THE IMPACT OF FINANCIAL STRESS ON ACADEMIC PERFORMANCE: EMPIRICAL EVIDENCE FROM MANAGEMENT UNDERGRADUATES AT RAJARATA UNIVERSITY OF SRI LANKA

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ABSTRACT

Financial stress acts a significant part in shaping the academic performance and overall well-being of undergraduates. Students frequently endure worry and mental strain while they are struggling financially. Stress can diminish motivation, focus, and study time, which can ultimately result in poorer academic performance. Additionally, students who are under financial strain might have to work part-time jobs, cut back on their school hours, and yet participate in academic activities. Additionally, it may have an impact on their preparation for exams, attendance, and assignment submission. Long-term financial strain may potentially result in increased dropout rates and longer study periods. The study focuses on how undergraduates at Rajarata University of Sri Lanka's Faculty of Management Studies perform academically in relation to financial stress.

Thus, financial resources, financial behavior, self-concept, and financial well-being were the four characteristics used to assess financial stress. Using a quantitative study approach, 255 undergraduates out of 2000 were selected from four batches, providing primary data. Using SPSS software, descriptive statistics, correlation, and multiple regression analysis were used to examine the collected data. The findings showed that while financial resources and financial behavior had no discernible impact on academic performance, self-concept and financial well-being had a favorable and significant impact. The study's conclusion emphasizes the need for methods to improve psychological well-being, boost confidence, and lessen worry in order to manage student financial stress, which calls for more than just financial aid. These results have significant ramifications for future study, legislators, and educators. In order to prevent financial difficulties from impeding students' academic progress, it assists them in creating more effective support systems, such as financial aid programs, scholarships, and counseling services.

Keywords: ***Financial Stress, Academic Performance, Financial Well-being, Self-concept, Higher Education.***

1. INTRODUCTION

For university students worldwide, especially those in Sri Lanka, financial hardship is the primary developmental worry. This study examines the effects of financial stress on the academic performance of undergraduates in Rajarata University of Sri Lanka's (RUSL) Faculty of Management Studies (FMS). This study is motivated by a number of contextual factors. Even though Sri Lankan higher education is government subsidized, students still have to pay for living expenses, transportation, meals, and educational supplies. Undergraduates at RUSL are under increasing financial strain due to rising inflation and rising educational expenditures, which may negatively impact their ability to concentrate and succeed academically.

The difficulties are exacerbated by the nature of management courses, which require students to strike a balance between academic knowledge and real-world tasks that frequently require a large amount of time and effort. Some students may be forced to work part-time or engage in other income-generating activities due to financial restrictions, which might interfere with their academic obligations and raise stress levels. The relevance of this study in the Sri Lankan context, especially for a rural university environment like Rajarata University, is highlighted by existing literature that indicates a substantial correlation between financial stress and decreased academic motivation (Heckman et al., 2014; Central Bank of Sri Lanka, 2023).

Financial stress is widely acknowledged as a significant factor influencing undergraduates' academic performance (Nasr et al., 2024; Britt et al., 2016). Understanding the difficulties that students experience has become more crucial due to changes in higher education institutions, notably notable increases in enrollment rates (World Bank, 2021). The financial stress is consisting with four factors - financial resources, financial behavior, self-concept, and financial well-being, as well as their particular impact on academic performance among FMS undergraduates at RUSL are identified in this study. The results are intended to help university administrators make improvements to financial aid, scholarships, counseling services, and general student well-being programs. However, contextual, empirical, and methodological gaps remain, particularly regarding rural Sri Lankan universities, multidimensional financial stress analysis, and context-specific evidence on management undergraduates.

1.1 Problem justification and problem statement

Financial stress is a recurring problem that has a detrimental effect on university students' academic performance and emotional well-being. Economic hardships cause stress and lower academic performance for RUSL undergraduates (Nasr et al., 2024; Kim et al., 2017). Developing active support systems that might improve undergraduates' academic performance and well-being requires addressing the relationship between financial hardships and academic pressure.

There are still significant information gaps despite a wealth of studies on financial stress and its effects on academic performance. These gaps fall into three categories: theoretical, contextual, and empirical. Few empirical studies have broken down the impact of particular financial stress elements on academic outcomes, including financial resources, financial behavior, self-concept, and financial well-being (Heckman, Lim & Montalto, 2014). Instead of examining these elements as separate, quantifiable predictors, the majority of research examines financial stress as a single construct.

In terms of context, a large portion of the literature concentrates on Western or economically advanced environments. Research on financial stress in non-Western sociocultural contexts and developing nations is scarce. Students from a variety of socioeconomic origins, many of whom live in rural areas, make up Sri Lanka and Rajarata University in particular. For the purpose of developing culturally appropriate policies and providing student support, it is essential to comprehend how financial stress functions in this setting.

Theoretically, there are still gaps in the application of well-established psychological and stress-related theories to the situation of undergraduate students' financial stress. The issue of low academic performance among management undergraduates highlights the need for a stronger theoretical explanation linking financial stress to academic outcomes. For instance, Bandura's Self-Efficacy Theory (1997) emphasizes the significance of people's confidence in their ability to accomplish goals, which may mitigate the consequences of financial stress. The Double ABC-X Model (McCubbin & Patterson, 1983) provides an additional perspective for examining coping strategies by looking at how families react to stressors over time, including financial difficulties. By examining how these theoretical viewpoints relate to the relationship between financial stress and academic performance among management undergraduates in Sri Lanka, this study aims to increase understanding.

Therefore, this research is guided by the core problem: "***To what extent the financial stress impact on the academic performance of undergraduates in the Faculty of Management Studies, Rajarata University of Sri Lanka*?**".

1.2 Significances of the study

This section discusses empirical significance, contextual significance, and practical significance.

1.2.1 Empirical significance

The study offers empirical insights into how undergraduates' academic performance is impacted by financial hardship, particularly in the setting of Sri Lanka. Global and regional studies can benefit from empirical data on financial resources, financial behavior, self-concept, financial well-being, and their direct influence on academic outcomes. According to empirical research, financial stress has quantifiable effects on students' well-being and academic performance, underscoring the need for support networks at the university level (Joo, Durband & Grable, 2008).

1.2.1 Contextual significance

Because it focuses on financial stress among undergraduates in the Faculty of Management Studies at Rajarata University of Sri Lanka, a group for which there is little contextual research, this study is contextually noteworthy. Because of the particular difficulties this group encounters, financial stress is a serious issue for undergraduates. Numerous undergraduates from a wide range of socioeconomic backgrounds attend Sri Lankan universities, including RUSL. This research is useful for understanding financial stress in an Asian and Sri Lankan setting, as previous studies have frequently concentrated on Western or more economically developed environments (Choi et al., 2016).

1.2.3 Practical significance

The results may directly affect RUSL's and other state universities' student welfare programs. The creation of focused support systems, such as increased financial aid, counseling services, and academic help under financial hardship, may result from an understanding of how financial stress impacts an undergraduate's capacity to perform academically. Additionally, it offers a foundation for further scholarly investigation.

1.3 Research objectives

This study mainly focused on finding the impact of financial stress on the academic performance of undergraduates in the Faculty of Management Studies at Rajarata University, Sri Lanka**.**

1.3.1 Sub objectives

Measurable variables are aligned using a quantitative approach to accomplish the following sub-objectives,

1. To find the impact of financial resources on the academic performance of undergraduates in the Faculty of Management Studies, Rajarata University, Sri Lanka.
2. To find the impact of financial behavior on the academic performance of undergraduates in the Faculty of Management Studies, Rajarata University, Sri Lanka.
3. To find the impact of self-concept on the academic performance of undergraduates in the Faculty of Management Studies, Rajarata University, Sri Lanka.
4. To find the impact of financial well-being on the academic performance of undergraduates in the Faculty of Management Studies, Rajarata University, Sri Lanka.

2. LITERATURE REVIEW

Three subsections serve as the concepts, theories, and prior claims pertaining to this subject in this area of the literature review.

2.1 Conceptual review

Undergraduates' academic performance is significantly impacted by financial stress in a variety of educational contexts. This section examines the body of research on how financial stress affects academic performance, with a particular emphasis on management undergraduates in higher education. People frequently endure financial stress when faced with financially stimulating situations. It is a psychological condition that develops when people believe there is an imbalance between their financial obligations and resources, which causes tension, worry, and anxiety (Kim et al., 2017).

2.1.1 Financial resources

The current and flexible financial tools that people have to meet their demands are referred to as financial resources. These characteristics are critical in determining how well students manage their finances and preserve their general well-being. Financial resources fall into two categories, according to Britt et al. (2016): Current Resources: These consist of reliable, pre-existing financial resources like savings, scholarships, family assistance, and other sources of consistent income. These resources lessen the need for students to solve financial problems right away and give them a basic degree of financial security. Adaptive Resources: These are methods and resources that students create or employ to deal with financial difficulties, such as working part-time jobs, applying for financial help, or using budgeting software. Adaptive resources show the student's resilience and capacity to handle their financial circumstances and are frequently a reaction to financial stress. Further research by Sabri and MacDonald (2010) illustrated that students who have access to financial resources, such as scholarships, grants, and family support, experience lower levels of financial stress.

2.1.2 Financial behavior

The decisions and behaviors people take with their personal finances are referred to as financial behavior. Financial behavior in this study is divided into: Positive Financial Behavior: This includes prudent financial behaviors like conserving money, creating a budget, and paying bills on time. These actions lessen financial stress and promote financial stability. Students who practice sound financial practices are likely to feel more in control of their financial circumstances, which lessens the negative effects of financial stress. Negative Financial Behavior: This refers to bad money management techniques, including overspending, taking on too much debt, or not controlling expenditure. The study by Heckman, Lim, and Montalto (2014) further supported this finding by demonstrating that effective financial management behaviors lead to reduced financial stress and increased academic performance.

2.1.3 Self-concept

In the context of this study, self-concept is defined as a person's views and ideas regarding their financial situation. It is quantified by: Financial Self-Efficacy: This is the belief in one's capacity to handle and complete financial tasks. Strong self-efficacy reduces the negative psychological effects of financial stress and encourages proactive money management. Financial optimism is the conviction that one's financial circumstances will eventually get better. Optimistic people are more likely to take positive steps toward reaching their financial objectives. A more recent study by Sahragard et al. (2021) also highlighted the moderating role of self-concept in alleviating the negative effects of financial stress.

2.1.4 Financial well-being

A person's perspective of their financial situation on a continuum is reflected in the subjective concept of financial well-being. Financial well-being varies from extreme financial distress (low well-being) to no financial distress (high well-being), according to Nasr et al. (2024). It encompasses elements like financial stability in meeting basic necessities, freedom to make financial decisions, and absence of financial stress or worry. It also captures the overall happiness and emotional reaction to one's financial status. Higher life happiness, greater mental health, and better academic results are all linked to high levels of financial well-being. Students who are struggling financially may feel more stressed and find it harder to focus on their studies. According to Britt et al. (2016), financial stress has a negative impact on students' academic performance and mental health, highlighting the need to improve financial well-being through education and support services. Research has consistently demonstrated that students with higher financial well-being experience fewer academic interruptions related to financial concerns and are better equipped to perform well academically (Nasr et al., 2024).

2.1.5 Academic performance

Academic performance refers to the measurable results of a student's work in the classroom, usually indicated by their Grade Point Average (GPA). Academic performance, which is frequently gauged by grades, tests, and total coursework accomplishment, is the student's capacity to succeed in learning activities. GPA is a numerical measure of a student's academic performance and overall accomplishments. It represents a student's cognitive, emotional, and behavioral involvement with their studies and is a crucial indication of educational attainment (York et al., 2015). Numerous elements, including psychological, social, economic, and personal ones, have an impact on academic success (Richardson et al., 2012).

2.2 Theoretical review

The researcher has concentrated on two well-known hypotheses that are directly related to financial stress in the context of this investigation. These theories provide an essential foundation for accomplishing the goals of the study. The Double ABC-X model theory and the Self-Efficacy theory are both essential for clarifying the basic ideas underlying financial stress and academic achievement in the financial industry.

2.2.1 Double ABC-X model theory

McCubbin and Patterson (1983) created the Double ABC-X model, which provides a thorough framework for analyzing how financial stress affects undergraduates' academic performance. This approach is especially well-suited to taking into account the ways in which contextual and individual factors interact with financial stress. The concept expands upon Hill's (1949) initial ABC-X model, which highlighted how stressors (A), resources (B), and perceptions (C) interact to shape the outcome (X). By adding cumulative stressors (AA), adaptive resources (BB), and changing perceptions (CC) over time that result in different degrees of adaptation (XX), the Double ABC-X model expands on this. The independent variables in this study, financial resources, financial behavior, self-concept, and financial well-being, with the B and C components of the model, show how perceptions and resources interact with stresses to affect academic achievement.

2.2.2 Self-Efficacy theory

According to Bandura's (1977) self-efficacy hypothesis, people's behavior, choices, and results are influenced by their confidence in their capacity to carry out activities successfully. This idea has a crucial role in determining how individuals tackle difficulties and persevere in the face of setbacks. According to Bandura (1977), self-efficacy affects problem-solving techniques and emotional control, both of which are critical for stress management. When faced with financial stress, students who have a high level of self-efficacy are more likely to engage in constructive financial practices, including budgeting, saving, and looking for financial resources. These practices improve financial well-being and lower stress levels (Gutter & Copur, 2011).

2.3 Empirical review

This section separately aligns the effects of financial stress, financial resources, financial practices, self-concept, and financial well-being on academic performance.

2.3.1 The financial stress impact on academic performance

Numerous studies have examined the relationship between financial stress and academic achievement, demonstrating intricate relationships between environmental, behavioral, and psychological elements. The main conclusions and their implications for comprehending how financial stress affects academic performance are examined in greater detail in this review. Britt et al. (2016) investigated the impact of financial stress on academic performance and retention. They discover that financial difficulties worsen mental stress and cause academic disengagement in addition to lowering GPA. Students who are under financial hardship are more likely to feel overburdened, which affects their capacity to concentrate on their studies and fulfill academic obligations.

2.3.2 The financial resources impact on academic performance

Undergraduates' academic progress is significantly influenced by the availability of financial resources. Financial stress brought on by a lack of resources has been shown in numerous studies to have a detrimental effect on students' academic performance. A study by Britt et al. (2016) looked at the impact of financial stress and student loans on college student retention. According to their findings, students who encounter financial distress as a result of insufficient funds are more likely to have trouble focusing on their studies, which can result in poorer academic performance.

2.3.3 The financial behaviors' impact on academic performance

It is becoming more widely acknowledged that financial behavior, which includes activities like budgeting, saving, and spending management, has a significant impact on students' academic achievement. While bad financial habits frequently result in increased anxiety and attention, which hinders academic progress, good financial management can reduce stress and free up students to concentrate more on their studies. The impact of many facets of financial behavior on student success and persistence in higher education is examined in this section. According to Britt et al. (2016), students were more likely to have lower levels of financial stress if they adopted sound financial practices like budgeting, keeping track of their spending, and saving money.

2.3.4 The self-concept impact on academic performance

Academic results are significantly influenced by an individual's self-concept, which reflects their perception of their own abilities, values, and overall identity. In this study, self-concept is treated as an independent variable that directly affects students' academic performance. It shapes how students engage with their learning environment, respond to academic challenges, and manage stress, including financial stress. Higher levels of self-concept are associated with greater confidence, motivation, and resilience in academic settings. Previous research has shown that students with a strong sense of self-worth tend to achieve better academic outcomes and cope more effectively with financial difficulties (Heckman, Lim, & Montalto, 2014).

2.3.5 The financial well-being impact on academic performance

A person's general contentment and sense of security in managing financial resources are referred to as financial well-being. In this study, it is conceptualized as an independent variable that directly influences students' academic experiences. Higher financial well-being is associated with reduced financial stress, improved mental health, and greater capacity to focus on academic tasks. It reflects students' ability to effectively manage financial demands rather than merely the absence of financial stress. Previous studies have shown that students with higher financial well-being experience fewer financial disruptions in the classroom and achieve better academic performance (Nasr et al., 2024).

3. METHODOLOGY

The many methods employed in the study, such as research design, population and sample, conceptual framework and hypotheses, data collection and data analysis, etc., are highlighted in this part.

3*.1 Research design*

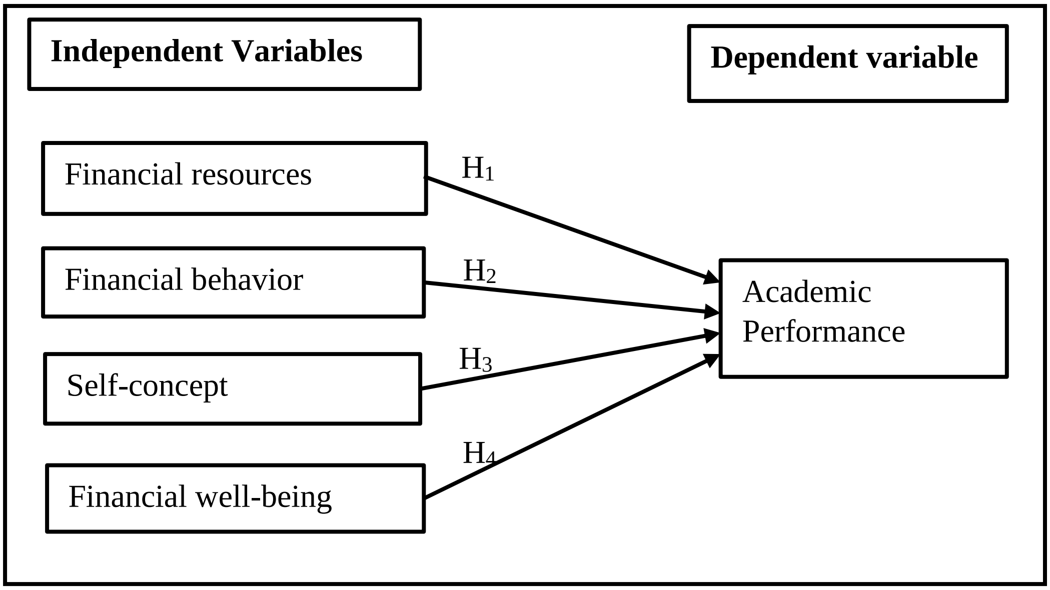
This study uses a quantitative methodology and deductive approach to investigate the effects of financial stress on academic performance among undergraduates at Rajarata University of Sri Lanka's Faculty of Management Studies. It examines how academic results are impacted by financial stressors, well-being, resources, behavior, and self-concept. A systematic questionnaire is used to gather data directly from individual management undergraduates with the goal of quantifying and evaluating the impact of these factors on their academic achievement.

3.2 Population and sample

The population for this study is all undergraduates enrolled in Rajarata University of Sri Lanka's (RUSL) Faculty of Management Studies (FMS). 2,000 students from the 2019 to 2022 batches are included. stratified sampling was used to select a sample of 310 undergraduates to represent the population. To ensure that it accurately reflects the characteristics of the population, the sample distribution consists of 70 students from the 2019/2020 batch, 100 from the 2020/2021 batch, and 70 from each of the 2021/2022 and 2022/2023 batches. This representative sample was given questionnaires to complete in order to gather data for quantitative analysis.

3.3 Conceptualization and hypotheses

The Conceptual Framework illustrates how the variables relate to one another. The study's conceptual framework is depicted in the following figure.



Source- Researcher Compiled (2025)

Figure 1: Conceptualization

The study's hypotheses are,

H_1: Undergraduate students' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their financial resources.

H$_2$: Undergraduate students' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their financial behavior.

H$_3$: Undergraduates' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their self-concept.

H$_4$: The academic performance of undergraduates at Rajarata University in Sri Lanka's Faculty of Management Studies is significantly impacted by their financial well-being.

3.4 Operationalization

An important step in the research process, operationalization offers a more comprehensive framework for measuring and evaluating variables. The table displays the pertinent factors and the corresponding quantifiable indicators.

Table 1: **Operationalization**

Variables	**Definition**	**Measurements**	**Past studies**
Independent variables			
Financial resources	Existing and adaptive resources are items designed to capture respondents' current resources as well as the adaptive resources they have access to in the event of a stressor.	Questionnaire, 5-point Likert Scale	Britt at el., (2016)
Financial behavior	Positive and Negative financial behavior have been chosen to represent a student's financial behavior.	Questionnaire, 5-point Likert Scale	Britt et al., (2016)
Self-concept	Self-concept is just a set of thoughts that you have about yourself in relation to money. Financial self-efficacy and optimism have been chosen to represent a student's self-concept.	Questionnaire, 5-point Likert Scale	Heckman, Lim, & Montalto, (2014)
Financial well-being	Financial Well-Being, designed to measure a latent construct representing responses to one's financial state on a continuum ranging from overwhelming financial distress/lowest level of financial well-being to no financial distress/highest level of financial well-being.	Questionnaire, 5-point Likert Scale	Nasr et al., (2024)

Dependent variable			
Academic performance (GPA)	Academic performance is the term that indicates a student's achievement after completing a course or subject from an institution**.**	Questionnaire, 5-point Likert Scale	Nasr et al., (2024)

Source- Researcher Compiled (2025)

3.5 Data collection

The impact of financial resources, behavior, self-concept, and financial well-being on management undergraduates' GPA was evaluated using a structured questionnaire with a five-point Likert scale. A five-point Likert scale ranging from strongly disagree to strongly agree was used in the questionnaire to gauge agreement with statements about variables. It was based on standardized designs and previous research.

3.6 Data analysis

Reliability and validity, regression, correlation, and descriptive analyses were performed on the questionnaire data using SPSS. By improving the questionnaire in response to input from a pilot group of students, reliability analysis guarantees data validity and dependability. By summarizing data features using metrics like mean, median, frequency, and standard deviation, descriptive analysis finds trends and anomalies. Using Pearson's correlation coefficient, correlation analysis assesses the direction and intensity of correlations between variables, including financial resources, behavior, self-concept, financial well-being, and GPA. Regression analysis evaluates the effect of financial stress factors on GPA by predicting academic achievement based on independent variables. This thorough technique offers accurate and trustworthy insights into the ways that financial stress affects academic performance.

4. RESULTS

Data preparation deals with outliers that could skew results as well as missing responses for a variety of reasons. To guarantee quality, data cleansing and screening find and address these problems. Because a well-structured Google form was employed in this study, no missing values were found during the data gathering process. By entering and validating replies, creating descriptive statistics, and performing inferential tests like regression and correlation, SPSS is used to carefully evaluate questionnaire data. It assures validity, manages missing data, and conducts reliability tests, allowing researchers to draw significant conclusions and make well-informed, data-driven decisions.

4.*1 Demographic profile of the sample*

Academic year, gender, department, scholarship type, monthly cash amount received, professional courses, and GPA of the responding undergraduates at Rajarata University of Sri Lanka's Faculty of Management Studies comprise the study's sample demographics. Descriptive statistics are created as percentages using the frequencies for each of the previously listed variables. Only two hundred fifty-five of the three hundred ten questionnaires that were sent to undergraduates in the Faculty of Management Studies were returned, with an approximate 80% response rate.

Table 2: Demographic profile

Category Type	**Category**	**Frequency**	**Percent**
Academic Year	2019/20	48	18.8
	2020/21	87	34.1
	2021/22	61	23.9
	2022/23	59	23.1
		255	**100.0**
Gender	Male	100	39
	Female	155	61
		255	**100.0**
Department	Accountancy & Finance	84	32.9
	Business Management	22	8.6
	Marketing Management	34	13.3
	Human Resource Management	38	14.9
	Information Systems	39	15.3
	Tourism and Hospitality Management	38	14.9
		255	**100.0**
Scholarship	Mahapola	76	29.8
	Bursary	86	33.7
	Other	18	7.1
	No	75	29.4
		255	**100.0**
Income Level	Below 10000	15	5.9
	10001-15000	122	47.8
	15001-20000	98	38.4
	More than 20000	20	7.8
		255	**100.0**
Professional courses	Yes	154	60.4
	No	101	39.6
		255	**100.0**
GPA	Lower1.99	19	7.5
	2-2.99	94	36.9
	3.00-3.29	107	42.0
	3.30-3.69	31	12.2
	Above 3.7	4	1.6
		255	**100.0**

Source: Survey Data

The majority of the 255 undergraduates from Rajarata University's Faculty of Management Studies are female, and many come from lower-middle-class backgrounds. Their demographic profile demonstrates a diversified and representative sample across academic years, departments, and gender. The majority of students pursue professional credentials in addition to their degrees or receive financial aid, which are important considerations for determining financial stress. A meaningful investigation of the effects of financial stress is supported by the GPA distribution, which shows average to above-average academic success.

4.2 Reliability analysis and validity analysis

Variables evaluating financial stress and academic achievement were evaluated for validity and dependability. The Kaiser-Meyer-Olkin (KMO) Measure and Bartlett's Test of Sphericity were used to verify validity. Financial well-being (0.858), academic performance (0.838), and self-concept (0.837) all had KMO values over 0.5, indicating sufficient sampling for component analysis. All of the Bartlett's Test significance values were 0.001, indicating that the correlations between the items were statistically significant. Cronbach's Alpha was used to assess reliability, and all variables were found to be over the acceptable threshold of 0.70. The most reliable factor was self-concept (0.886), which was followed by academic performance (0.883) and financial well-being (0.877). Strong dependability was demonstrated by Financial Resources (0.718) and Financial Behavior (0.863). These findings support the accuracy and reliability of the constructs employed in this study to analyze academic performance and financial stress by confirming the validity and consistency of the measuring tools.

The results suggest that financial well-being and self-concept significantly enhance academic performance, while financial behavior shows a marginal effect. Future interventions should focus on financial literacy, confidence-building, and support programs. Larger, diverse samples and direct multicollinearity checks are recommended to strengthen the validity and generalizability of these findings.

4.*3 Descriptive statistics*

Students reported high ratings for Financial Behavior (4.54), Self-Concept (4.57), Financial Well-Being (4.57), and Academic Performance (4.57), indicating strong positive judgments in these areas, according to descriptive statistics. Diverse economic backgrounds were reflected in Financial Resources' lower mean (2.99) and higher variability. The majority of students gave themselves good ratings since all variables had considerable negative skewness and moderate dispersion. Clustered replies close to the upper scale are indicated by high kurtosis values. Overall, the findings indicate that although students' financial resources differ, they consistently exhibit positive psychological and behavioral attributes that seem to have a greater impact on academic performance than tangible financial variables.

Normality of the data was assessed using skewness and kurtosis, with values within ±2 considered acceptable (George & Mallery, 2010; Kline, 2015). With a sample size of 255, the central limit theorem supports approximate normality (Hair et al., 2019).

Multicollinearity was assumed minimal, as VIF values below 10 and tolerance above 0.10 indicate no serious intercorrelation issues (Hair et al., 2019; Gujarati, 2003).

4.4 Correlation analysis

Table 3: Correlation analysis

	Academic Performance	Financial resources	Financial Behavior	Self-Concept	Financial well being
Academic Performance	1				
Financial resources	0.061	1			
Financial Behavior	0.847**	0.083	1		
Self-Concept	0.869**	0.125*	0.886**	1	
Financial well-being	0.906**	0.092	0.883**	0.898**	1

(N=255)

**. Correlation is significant at the 0.01
Source: Survey Data

Strong positive correlations between important financial stressors and academic achievement are revealed by the correlation results. The strongest link ($r = 0.906$, $p < 0.01$) is found in financial well-being, suggesting that kids who are financially secure do better academically. Self-Concept ($r = 0.869$, $p < 0.01$) also demonstrates a substantial correlation, highlighting the fact that students who are self-assured and confident do better. Similarly significant is Financial Behavior ($r = 0.847$, $p < 0.01$), indicating that sound money management promotes academic achievement. Financial resources, on the other hand, exhibit a weak and inconsequential link ($r = 0.061$, $p > 0.05$), suggesting that having money does not guarantee academic success on its own. The close relationship between Financial Behavior, Self-Concept, and Financial Well-Being is demonstrated by strong intercorrelations ($r = 0.886$–0.898). Overall, the results show that undergraduates' academic performance is significantly influenced by psychological and behavioral aspects of financial stress rather than tangible affluence.

4.5 Multiple regression analysis

4.5.1 Model summary and ANOVA

With a R value of 0.917 and R2 of 0.840, the regression model demonstrates a substantial correlation between financial stress factors and academic achievement, explaining 84% of the variance in academic performance. Its dependability is confirmed by the adjusted R2 (0.838), and accurate predictions are suggested by the low standard error (1.12979). The model's overall relevance is indicated by the ANOVA results ($F = 329.028$, $p < 0.001$), which reveal that undergraduates' academic performance is significantly and statistically significantly impacted by financial resources, financial conduct, self-concept, and financial well-being taken together.

4.5.2 Coefficients

Table 4: Regression analysis

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	1.278	0.644		1.985	0.048
	Financial resources	-0.023	0.018	-0.033	-1.291	0.198
	Financial Behavior	0.111	0.061	0.110	1.817	0.070
	Self-Concept	0.234	0.064	0.238	3.677	0.001
	Financial well being	0.615	0.065	0.599	9.429	0.001
a. Dependent Variable: Academic Performance					N=255	

Source: Survey Data

According to the regression analysis, the baseline academic performance when all predictors are zero is represented by the constant number (1.278). Financial resources alone do not improve academic results, as seen by the negative, non-significant effect ($B = -0.023$, $p = 0.198$). The minor positive but non-significant influence of financial behavior ($B = 0.111$, $p = 0.070$) indicates that sound financial practices may marginally enhance academic achievement. Academic performance is considerably and favorably impacted by self-concept ($B = 0.234$, $p < 0.001$), underscoring the significance of confidence and self-belief in attaining superior outcomes.

The largest and most significant predictor is financial well-being ($B = 0.615$, $p < 0.001$), indicating that students who feel emotionally stable and financially secure perform significantly better. In general, academic achievement is more influenced by psychological and emotional aspects of financial hardship than by strictly financial factors. The regression equation can be expressed as follows using the unstandardized coefficients:

$$Y = 1.278 - 0.023X_1 + 0.111X_2 + 0.234X_3 + 0.615X_4 + \varepsilon \text{---------------------------} (1)$$

Where:

Y = Academic Performance
X_1 = Financial Resources
X_2 = Financial Behavior
X_3 = Self-Concept
X_4 = Financial Well-being
ε = Error term

4.6 Discussion

The results of the hypothesis testing based on the regression analysis carried out in this study are summarized in the following table.

Table 5: Summary of hypothesis testing

Hypothesis	**Regression P value**	**Decision**
H_1: Undergraduate students' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their financial resources	0.198> 0.05	Not supported
H_2: Undergraduate students' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their financial behavior.	0.070> 0.05	Not supported
H_3: Undergraduates' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their self-concept.	0.001 < 0.05	Supported
H_4: The academic performance of undergraduates at Rajarata University in Sri Lanka's Faculty of Management Studies is significantly impacted by their financial well-being.	0.001 < 0.05	Supported

Source: Survey Data

H_1: Undergraduate students' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their financial resources.

Academic performance is impacted by financial resources, according to Britt et al. (2016). The effect is not statistically significant since the p-value for financial resources is 0.198, which is higher than the 0.05 cutoff. Consequently, this hypothesis is disproved, indicating that undergraduates' academic performance is not much impacted by the sheer availability of financial resources.

H_2: Undergraduate students' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their financial behavior.

Britt et al. (2016) claim that financial behavior has an effect on academic achievement. The significance criterion of 0.05 is marginally exceeded by the p-value of 0.070. Although the link is positive, it is not statistically significant enough to support the hypothesis at the standard level of confidence. As a result, this theory is also disproved, even though the outcome indicates a slight influence that merits more investigation in subsequent research.

H_3: Undergraduates' academic performance at Rajarata University of Sri Lanka's Faculty of Management Studies is significantly impacted by their self-concept.

Heckman, Lim, and Montalto (2014) assert that self-concept influences academic performance. A statistically significant impact is indicated by the self-concept p-value of 0.001, which is significantly less than 0.05. This results in the hypothesis being accepted, demonstrating that kids who have a more positive and robust self-image typically perform better academically.

H_4: The academic performance of undergraduates at Rajarata University in Sri Lanka's Faculty of Management Studies is significantly impacted by their financial well-being.

Nasr et al. (2024) claim that academic performance is impacted by financial well-being. Likewise, a highly significant effect is indicated by the p-value of 0.001. As a result, this hypothesis is accepted, proving that students are more likely to achieve academic success if they feel emotionally and financially stable.

Two of the four theories received support, while the other two did not. The results imply that self-concept and financial well-being-two psychological aspects of financial stress-are important indicators of academic success. However, despite their relevance, financial resources and financial conduct did not have a statistically significant direct impact in our model. When it comes to academic success, these findings highlight the significance of emotional and cognitive aspects of financial stress over solely material or behavioral ones.

5. CONCLUSION

This study examined the impact of financial stress on the academic performance of undergraduates in the Faculty of Management Studies at Rajarata University of Sri Lanka, using academic performance as the dependent variable and focusing on four key dimensions: financial resources, financial behavior, financial self-concept, and financial well-being. Primary data were collected through structured questionnaires and analyzed using SPSS with descriptive, correlation, and regression techniques. The findings revealed that financial self-concept and financial well-being have a significant positive impact on academic performance, emphasizing the importance of students' psychological stability and confidence in managing financial matters, while financial resources and financial behavior showed no significant effect, indicating that academic success depends more on perceptions and emotional well-being than on actual financial conditions. These results are partially consistent with previous studies (Britt et al., 2016; Heckman et al., 2014), which highlight financial stress as a key factor influencing academic performance; however, unlike much of the existing literature that emphasizes financial resources, this study finds that subjective financial well-being and self-concept play a more critical role. The study provides important implications for universities and policymakers by highlighting the need to focus on students' psychological resilience alongside financial support. Based on these findings, it is recommended that universities introduce financial counseling services, enhance mental health support, and implement financial literacy programs to strengthen students' financial confidence and coping mechanisms, while policymakers should develop integrated support systems that combine financial assistance with psychological and educational interventions. Overall, this study contributes to the Sri Lankan higher education context by demonstrating that improving students' well-being and mindset is essential for enhancing academic performance rather than relying solely on financial resources or spending patterns.

5.1 Future direction of the study

Through the lenses of financial resources, financial behavior, self-concept, and financial well-being, this study investigated the impact of financial stress on academic achievement. Longitudinal designs could be used in future studies to monitor changes over time and investigate causal impacts. Contextual differences can be found through comparative research between faculties, universities, or nations. A deeper understanding of students' emotional and psychological experiences could be gained by looking at gender and socioeconomic differences and using qualitative methodologies. Understanding how mentality, resilience, and self-regulation mediate the effects of financial stress could also be improved by evaluating the efficacy of institutional support systems and incorporating psychological and behavioral finance theories.

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