

# THE IMPACT OF FINANCIAL PROBLEMS ON EDUCATION

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## ABSTRACT

*The impact of financial problems on education is a major problem not only in India but in other countries of the world as well; in the present world, many students from India and other countries of the world go abroad such as to the United States to acquire higher education. Research has indicated that in the United States for international students, finances do become a major problem; therefore, they depend upon their parents, attain employment or apply for scholarships or loans in order to finance their studies. In India, too particularly in the case of acquiring higher education and in the case of socio-economically backward sections of the society, financial problems have proved to become a major obstacle, as a result of financial problems, people are even forced to discontinue their education in spite of being achievement oriented. The main purpose of this research paper is to understand the impact of financial problems on education; the main areas that have been taken into account are ways of managing finances and studies by the students, outcomes of financial stress amongst the students, causes of financial problems amongst the students, and the effects of financial education on low income people. The financial problems are in most cases, severe amongst the disadvantaged and the deprived sections of the society; these groups of people always look for employment opportunities and are dependent upon the community people and other organizations for help and assistance. They have the main aim to acquire an enhanced living, good education for their children and employment opportunities, but due to their financial conditions, they are not able to meet their desired goals and objectives. There have been availability of measures, if they are implemented in an effective manner can help in providing solutions to the financial problems, such as applying for scholarships, loans, grants, jobs, proper savings and improved employment opportunities for the parents and students. Besides these measures, it is important that students and their parents should be well aware of how to manage the finances appropriately.*

**Keywords:** Financial Problems, Education, Socio-Economically Backward Sections, Low Income, Expenses, Sustenance

## INTRODUCTION

In the field of education, individuals normally do face financial problems; mainly the financial problems have been with regards to the tuition fees that one has to pay to the educational institution, purchase of books, stationary, other reading and writing materials and so forth. In higher educational institutions, normally, students are expected to make use of technology to write articles and other assignments; the use of paper and pens are forbidden and they are required to type their assignments, instead of hand writing, therefore, either students

have to make use of technology within the educational institutions, such as in the libraries or departments or they have to purchase their own computers, and for this purpose they require finances.

In student life, other possible sources of financial problems include unforeseen emergencies or expenses such as changing of rental accommodation due to some problems with the landlord or any other miscellaneous expenses (Fosnacht & Dong, 2013). Students normally have few savings and they do not have extra money to pay for the emergencies or miscellaneous expenses. Research has indicated that parents are normally unemployed in the case of socio-economically backward sections of the society, but they send their children to school, their older children in higher educational institutions do face financial problems because of the unemployment of their parents. When parents are unemployed and do not have enough funds to meet their child's education, then it becomes the responsibility of the student himself to meet all the expenses regarding his education; in such cases, he either works and manages his education, or his parents borrow loans from other external organizations or even relatives and friends. When there is no assistance available, then the student is even forced to give up his aim of pursuing higher education. Balancing of school work and job responsibilities is extremely hard and cumbersome, but if the student has an aim that he wants to accomplish his desired goals and objectives, and then he has to manage both study and work. Therefore, an increasing number of students must balance the need to find employment in order to pay for the education, college, living accommodation and other daily expenses.

## CAUSES OF FINANCIAL PROBLEMS AMONGST THE STUDENTS

There have been many reasons that lead to financial problems amongst the students and these have been stated as follows:

**Unemployment of Parents** – When individuals are studying whether, they are in junior, middle or high schools or acquiring university education are in most cases dependent upon their parents for finances. When parents are employed or they have enough savings, then they are able to support their children in an adequate manner, but on the other hand, lack of employability, savings on the part of the parents may lead to financial problems amongst the students and as a result, their children either discontinue their education or borrow loans and depend upon others to support themselves financially. Unemployment is a severe problem that proves to be an issue for not only regarding the education concerns but also in sustenance of livelihood.

**Natural Calamities and Disasters** – The occurrence of natural calamities and disasters have also lead to severe breakdown of the individuals and lead to financial problems. Research has indicated that in rural as well as in urban areas, the houses that have roofs that are not very well built normally fall off and people are usually unaware of this housing problem, and this leads to immense spending of money in the construction of the houses and hence people become

financially deprived and find it difficult to afford education and in meeting other requirements. Natural calamities and disasters have proved to be really adverse for the individuals and huge sums of money have been spent in the construction of the houses.

**Large Families** – In rural areas, people normally have four to five children in the family; their parents are sometimes unemployed or are engaged in some kinds of work such as owning of tea stalls, grocery shops, or own businesses. Agriculture is the main occupation of the people in rural areas; it is difficult for the rural people to sustain their livelihoods and meet all the expenses in low income, therefore, they normally believe in educating the males of the families and not the females; they are of the viewpoint that females are meant to perform only the household chores. Making provision of education of all members of the family is difficult for the rural people, they believe in meeting their daily expenses and hence students belonging to rural areas who migrate to urban areas to acquire education do experience financial problems.

**Socio-Economically Backward Groups** – In urban areas, there are numerous people who are homeless, there are people belonging to socio-economically backward sections of the society, deprived, underprivileged groups. Their social condition is stated to be a factor due to which they face financial problems. Children, who are residing in the urban slums and rural villages, render no contribution in the regulatory failures that lead to economic problems (Education for All, 2010). The financial problems that they face prove to be hindrances during the course of their acquisition of education and development; in urban areas, they attend schools to acquire the basic literacy skills that provide education free of cost, as it is difficult for them to afford education.

**Lack of Savings** - There are individuals who spend extravagantly on luxury and unwanted things; the researcher came across a person who earned well and was married with one daughter; he spent his money excessively on luxury items and did not save anything for the family and in the present existence, the family is facing financial problems due to lack of savings. Therefore, it is important for a person to save for the future of his children and other family members; lack of savings can put an individual into the situation of severe financial problems. Financial problems do not guarantee happiness or general well being, on the other hand, the ultimate outcomes of financial problems is depression, stress and anxiety (The Impact of the Financial Crisis to Higher Education, 2010), therefore, it is vital for an individual to spend his money judiciously and save for the children's education and future.

## **WAYS OF MANAGING FINANCES AND STUDIES BY THE STUDENTS**

When students get enrolled in higher studies, they normally move out of their homes to other cities and towns, where they reside in paying guests accommodations, they have to take care of their food, pay their bills, focus upon their studies and live independently. There are large numbers of students, who are not willing to take any money from their parents and also work

part time and manage their expenses. The expenses of the college students are the financial costs of working, food, clothes, entertainment, private health insurance, holiday, travel and hobbies (Halliday-Wines, & Nguyen, 2014). There are different ways of managing expenses by different categories of individuals; students who belong to wealthy and affluent families, for them finances do not serve to be issues, they can willingly spend money on leisure and recreational activities, gadgets, and other things. On the other hand, students who belong to moderately affluent families, they manage their finances in a different manner, they will spend money only on those activities and things which are necessary and on the other hand, students who are not financially strong, they are extremely careful regarding how to manage their finances; they do not spend money on those activities which they do not require, they manage their food, utility bills and other expenses relating to education in a cautious manner.

There have been cases of students who belong to socio-economically backward sections of the society who just managed in two pairs of clothes; they rather bought books and other instructional materials with the money that they had and did not purchase any clothes. Students who face severe financial problems whether in India or in international countries, for them, they have to struggle extremely hard, research has indicated that students have to cut down on their expenses; they face hardships and problems when they are not able to save any money. When they are not able to afford transportation costs to their institutions, they walk down long distances and save money. The effectual management of finances and studies takes place through appropriate planning and spending money on the things which individuals actually require.

## **OUTCOMES OF FINANCIAL STRESS AMONGST THE STUDENTS**

Financial stress is considered to be the major hindrance towards an individual's progress and development; the outcomes of financial stress have been classified as follows: (Heckman, Lim & Montalto, 2014).

**Depression** – Depression is stated to be the condition of sadness, despair, gloominess, hopelessness, misery and dejection. When a student is facing financial problems, he certainly face difficulties in paying the tuition fees of the educational institutions; students who are meritorious and high achievers, even they have to pay the fees if they are willing to acquire higher education and a person runs into depression when he is not able to accomplish his desired goals and encounter barriers. Depression is a common mental disorder, with symptoms of a depressed mood, loss of interest in activities that were once enjoyed, decreased energy, feelings of guilt and low self worth, isolation, disturbed sleep, appetite, lack of communication with the people around and poor concentration and performance in all the activities undertaken.

**Anxiety** – Anxiety is another outcome that an individual can experience as a result of financial problems; it has several synonyms such as nervousness, worry, concern, uneasiness, fretfulness, angst and apprehension. As a result of anxiety, an individual forms various kinds of

behavioral traits such as keeping to themselves, not willing to communicate with the other people, always feeling worried and concerned about ones jobs and performances, depicting nervousness in the performance of various assignments and feeling constantly worried.

Poor Academic Performance – Individuals who are career oriented, they normally fair better and score good grades in spite of severe financial problems; students who belong to underprivileged groups score very high percentages in their academic performances with the motive that they will receive financial assistance which is required for their higher studies. On the other hand, there have been students who depict poor academic performance as a result of financial problems; their feelings of depression, anxiety, nervousness and worry prove to be the major factors that are obstacles during the course of their academic performance. Hence, financial problems do enable the students to render a poor academic performance.

Poor Health – Financial stress contributes in problems of depression, anxiety, stress, apprehension and pressure upon the students, hence these problems in turn lead to poor health conditions. Several health problems such as weight loss or weight gain, pain in the joints, headaches, loss of appetite or increase in ones appetite, high or low blood pressure and so forth are the various kinds of health problems that individuals suffer from when financial problems become very severe. Therefore, it can be stated that due to financial problems, an individual's physical condition, healthiness, well being, strength, dynamism, vitality and vigor also gets influenced in an unconstructive manner.

Difficulty Persisting towards Degree Completion – In higher studies, when educational courses require two to four years of time period in completion, then every year a student is required to pay the tuition fees, particularly in Bachelors and Masters degree courses. When an individual is facing severe financial problems, then it is obvious that he may get enrolled into an educational institution, on the basis of his performance and finances may come in the form of scholarships, grants or loans, but when any kind of financial assistance is not available, then students may face difficulties in continuing the program towards the completion of the degree and the ultimate outcome is dropping out of the educational institution. Therefore, it can be stated that for large number of students in India, finances serve to be major issues and they encounter barriers towards the completion of their degree.

## **THE EFFECTS OF FINANCIAL EDUCATION ON LOW INCOME PEOPLE**

Acquiring financial education has positive effects on the attitudes and the mindsets of the low income people, through financial education; an individual is able to learn how to manage finances adequately. When the income of the individual is limited, then he has to become extremely careful in spending his finances on necessary things; people normally avoid spending money on luxury activities. Financial education also provides knowledge to the individual

regarding how to create an appropriate source of income. The effects of financial education on low income people are considered to be important because in this manner, they attain the necessary information regarding how to manage finances appropriately.

The information on financial literacy education is deficient in a well-built theoretical framework. Most of the researches rely on a representation and model that information or counseling is the contribution and the anticipated effect is an assessable outcome on understanding and/or activities. In general, theories of behavior transform in the financial education area are derived from the health literature. These approaches all put emphasis on that behavior transformation results from an amalgamation of approaches, social standards, and goals; knowledge gains only are inadequate. It is vital that students particularly those who are pursuing higher education should be able to complete a compulsory financial education program; that will show evidence of superior enhancements in three areas than a control group. First, the individuals who complete a compulsory financial education program are anticipated to report larger increases in their self-assessed knowledge of financial concerns. Second, they are estimated to report superior developments in their approaches about saving and budgeting. Third, they are anticipated to show signs of superior enhancements in objective measures of financial behavior including credit reports and bank statements. This model is admittedly basic, as it does not include social norms and instead believes that social standards are similar across participants and are unaffected by the financial literacy program. This model distinguishes that facts and performance may cooperate through unnoticed response methods. For example, financial knowledge that has been acquired through the past behavior may influence the future behavior (Collins, 2010).

## DISCUSSION

Financial problems are considered to be severe for all the aspects of ones living such as provision of food, clothing, household expenses, travel, and education. The main objective of this research paper is to understand the impact of financial problems on education; in the field of education, there are many kinds of expenses that have to be met by the individuals such as tuition fee, stationary, technology, books, reading materials, travel expenses, living accommodation, food, clothes and other miscellaneous expenses. When an individual is financially weak, then he will certainly face obstacles in meeting these expenses, travelling becomes a problem for many students, therefore, instead of taking a bus or an automobile, they walk down to their educational institutions to save money. When they are expected to make use of technology to work on their assignments, they are not able to purchase their own computers and instead make use of technology in the college libraries or departments, due to financial problems, students do look out for solutions to meet their goals and objectives; for some problems solutions are available, whereas for others, solutions are not available and then they are compelled to give up.

Causes of financial problems amongst the students are unemployment of parents, natural calamities or disasters, large families, socio-economically backward groups, and lack of savings.

Outcomes of financial stress amongst the students have been in the forms of depression, anxiety, poor academic performance, poor health, and difficulty persisting towards degree completion. The consequences of financial problems upon the lives of the students and their families have been extremely discouraging and disheartening. Research has indicated that the students who belong to underprivileged groups and backward sections of the society are more motivated towards their studies as compared to the students belonging to affluent families, but their financial problems prove to be the major impediments during the course of their development.

The consequences of financial problems can be illustrated in a better way in the form of a case of a student; this student is very hardworking and scored 90% marks in his 12<sup>th</sup> board and aspires to become a doctor; he lost his parents due to illness few years ago and in his family, just he and his younger brother are there, his brother is mentally not sound and hence possesses some learning disabilities. He now wants to join a reputed medical coaching center in order to obtain coaching to clear the medical entrance exam, but his severe financial problems are becoming major hindrances during the course of his acquisition of coaching; he also has the responsibility to look after the household chores and his brother, for obtaining some kind of financial assistance to meet his desired objectives, he is dependent upon the other external associations and parties; if he is able to acquire some financial help then he will be able to make his life enriched.

It is important for all the categories of people to look out for measures and opportunities to solve their financial problems; they have to be aware and knowledgeable of all the proper counseling and guidance available, look for adequate employment opportunities, part time jobs that they can get engaged in besides studies to help themselves in meeting their basic requirements, spend and save money wisely and also they have to learn how to manage their finances in a proper manner. Effective implementation of all the measures of adequate financial management will enable an individual to solve much of their problems regarding education. When acquiring education, an individual must always be motivated and hard working towards their studies and make an effort to obtain help from others regarding books, notes and other reading materials that are required to render an improved performance.

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