari, 2004). The total study population

consisting of 53472 students. The researcher used statistical formula to select the sample size, with the used of statistical formula total 200 students were selected as a sample. Random sampling was used to select samples. In the first stage, ten departments from The Islamia University of Bahawalpur were randomly selected. Second, 20 students from each department were selected randomly. The study sample consisted of 200 male and females' students.

5. RESULTS

Statistical Package for the Social Sciences (SPSS 25) was used for data analysis after editing and cleaning. Descriptive statistics, including frequency, percentage, mean score and standard deviation, were used to analyze the demographic profiles of the respondents.

Table 1 Emerging Financial Constraints

Statement	SDA	DA	A	SA	Mean	S.D.
The rising fees of the university is a burden for me.	29	14	53	104	3.16	1.072
The cost of transportation is a significant financial burden	14	39	68	79	3.06	.933
The rising cost of books, stationery and photocopy is burden for me	21	32	65	82	3.04	.997
I work part-time to pay university expenses.	29	62	69	40	2.60	.967
I feel stressed about financial situation on a regular basis.	20	28	72	80	3.06	.970
Financial constraints affect my ability to focus on studies.	40	36	70	54	2.69	1.077
I often skip the classes due to financial issues.	29	80	62	29	2.46	.912
Financial constraints affect my ability to plan for my future.	18	39	77	66	2.96	.942

Table 1 students' opinions about "the rising fees of the university are a burden for me." It is clear from the data that 52% of respondents strongly agreed and 26.5% agreed with the statement that the rising fees of the university were a burden for them, 14.5% of respondents strongly disagreed, and 7% disagreed with the statement. A mean score of 3.16 with a standard deviation of 1.072, gave positive opinions with the statement that the rising fees of the university were a burden for them. Students' opinions about "The cost of transportation is a significant financial burden." It is clear from the data that 39.5% of the respondents strongly agreed and 34.0% agreed with the statement that the cost of transportation was a significant financial burden, whereas 7% of

the respondents strongly disagreed and 19.5% disagreed. A mean score of 3.06, with a standard deviation of .933, gave positive opinions on the statement that transportation costs were a significant financial burden.

The students' opinions about "The rising cost of books, stationery, and photocopy is a burden for me." It is clear from the data that 41.0% of the respondents strongly agreed and 32.5% agreed that the rising cost of books, stationery, and photocopy was a significant financial burden, while 10.5% of the respondents strongly disagreed and 16.0% disagreed. A mean score of 3.04, with a standard deviation of .997, gave positive opinions with the rising costs of books, stationery, and photocopy, which was a significant financial

burden. Students' opinions about "I work part-time to pay university expenses." It is clear from the data that 20.0% of respondents strongly agreed, 34.5% agreed that working part-time to pay university expenses was a significant financial burden, 14.5% strongly disagreed, and 31.0% disagreed. The mean score was 2.60 with a standard deviation of .967, indicating positive opinions about working part-time to pay for university expenses. Students' opinions about "I feel stressed about the financial situation on a regular basis." It is clear from the data that 40.0% of respondents strongly agreed, 36.0% agreed that they felt stressed about their financial situation on a regular basis, 10.0% strongly disagreed, and 14.0% disagreed with the statement. The mean score was 3.06, with a standard deviation of .970, indicating positive opinions and feelings of stress regarding the financial situation on a regular basis.

Students' opinions about "Financial constraints affect my ability to focus on studies." It is clear from the data that 27.0% of the respondents strongly agreed and 35.0% agreed that financial constraints affected their ability to focus on

studies, 20.0% strongly disagreed, and 18.0% disagreed with the statement. A mean score of 2.69 with a standard deviation of 1.077 gave positive opinions, with financial constraints affecting their ability to focus on studies. Students' opinions about "I often skip the classes due to financial issues." It is clear from the data that 14.5% of the respondents strongly agreed, 31.0% agreed to skip classes because of financial issues, 14.5% strongly disagreed, and 40.0% disagreed with the statement. The mean score was 2.46 with a standard deviation of .912, indicating giving positive opinions while skipping classes because of financial issues. Students' opinions about "Financial constraints affecting my ability to plan for my future." It is clear from the data that 33.0% of respondents strongly agreed and 38.5% agreed that financial constraints affected their ability to plan for the future, while 9.0% of respondents strongly disagreed and 19.5% disagreed. A mean score of 2.96 with a standard deviation of .942, indicated positive opinions, with financial constraints affecting their ability to plan for the future.

Table 2 Coping Strategies

Statement	SDA	DA	A	SA	Mean	S.D.
Part-time work supports me in my education.	21	58	70	51	2.76	.954
I have changed lifestyle to save money for my education.	12	41	83	64	3.00	.877
I took loan to pay my fee.	28	50	51	71	2.83	1.068
I pay my fee in installment to manage my limited resources.	23	49	66	62	2.84	.996

Table 2 shows that students' opinions about "Part-time work support me in my education". It is clear from the data that 25.5% of respondents strongly agreed and 35.0% agreed that part-time work supports them in education, while 10.5% of respondents strongly disagreed and 29.0% disagreed with this statement. A mean score of 2.76 with a standard deviation of .954, indicated positive opinions, with part-time work supporting them in education. Students' opinions about "I have changed their lifestyle to save money for my education." It is clear from the data that 32.0% of the respondents strongly agreed and 41.5% agreed with a changed lifestyle to save money for their education, whereas 6.0% of the respondents strongly disagreed and 20.5% disagreed. The mean score was 3.00, with a standard deviation of .877, indicating positive opinions regarding

lifestyle changes to save money for education. Students' opinions about "I took loans to pay my fee." It is clear from the data that 35.5% of respondents strongly agreed, 25.5% agreed that they took loans to pay their fees, 14.0% strongly disagreed, and 25.0% disagreed. The mean score was 2.83 with a standard deviation of 1.068, indicating giving positive opinions and taking loans to pay the fees. Students' opinions about "I pay my fee in instalment to manage my limited resources." It is clear from the data that 31.0% of respondents strongly agreed and 33.0% agreed to pay instalment fees to manage their limited resources, whereas 11.5% of respondents strongly disagreed and 24.5% disagreed with the statement. The mean score was 2.84 with a standard deviation of .996, indicating positive

opinions and paying fees in instalments to manage their limited resources.

Table 3 Suggestions for students' financial problems

Statement	SDA	DA	A	SA	Mean	S.D.
The university should increase financial aid and scholarship opportunities for students.	44	20	46	90	2.91	1.195
University should reduce the fee for needy students.	17	20	65	98	3.22	.941
University should offer flexible loan scheme for needy and poor students	26	23	56	95	3.10	1.051

Table 3 explored that students' opinions about "The University should increase financial aid and scholarship opportunities for students." It is clear from the data that 45.0% of respondents strongly agreed and 23.0% agreed that universities should increase financial aid and scholarship opportunities for students, 22.0% of respondents strongly disagreed, and 10.0% disagreed with the statement. The mean score was 2.91 with a standard deviation of 1.195, giving positive opinions, with the university increasing financial aid and scholarship opportunities for students. Students' opinions about "University should reduce the fee for needy students." It is clear from the data that 49.0% of respondents strongly agreed and 32.5% agreed that the university should reduce the fees for needy students, while 8.5% of respondents strongly disagreed and 10.0% disagreed. A mean score of 3.22, with a standard deviation of .941, indicated positive opinions, and the university should reduce the fees for needy students. Students' opinions about "University should offer flexible loan schemes for needy and poor students." It is clear from the data that 47.5% of respondents strongly agreed, 28.0% agreed that universities should offer flexible loan schemes for needy and poor students, 13.0% strongly disagreed, and 11.5% disagreed. A mean score of 3.10, with a standard deviation of 1.051, indicated positive opinions of the university offering a flexible loan scheme for needy and poor students.

6. DISCUSSION AND CONCLUSION

Extensive research has shown that financial stressors can negatively affect academic performance. Several factors and pathways mediate the effect of financial problems on academic performance. However, for many students, financial pressure can inhibit their access to important educational resources, such as

textbooks, study materials, and technology. Without access to these resources, students may struggle to stay on top of their assigned work and perform well academically (Dynarski & Scott-Clayton, 2013). Tuition fees are high, which limits students from poor families. The financial burden associated with education can either prohibit students from pursuing higher education altogether or result in them taking heavy student loan debts, which can be a frustration and source of stress throughout the college experience (Hossler et al., 2018). Financial stress can result in the insecurity of basic human needs such as food and shelter. Students who are unable to have enough nutritious meals or a permanent home may be distracted from furthering their studies (Goldrick-Rab et al., 2018). Most students work part-time or full-time to pay their way through the school. Working while attending college can be taxing and result in burnout, which hinders academic achievement (Pascarella & Terenzini, 2005). These financial constraints create psychological stress in students, which can manifest as anxiety, depression, and other mental health issues. Such conditions make it difficult to concentrate and think clearly, thus affecting school performance (Richardson et al., 2017).

Some students with lower socioeconomic backgrounds may not have the opportunity to participate in extracurricular activities, which can be important for personal development and a well-rounded CV. This can affect their competitiveness in terms of both scholarship and postgraduate opportunities (Kang, 2018). Some students may work to save money, which could limit the number of courses they can take, or if they are taking semesters off. Do they delay graduation that can have financial and long-term consequences? (Bahr et al., 2015). Taking on tons of student loan debt in pursuit of education can result in not only long-term financial anxiety but

also impact the career homeless the individual will take after graduation. Such debt-burdened graduates might prioritize higher-paying jobs over the work they enjoy (Akers & Chingos, 2016) or delay significant life milestones, such as owning a home. The relationship between financial strain and academic performance is both nuanced and multidimensional. This can be a major obstacle for students to gain education, affect their academic performance through different means, and influence their entire educational life. Addressing these issues can help ensure that the lack of financial resources does not restrict students' educational opportunities and outcomes.

Students largely agreed that increasing university fees was burdensome. The transport costs are a major concern. The prices of books, stationery, and photocopies were high. I am a full-time student studying at university level and working part-time to pay university expenses, which borrows money to pay their university fees. I feel stressed about my financial situation on a regular basis. Students' coping strategies for handling financial hardships. The analysis also revealed that female students relied more on coping mechanisms than did male students, indicating that they may be better at accessing available support resources. This concurs with other studies that show that female students may plan to overcome financial difficulties and seek outside assistance when facing economic hardships. Moreover, this study emphasizes that students with financial difficulties try to solve problems and find ways to continue their studies. While this shows resilience, it also highlights the long-term psychological and emotional effects of financial stress on student well-being.

Our results highlight the role of institutions in alleviating the negative impact of financial hardships on academic performance. Universities must adopt comprehensive financial aid programs, accessible financial literacy training, and supportive networks to help students navigate their economic landscape. Policymakers should consider ways to lower higher education costs and increase scholarship resources for economically disadvantaged students. Tackling these obstacles will improve students' academic journeys and make the educational system more equitable. The latter is likely to be provided regardless of socioeconomic status and potential for success.

Longitudinal studies that capture the role of financial resources throughout student and postgraduate lives are needed to provide a more nuanced picture of this profound problem. Moreover, institutions need to offer greater help in the form of financial aid packages and scholarships (particularly for low-income students). These resources may reduce the financial burden of tuition and fees. Create emergency funds or financial assistance programs to support students in the event of sudden financial crises such as unexpected medical costs or car repairs that can upend their studies. Students have access to financial literacy programs that teach them about budgeting, managing student loans, and making informed financial decisions. Such programs can help students better manage their finances. Write to your elected representatives the need for policies that alleviate student loan debt, such as refining income-driven repayment plans and creating loan forgiveness programs, to reduce the financial burden that our graduates face.

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