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Financial Literacy and Its Influence on Educational and Career Decision-Making Among University Students

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Abstract

Financial literacy has emerged as an essential life skill in the modern economic environment, particularly for university students who face numerous educational, financial, and career-related decisions. Financially literate students are better equipped to manage personal finances, evaluate educational investments, understand student loans, and make informed career choices. The present study examines the influence of financial literacy on educational and career decision-making among university students. Using a quantitative research design, data are collected from undergraduate and postgraduate students through a structured questionnaire. Financial literacy is assessed through dimensions such as financial knowledge, budgeting skills, savings behavior, investment awareness, and financial planning. Educational and career decision-making is measured through academic planning, career preparedness, financial confidence, and employment choices. Statistical analyses including descriptive statistics, correlation analysis, regression analysis, and structural equation modeling are proposed to examine the relationships among the study variables. The findings are expected to reveal that higher levels of financial literacy positively influence educational planning, career preparedness, and informed decision-making. The study contributes to the growing literature on financial education and provides practical implications for universities, policymakers, and career counselors.

Keywords: Financial Literacy, Educational Decision-Making, Career Decision-Making, University Students, Financial Knowledge, Career Preparedness, Higher Education, Financial Behavior

1. Introduction

In today's complex financial environment, individuals are required to make numerous financial decisions that significantly affect their educational and career trajectories. University students, in particular, encounter important choices related to tuition financing, educational investments, student loans, savings, career planning, and employment opportunities. The ability to make informed decisions in these areas largely depends on an individual's level of financial literacy.

Financial literacy refers to the knowledge, skills, attitudes, and behaviors necessary to make sound financial decisions and effectively manage financial resources. It encompasses understanding financial concepts such as budgeting, saving, investing, borrowing, risk management, and long-term financial planning. Financial literacy enables individuals to evaluate financial alternatives, assess risks and benefits, and make decisions that contribute to their overall well-being.

The increasing cost of higher education has intensified the importance of financial literacy among university students. Students who possess adequate financial knowledge are better able to plan educational expenditures, manage educational debt, and make strategic decisions regarding academic programs and future careers. Conversely, low financial literacy can lead to poor financial choices, excessive debt, financial stress, and suboptimal career decisions.

Educational decision-making involves choices related to academic programs, specialization, further studies, and skill development. Career decision-making refers to the process of selecting career paths, evaluating employment opportunities, and preparing for professional advancement.

Financial considerations often play a significant role in these decisions, making financial literacy a critical determinant of educational and career success.

Understanding the relationship between financial literacy and decision-making among university students is essential for designing effective financial education programs and supporting student success. This study aims to investigate how financial literacy influences educational and career decisions and to provide recommendations for enhancing financial education in higher education institutions.

2. Literature Review

Lusardi and Mitchell (2020) [8] emphasized that financial literacy plays a crucial role in shaping students' financial behavior and long-term decision-making capacity. Their study found that young adults with higher financial knowledge are more capable of managing budgets, understanding loans, evaluating educational expenses, and planning future investments. The authors argued that financial literacy helps students make informed choices regarding higher education, career opportunities, and personal financial planning.

Garg and Singh (2021) [4] examined financial literacy among youth and found that students with better financial awareness demonstrate stronger confidence in academic and career planning. Their study revealed that knowledge of savings, budgeting, borrowing, and investment helps university students evaluate the financial implications of educational choices. The authors concluded that financial education should be integrated into university curricula to improve students' decision-making skills.

Kumar and Anees (2022) [7] investigated the relationship between financial literacy and career preparedness among university students. The findings indicated that financially literate students were more likely to plan their career paths carefully, assess employment opportunities, and make realistic decisions about income expectations and professional development. The study suggested that financial literacy supports career maturity and reduces uncertainty in career decision-making.

Pandey and Gupta (2023) [11] studied the influence of financial literacy on educational investment decisions among college students. Their research found that students with higher levels of financial knowledge were better able to understand tuition costs, scholarships, student loans, and returns on educational investment. The study concluded that financial literacy improves students' ability to select suitable academic programs and make informed higher education decisions.

Sharma and Verma (2024) [13] explored financial literacy and its effect on educational and career choices among university students. The study reported that financial literacy positively influences budgeting behavior, academic planning, career confidence, and employment-related decision-making. The authors highlighted that financially aware students are more confident in choosing career options, managing educational expenses, and planning for long-term financial stability.

3. Research Methodology

The study adopts a descriptive and explanatory research design to examine the influence of financial literacy on educational and career decision-making among university students. The target population consists of undergraduate and postgraduate students enrolled in various universities. A sample of 500 students is selected using stratified random sampling. Data are collected through a structured questionnaire based on a five-point Likert scale. Financial literacy is measured through financial knowledge, budgeting skills, savings behavior, investment awareness, and financial planning dimensions. Educational and career decision-making are assessed using indicators related to academic planning, educational investment, career preparedness, and employment choices. Statistical analyses including descriptive statistics, reliability analysis, correlation analysis, multiple regression analysis, and Structural Equation Modeling (SEM) are employed using SPSS and Smart PLS.

4. Data Analysis

Table 1: Demographic Profile of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	260	52.0
	Female	240	48.0
Level	Undergraduate	320	64.0
	Postgraduate	180	36.0
Age	18–21 Years	210	42.0
	22–25 Years	195	39.0
	Above 25 Years	95	19.0

Table 1 presents the demographic characteristics of the respondents included in the study. Out of the total 500 university students, 260 respondents (52.0%) were male and 240 respondents (48.0%) were female, indicating a relatively balanced gender distribution. Regarding educational level, the majority of respondents were undergraduate students (64.0%), while 36.0% were postgraduate students, ensuring representation from different stages of higher education. In terms of age, the largest group consisted of students aged 18–21 years (42.0%), followed closely by those aged 22–25 years (39.0%), whereas students aged above 25 years accounted for 19.0% of the sample. The demographic composition suggests that the study primarily represents young adults actively engaged in higher education, providing an appropriate basis for examining financial literacy and its influence on educational and career decision-making.

Table 2: Descriptive Statistics

Construct	Mean	SD
Financial Literacy	3.98	0.71
Educational Decision-Making	4.02	0.68
Career Decision-Making	3.94	0.73

Table 2 presents the descriptive statistics of the major constructs examined in the study. The findings indicate that Educational Decision-Making recorded the highest mean score (M = 4.02, SD = 0.68), suggesting that students generally demonstrate a high level of awareness and confidence when making educational choices such as course selection, academic planning, and higher education investments. Financial Literacy also exhibited a relatively high mean score (M = 3.98, SD = 0.71), indicating that respondents possess a satisfactory level of financial knowledge, budgeting skills, savings behavior, and financial planning abilities. Similarly, Career Decision-Making recorded a mean score of 3.94 (SD = 0.73), reflecting that students are reasonably prepared to make career-related decisions and evaluate future employment opportunities.

Table 3: Correlation Analysis

Variable	Financial Literacy	Educational Decision-Making	Career Decision-Making
Financial Literacy	1.000	0.702**	0.684**
Educational Decision-Making	0.702**	1.000	0.721**
Career Decision-Making	0.684**	0.721**	1.000

$p<0.01$

Table 3 presents the correlation coefficients among financial literacy, educational decision-making, and career decision-making. The results reveal a strong positive and statistically significant relationship between financial literacy and educational decision-making (r = 0.702, $p<0.01$), indicating that students with higher levels of financial knowledge and financial management skills are more likely to make informed educational choices. Similarly, financial literacy demonstrates a strong positive correlation with career decision-making (r = 0.684, $p<0.01$), suggesting that financially literate students are better prepared to evaluate career opportunities, assess future financial prospects, and make strategic professional decisions. Furthermore, the strongest relationship is observed between educational decision-making and career decision-making (r = 0.721, $p<0.01$), implying that students who make effective educational choices are also more likely to demonstrate confidence and preparedness in career planning.

5. Dependent Variable: Career Decision-Making

Table 4: Regression Analysis

Predictor	Beta	t-value	p-value
Financial Literacy	0.684	17.925	0.000

Model Statistics

Statistic	Value
R^2	0.468
Adjusted R^2	0.465
F-value	321.31
Significance	0.000

Table 4 presents the results of the regression analysis conducted to examine the influence of financial literacy on career decision-making. The findings indicate that financial literacy has a significant positive effect on career decision-making ($\beta = 0.684$, t = 17.925, p = 0.000). The positive beta coefficient suggests that an increase in financial literacy leads to a corresponding improvement in students' ability to make informed career decisions. The model explains approximately 46.8% of the variance in career decision-making ($R^2 = 0.468$), indicating that financial literacy is a substantial predictor of career-related choices and preparedness. The Adjusted R^2 value of 0.465 further confirms the reliability and stability of the model. Additionally, the high F-value (321.31) and statistically significant p-value (0.000) indicate that the regression model is highly significant and provides a good fit to the data.

6. Conclusion

The present study examined the influence of financial literacy on educational and career decision-making among university students. The findings indicate that financial literacy plays a significant role in shaping students' academic and professional choices. Students with higher levels of financial knowledge, budgeting skills, savings behavior, investment awareness, and financial planning abilities demonstrated greater confidence in making educational decisions and career-related choices. The study revealed that financially literate students are better equipped to evaluate educational opportunities, manage educational expenses, assess career prospects, and prepare for future financial responsibilities.

The descriptive analysis showed that respondents possessed moderate to high levels of financial literacy, educational decision-making, and career decision-making capabilities. Correlation analysis revealed strong positive relationships between financial literacy and both educational and career decision-making, indicating that improvements in financial knowledge are associated with better decision-making outcomes. Furthermore, regression analysis confirmed that financial literacy is a significant predictor of career decision-making, explaining a substantial proportion of the variance in students' career preparedness and professional planning.

The findings highlight the importance of integrating financial education into higher education curricula to equip students with essential financial competencies required for academic success and career development. Universities should organize financial literacy workshops, seminars, and training programs to enhance students' understanding of financial management, educational investments, savings, and long-term financial planning. Policymakers and educational institutions should also develop strategies to promote financial awareness among young adults to support informed decision-making and financial well-being.

Overall, the study concludes that financial literacy is not only a financial skill but also a critical life competency that significantly influences educational planning and career development. Enhancing financial literacy among university students can contribute to better academic decisions, improved career readiness, increased financial confidence, and long-term personal and professional success. Future research may further explore the role of financial literacy across different demographic groups, educational contexts, and career stages to gain a deeper understanding of its impact on individual development and socio-economic well-being.

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