

## The Primary Sources of Student Financing in Higher Education Institutions

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### Abstract

This study aims to identify the primary sources of student financing in Higher Education Institutions (HEI). This study uses questionnaires as an instrument for data collection method. A total of 480 samples among the undergraduates in HEIs responded to the questionnaires. Data were analyzed using the descriptive statistics. The results showed that the main source of respondents financing come from scholarships or loans obtained from government or private body, family, part-time work and savings. Sufficient financing sources will have a positive impact on the financial health of the students on campus.

**Keywords:** Financing, Student, Higher Education Institution

### INTRODUCTION

Money is indispensable in every aspect of our daily lives, in particular to smooth out the increasingly complex financial activities of this modern world. Without money, many needs and services cannot be met. Many people agree that money is only an intermediary for the comfort and safety of life, happiness and wellbeing other than to fulfill the physiological needs of living. Students in higher education require more money to cover the cost of study and living in universities as higher education costs in public and private educational institutions are on the rise. According to Haslina, Naimah and Hamzan (2013), this is due to the impact of cost increases, as well as changes in education orientation and financing policy at a higher level. According to Sarah, Aisyah and Hairunnizam (2015) the cost of higher education today is rising and cannot be fully borne by the government. Apart from spending money for learning purposes such as buying scientific materials, stationery and so on, students are pressured by the rise in prices of essential items such as food and others. Based on the above observation, this study aimed to identify the primary sources of student financing in HEI.

## **OBJECTIVES OF THE STUDY**

- To identify the primary sources of student financing in Higher Education Institutions

## **REVIEW OF LITERATURE**

### **Student Financing Resources**

Generally, student financing resources consists of scholarships, education loan, bank loans, contributions from parents or families, and side income from part-time works.

#### Loans and Scholarships

In order to ensure that all groups receive equal education, the government and non-governmental organizations offer scholarship loans and scholarships for students wishing to pursue higher education, such as the National Higher Education Fund Corporation (PTPTN), Ministry of Education, Malaysia (MOE), Public Service Department (JPA) and Majlis Amanah Rakyat (MARA). However, government funding for higher education in the form of scholarships has been reduced and replaced by student loan. These loans and scholarships are to cover student tuition fees, accommodation and daily expenses.

#### National Higher Education Fund Corporation (PTPTN)

Referring to PTPTN Strategic Plan 2016-2020 (PTPTN, 2016), PTPTN is an agency under the Ministry of Higher Education Malaysia which was founded on 1st July 1997 under the National Higher Education Fund Corporation Act 1997 (Act 566). PTPTN was established as a government effort to ensure students with financial difficulties can continue their education at HEIs. PTPTN offers a loan or financing scheme for example Loan Scheme or Education Financing (SPP), while financial aid is known as the Money Advance Financing (WPP) for the begin of student studies. PTPTN also manages the National Education Savings Scheme (SSPN-i) to help parents plan early financial plans for their children's higher education in the future. According to the official portal of PTPTN ([www.ptptn.gov.my](http://www.ptptn.gov.my), 2017), PTPTN will pay a tuition fee to the HEI for a semester. The balance of SPP loan amounting to thousands of ringgit is given in the student account for the expenses of one semester.

#### Ministry of Education Malaysia (MOE)

According to official portal ([www.moe.gov.my](http://www.moe.gov.my), 2017), MOE provides scholarships and loans for students who are eligible to pursue studies in HEI. Those who are interested need to apply through KPM's official portal and will be contacted for interviews. Students who achieve excellent results in Sijil Pelajaran Malaysia, Higher Education Certificate of Malaysia or Matriculation will most likely be awarded scholarships. Scholarships are deposited into a student bank account on a monthly basis which is called an allowance.

#### Public Service Department (JPA)

According to the official JPA portal ([www.jpa.gov.my](http://www.jpa.gov.my), 2017), the JPA has been offering scholarships for study inside and outside the country. All applications can now be made through the official JPA portal and only selected students are offered this scholarship. The amount of scholarships depends on the field of study, type of HEI and the country concerned.

#### Majlis Amanah Rakyat (MARA)

According to MARA's official portal ([www.mara.gov.my](http://www.mara.gov.my), 2017), MARA supervised by the Ministry of Rural and Regional Development, there is a Student Scholarship, Education Loan

and Student Loan. MARA only offers eligible Bumiputera Malaysians. They can apply through MARA's official portal.

#### Bank Loan

Some students make educational loans offered by local banks for failing to get scholarships or loans. There are also students borrowing because of insufficient scholarships or loans. For example, according to the official portal of Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my), 2017), Malayan Banking Berhad offers the One Malaysia Education Concern Scheme. This loan scheme is an additional financial aid to students who have received scholarships or educational loans. Only Malaysian undergraduates who are pursuing studies at the first degree level with high CPGA are eligible to apply. The loan amount ranges from RM 2,000.00 to RM 150,000.00 with a fixed interest rate charged.

#### Parent or Family Help

When financial resources are depleted, students are forced to rely on the help of parents or family members. Difficulty is getting worse if students come from poor families. On the other hand, students who come from middle families are able to provide regular financial assistance to them.

#### Part-time Work

According to Suhaila, Rabi'atul, Nuzul and Siti (2016) there are groups of students doing part-time work to cover the cost of living. Some students work in shops, supermarkets, stalls and doing business on the internet. Some students engage in the entertainment world by being part-time model, singer or actor.

### **METHODOLOGY**

According to Lilawati (2013) the methodology of study is defined as a descriptive study using survey methods to obtain information. The target population of this study is centered on HEIs from four zones in Peninsular Malaysia. The North, South, West and East Zones was covered. Selection of this location is appropriate to achieve the objective of the study. University Pendidikan Sultan Idris (UPSI), University Teknologi Petronas (UTP), University Teknikal Malaysia Melaka (UTeM), University Multimedia Malacca (MMU), University Putra Malaysia (UPM), University Tenaga Nasional (Uniten), University Malaysia Pahang (UMP) and UCSI University Terengganu are involved according to their respective zones.

The researcher has chosen a purposive sampling method where the population involved is the final year of Bachelor's degree. This group of students is selected because the student has reached maturity in making financial decisions while undergoing studies at HEI. The researcher referred to Krejcie & Morgan (1970) schedule to determine the size of the sample. Referring to the table, the sample size appropriate for this study was 480 students because the total population was approximately 20,000 students.

According to Table 1, the respondents' background consisting of gender, age, race, HEI name and CGPA. It is found that female students dominate male students in HEI. For aged, the range is between 20 - 24 and above, this is because all respondents involved are from the final year of the Bachelor's. Respondents consist of various ethnicities in Malaysia. The selection of the same number of respondents from all universities involved is taken to obtain fair and equitable results. All respondents have a CGPA of more than 2.00. It can be concluded that the performance of majority of the respondents belong to the excellent students in HEI.

Table 1 :  
Respondents Background

	Frequency	Percentage (%)
<b>Gender</b>		
Male	216	45
Female	264	55
<b>Age</b>		
20 - 21 years old	22	4.6
22 - 23 years old	327	68.1
24 years above	131	27.3
<b>Race</b>		
Malay	347	72.3
Chinese	73	15.2
Indians	32	6.7
Others	28	5.8
<b>HEI</b>		
University Pendidikan Sultan Idris	60	12.5
University Malaysia Pahang	60	12.5
University Teknologi Petronas	60	12.5
University Tenaga Nasional	60	12.5
University Teknologi Melaka	60	12.5
University Putra Malaysia	60	12.5
Malacca Multimedia University	60	12.5
Terengganu UCSI University	60	12.5
<b>CGPA</b>		
2.00 - 2.50	39	8.1
2.51 - 3.00	167	34.8
3.01 - 3.50	155	32.3
3.51 - 4.00	119	24.8

The researcher has chosen the questionnaire as an instrument because this method is an effective measure in collecting many data. In addition, it also saves time, cost and energy. The questionnaire used is modified based on previous research. The items in the questionnaire were considered as relevant for the purpose of this study.

The items are assessed in terms of reliability and validity before they are distributed to the respondents. Hence, the questionnaire items were formulated based on what has been recognized as valid and subsequently reviewed by six lecturers serving IPTA and IPTS with expertise in the field of research to ensure the structure of the questionnaire, content and language used are accurate.

The results obtained are further illustrated in the form of descriptions and tables to enable readers to understand the findings clearly without requiring long description (Kirkpatrick & Feeney, 2005).

**FINDINGS AND DISCUSSION****Respondents Financing Resources**

Table 2 shows the financing resources received by the respondents. Of 480 respondents, 276 or 57.5% received financial assistance from PTPTN, followed by 64 or 13.3% from the family, 59 or 12.3% from MARA, 36 or 7.5% from JPA and 3 or 0.6% from KPM. A total of 42 people or 8.8% received funding from other government bodies such as the Sarawak, Sabah and Malacca foundations. It is clear that the majority of respondents expect financial assistance from the government sector.

Table 2 :  
Respondents Financing Sources

	Frequency	Percentage (%)
Families	64	13.3
PTPTN	276	57.5
JPA	36	7.5
KPM	3	0.6
MARA	59	12.3
Others	42	8.8
Total	480	100.0

Referring to Table 3, 386 respondents or 80.4% responding they received financial assistance from family members comprising parents, older brothers or sisters if the money received was insufficient. Only 94 respondents or 19.6% did not seek financial assistance from their families.

Table 3 : Respondents Financing Source From Families

	Frequency	Percentage (%)
Yes	386	80.4
No	94	19.6
Total	480	100.0

However, there are also some respondents who work while studying at the weekend or middle or end of semester breaks to obtain financial resources. Referring to Table 4, a total of 150 respondents are looking for side income with side work and the rest of which 330 people do not do side work. So here it is concluded that not all respondents who work while studying, only some of them are spending their free time with work besides generating income to support university life.

Table 4 :  
Respondents Financing Source From Part-Time Work

	Frequency	Percentage (%)
Yes	150	31.2
No	330	68.8
Total	480	100.0

Referring to Table 5, in case of insufficient money, a total of 327 respondents or 68.1% have savings and use their savings when in trouble. However, there were 153 respondents or 31.9% had no savings. If a problem affects them during the semester then the respondent is forced to borrow money from friends, lecturers or any of the borrowing bodies offering student loans.

Table 5 :  
Respondents Financing Source From Saving

	Frequency	Percentage (%)
Yes	327	68.1
No	153	31.9
Total	480	100.0

The findings are consistent with the findings of studies conducted by Rubayah, Hawati and Nur Ain (2015) and Mohd Fazli and Maurice (2010) which found that student's financial source comes from scholarships or loan, families, part time works and savings.

## CONCLUSION

As a conclusion, the main source of students financing consists of scholarships or loans obtained from government or private bodies. In addition, respondents also receive financial assistance from families that are comprised of parents and older siblings. They also do part-time work on weekends, mid-term or semester breaks to earn income that can be used for daily expenses. Some of the respondents also have savings that can be used during an emergency time.

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