

A Study on Student's Attitude towards Educational Loan Repayment in Kanyakumari District

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Abstract

Globalization has led to the foreign MNCs from USA, United Kingdom France, Germany, Italy, Japan and Korea to bring not only the latest technologies with respect to products and services, but also best practices in the sphere of people management. These practices have enabled Indian automobile industry to register an annual growth rate of 17% during the period 2005-2012, catapulting Chennai (Tamilnadu) as the Detroit of India. This research study has examined the various Strategic and Innovative HRM practices prevailing in the Indian, Japanese and Korean automobile companies, operating in Tamilnadu by considering a sample size of 540 from among the junior and middle level executives of these companies. While the Primary data have been collected by administering a validated questionnaire, the Secondary data have been sourced from research journals, books, periodicals, websites etc. Statistical tools like Factor analysis, Chi-square test and Cluster analysis have been employed for the analysis. The findings revealed that there is a significant difference in the Strategic HRM practices of Indian, Japanese and Korean automobile companies, operating in Tamilnadu.

Keywords: Educational loan, student's attitude, intention to repay, repayments

Introduction:

Educational loan repayment has been an increasingly popular topic in the mainstream media. While there is a significant amount of information available about the history of loans, types of loans, and the implications of loans when in repayment, there is very little information measuring student's attitude of their loans. Most of the students are unaware of the educational loans borrowed for their education and the impact of that borrowing. Whether it is how much they have borrowed, how they are going to pay back the loans. Students are not thinking about their debt while in college.

The present on-going recession and tight job market is making matters worse for students who have taken out educational loan and who are now unable to repay the educational loan (Dillon & Smiles, 2010). A study relating to attitude is important in order to identify why students refuse to repay their loans—even if they have sufficient funds to make the repayments.

Review of Literature:

Jessor and Jessor, (1977) suggest that young people who involve in problem behaviors often believe that their parents favour their behavior more than young people who do not engage in such behavior.

Myers & Siera, (1980) also speaks that gender influences the repayment of loans. Women are more likely to fail in the re-payment of loans owing to childcare needs, financial needs and more time being taken off work to raise the children.

Christopher, (1982) showed that the unsatisfactory loan repayment pattern is caused highly by the attitude of the borrower more than his economic status.

Baum and Schwartz, (1988) say that poor association between attitudes and behaviour are often noted in previous researches conducted in western societies. It refers to the borrower's attitude toward a variety of things, which could affect his/her tendency to default including loan.

Behrens, (1992) had mentioned that the attitude was found to be the most important factor in the loan repayment problem. Research showed that though the borrower had the ability to repay the educational loan but lacked a sense of responsibility, it had an ability to create a disaster to the educational loan.

Objectives of the Study:

The main objective is to analyze the relationship between student's attitude and the intention to repay the educational loan.

Research Methodology:

Research methodology is carefully explains the research objectives and a relevant methodology to achieve those objectives. Researcher has adopted Simple Random Sampling method for the study. The present study was done using both primary and secondary data. The primary data were collected through questionnaire from education loan borrowers of public and private sector banks through field survey. The secondary data at the International level was collected from the publishers of Government of India, RBI and Indian banks association such as economic survey, annual report of leading banks, report on trends and progress in banking, Report on currency and finance, statistical tables relating to bank in India etc. The selection of borrowers and number of samples taken up for the study was 415, Out of 500 questionnaires circulated.

Statistical Tools:

- Chi-square analysis
- Friedman analysis

Data Analysis

Chi-square test:

Null Hypothesis: There is no association between level of students' attitude and level of Intention to repay loan

Table 1: Chi-square Test

Level of students attitude	Level of Intention to Repay Loan			Total	Chi-square Value	P value
	Low	Moderate	High			
Low	31 (33.0) [40.8]	61 (64.9) [24.8]	2 (2.1) [2.2]	94	122.266	<0.001**
Moderate	19 (9.3) [25.0]	155 (76.0) [63.0]	30 (14.7) [32.3]	204		
High	26 (22.2) [34.2]	30 (25.6) [12.2]	61 (52.1) [65.6]	117		
Total	76	246	93	415		

- Note:
1. The value within () refers to Row Percentage
 2. The value within [] refers to Column Percentage
 3. ** Denotes significant at 1% level

Since P value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence, it is concluded that there is associate between Student attitude and Intention to repay loan.

Based on the row percentage, if the Students attitude is low, 33% students feel low level of Intention to repay loan, where as if Student attitude is low, then 64.9% of the students feel moderate level of the Intention to repay loan. And if, Student attitude is low, then 2.1% of the students feel high level of Intention to repay loan. From the table, we can infer that Student attitude and Intention to repay loan.

Friedman Test 1:

Null Hypothesis: There is no significant difference among mean ranks towards factors of Students attitude.

Table 2: Friedman test

Factors of Students attitude	Mean Rank	Chi-Square value	P value
Not easy to repay the loan	10.69	543.256	<0.001**
The repayment can help other students	9.85		
Repayment is my obligation	10.81		
There are legal penalties for non-repayment	10.27		
I have to put an effort to make repayment	9.60		
Bankers can trace me to collect the loan	11.19		
My work influences my studies	8.14		
Borrowing impacts my performance in studies	9.31		
Taking education loan is the burden	10.03		
The loan is an investment	10.56		
The loan is the government fund	9.09		
The loan will enable me to enjoy better life	9.19		
The loan enabled me to become more responsible	10.27		
Did income potential play a role in your decision	10.50		
I feel the cost of students education is high	12.48		
I could afford my education only with education loan	10.21		
With education loan I can study anywhere I wish	12.31		
I could afford the course I wish to perceive	6.21		
Compared to other sources interest provided by bank is less	9.28		

Note: ** denotes significant at 1% level

Since P value is less than 0.01, and then null hypothesis is rejected at 1% level of significance. Hence, it is calculated that there is significant difference among mean rank of Students attitude. Based on mean rank (12.48) I feel the cost of student’s education is high and most important reason of Consumer issues in educational loan repayment. It is followed by (12.31) with education loan I can study anywhere I wish, (11.19) Bankers can trace me to collect the loan, (10.81) Repayment is my obligation, and (10.69) not easy to repay the loan. From the table, it can infer that I feel the cost of student’s education high.

Friedman Test 2:

Null Hypothesis: There is no significant difference among mean ranks towards factors of Intention to repay loan.

Table 3: Friedman Test

Factors of Intention to repay loan	Mean Rank	Chi-Square value	P value
I will make repayment because it is my priority	5.22	283.015	<0.001**
I will find any job after I graduate to pay back student	6.05		
If I am unemployed after I graduate, my parents will make repayment, and I will continue paying the remainder after I get a job	3.91		
I will save part of the loan during study, so that I can make repayments immediately after I graduate	5.45		
I will make regular payments through salary deduction	5.38		
I will make repayment because my culture norms says debt must be repaid	5.13		
I will make regular payments to reduce debt	5.88		
I will make regular payments to avoid problems in the future	6.00		
I will make regular payments after graduate to avoid burdening my parents in the future	6.64		
I never think about loan repayment, for me it is not important	5.34		

Note: ** denotes significant at 1% level

Since P value is less than 0.01, and then null hypothesis is rejected at 1% level of significance. Hence, it is calculated that there is significant difference among mean rank of Intention to repay loan. Based on mean rank (6.64) I will make regular payments after graduate to avoid burdening my parents in the future and most important reason of Consumer issues in educational loan repayment. It is followed by (6.05) I will find any job after I graduate to pay back student, (6.00) I will make regular payments to avoid problems in the future, (5.88) I will make regular payments to reduce debt, (5.45) I will save part of the loan during study, so that I can make repayments immediately after I

graduate. From the table, it can infer that I will make regular payments after graduate to avoid burdening my parents in the future.

Findings of the Study:

- It is found that there is association between Student attitude and Intention to repay loan. If the Students attitude is low, 33% students feel low level of Intention to repay loan.
- “I feel the cost of student’s education is high” is most important reason of student’s attitude in educational loan repayment.
- “I will make regular payments after graduate to avoid burdening my parents in the future” is most important reason of intention to repay the educational loan repayment.

Suggestions:

The respondents had knowledge towards loan agreement but majority of them had negative attitudes towards the loan and the repayment of education loan. They should inculcate the values among students that the repayment of educational loan is their responsibility and their repayment will contribute to maintain the fund needed to help other poor students to pursue their studies.

Conclusion:

Results of this study especially concerning constructs discouraging or encouraging students’ attitudes are important and useful to organizations seeking to provide a service which meets borrowers’ needs. Furthermore, the findings are relevant not only to academic researchers interested in examining the distinctiveness of the constructs integrated in this study, but also to experts at managerial levels particularly in developing countries with reforming educational loan systems. Furthermore, it is noted that the findings can support decision-making in terms of what strategy should be utilized in order to improve students’ attitude positively, taking into consideration how the strategy is likely to be perceived by students.

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