

Education Loan impact on job choice of students

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Abstract — Education is one of the important factors that contributes towards finding a job and hence leading a secured life. In the last decade, there has been an increase in the number of graduates and post graduates from India joining the labor force. Along with these there has been an increase in the annual fees of pursuing under graduation and post-graduation degree courses. Education loans have helped many million families in fulfilling their dream of higher education. Taking an educational loan impacts the job choice of the graduates. Studies in the literature have found that job choice of graduates is influenced by different factors like growth opportunities, salary, work environment among others from the students. The present study focuses on the impact of educational loan on job choice. The data is collected using online survey instruments. Logistic regression analysis is used to estimate the probabilities of factors influencing job choices of the graduates and post graduate students. The results indicate that education loan significantly impacts job choice preference of students along with promotion opportunities and influence of parents.

Keywords— *Education Loans,, Parental influence, Promotion, Job choice.*

I. INTRODUCTION

Education is a powerful tool to build knowledge-based society in modern era. The importance of higher education in finding better employment opportunities is well documented in the literature [19]. [19] finds that there is a significant relationship between level of education and employability. Survey reveals that those who studied more has a higher probability of getting employed.

Further the study also find that college graduates of USA earning capability was way behind the people who has not just stopped their education in high school.

In India, higher education has increased tremendously with an addition of closely to twenty thousand colleges where greater than eight million students in a decade from 2000-01 to 2010-11 [21]. The graduates come out of these colleges to seek jobs. While studies in the literature have focused on factors including career development [16], remuneration [10], interpersonal factors like parent's influence on the job choice preference of students, studies have not included (to the best

of our knowledge) the impact of educational loan on job choice preferences of students in India.

Education loan disbursement has increased over the years in India. Further studies by [20] in 2016 indicated that the tuition fees for professional courses across premier institutions in India increased by more than 100% for engineering and by over Rs 1 lakh in IIM's. To pay for increasing tuition fees banks in India have provided education loan facilities [12]. Up till December 31, 2014, the total loans that were outstanding for India was Rs 70,745 crores. Statistics by [13] recently shows that the outstanding educational loan has increased from Rs 2896 crores in 2003 to Rs 48400 crores in 2012. Thus, we hypothesize that educational loan could impact the choices students make with regard to their job preferences.

Factors influencing the job choice preferences of students are given next followed by methodology section. The results of the estimated models are further discussed.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Job choice as a concept in the literature has been measured differently by different studies in the literature. While [10] have defined job choice preference as "choosing one occupation over another", have captured the job choice concept through question by "I have definitely made a career choice". In the present study, we measure the job choice concept as ". Through this we are attempting to understand the preference of students who would choose a job because it is available to them.

Past studies show that there are several factors that impacts the job choice of students. These factors are discussed next.

a) *Salary or Remuneration Package:*

[2] in her study for 93 students from faculty of management studies, Delhi University find that male students give importance to financial rewards as compared to female students.

[10] in their analysis of factors influencing job choice find remuneration to be a major factor influencing the career choice among students. Thus, our study hypothesizes that

H1a: Remuneration positively impacts job choice preferences.

b) Career Development:

Study done by [16] on final year students of economics in Malaysia used Wald and general specification test and found that career development was the important preference in job criteria. While [2] have shown that post graduate students who are pursuing their Masters in Business and Administration rated that their skills and abilities are important factors rather than job security and career development., [17] using chi-square test for their analysis found that opportunities in career have a positive impact on the job choice of students. Thus, our study hypothesizes that

H2a: Career Development positively impacts job choice preferences.

H3a: Promotion opportunities positively impacts job choice preferences.

c) Working Environment:

Studies done by [9] found that students preferred working atmosphere rather than remuneration package. This study is done in Austrian institute of economic research institute. Thus, our study hypothesizes that

H4a: Working atmosphere positively impacts job choice preferences.

H5a: Working for long hours negatively impacts job choice preferences.

d) Employee Reputation

Studies done by [18] have shown that employee reputation was the important job preference criteria among students with high CGPA. The research is done in Hong Kong for a sample of 167 final year students where they used factor analysis. Thus, our study hypothesizes that

H4a: Employee reputation positively impacts job choice preferences.

e) Impact of parents, friends and faculties:

While [4] showed that in US there is no significant relationship between job choice one makes and the parents influence, studies in India find significant influence of parents, [2] friends and relatives [2], [6] on the job choice of students between the student's job choice one makes by parent's influence.

[2] found that while father's impact the career choice of both male and female students in India, friends seem to have high influence on male students as compared to female students. For female students, along with impact of father, mother also seemed to significantly influence their career choice. Thus, alternate hypothesis considered for our study is:

H5a: Parents positively impacts job choice preferences.

H6a: Friends positively impacts job choice preferences.

H7a: Faculties positively impacts job choice preferences.

Education Loan Impact:

Taking education loan impacts the job choice preference of the students. They might tend to take jobs that are high on salary many times in domains that do not interest them. Our study hypothesis that

H8a: Education loan positively impacts job choice preferences.

III. DATA AND METHODOLOGY

A. Data Description

Online questionnaire survey instrument was used to collect the data largely from students currently pursuing their graduation or postgraduation in the field of engineering, medicine and management. In all the sample consisted of 162 respondents.

Independent variables except educational loan influence was measured using a five point Likert scale where strongly disagree was considered as 1 to strongly agree which was considered as 5. Job choice was also measured on 5 point likert scale.

B. Empirical Model

To analyze the association between the job selection preferences and elements impacting job choice preferences, ordered logistic regression was estimated using statistical tool Stata.

The model used for the study:

$$JC = \beta_0 + \beta_1(SA) + \beta_2(CD) + \beta_3(PRM) + \beta_4(WA) + \beta_5(WH) + \beta_6(ER) + \beta_7(Location) + \beta_8(Parents) + \beta_9(Friends) + \beta_{10}(Faculties) + \beta_{11}(ED) + \epsilon$$

JP is the dependent variable, β_0 = regression constant; $\beta_1 \dots \beta_n$ are regression coefficients, ϵ is error term.

The variables are defined in the following table.

TABLE I
VARIABLE DEFINITION

Variable	Description
JC	Captures job choice
SA	Captures salary impact
CD	Career development
PRM	Promotion opportunities.
WA	Work atmosphere.
WH	Working hours.
ER	Employee reputation
Location	Location near to home town.
Parents	Parents influence on Job choice
Friends	Friends Influence on Job Choice
Faculties	Faculties Influence on Job Choice
ED	Educational loan

IV. RESULTS AND DISCUSSION

As discussed above the factors influencing the job choice preference among students was estimated using ordered logistic regression. The results of the estimation are given below in Table II.

TABLE II
RESULTS OF THE REGRESSION MODEL

Independent Variables	Odds Ratio	Coefficient	P Value
SA	1.866184	3.54	0.000 ***
CD	0.776058	-1.09	0.274
PRM	1.938848	2.76	0.006 **
WA	1.379261	1.51	0.132
WH	1.320488	1.62	0.105
ER	1.062602	0.28	0.78
Location	0.854834	-0.98	0.329
Parents	1.483744	2.14	0.032 **
Friends	0.86568	-0.83	0.405
Faculties	1.111882	0.66	0.51
ED	2.581036	2.96	0.003 ***

The results indicate that higher chances of promotion opportunities, standard of living, parents influence and education loan are seeming to have a significant positive impact on job choice

Among these variable educational loan is seeming to have a highest impact. Taking education loan is seemed to have three times higher influence on job choice preference of students. preference of students has a positive significant influence on selection of job choice based on market availability. Hence career prospects and growth are key considerations for students.

Higher chances of promotion and expected remuneration package are seemed to have two times higher influence on the job choice of students. Students select their job based on the perceived correlation with higher standard of living obtained from it. Hence career prospects and growth along with perceived higher standard of living are seen to be key considerations for student's choice of a job.

Parents are found to influence choice of career decision by students. Thus, that family considerations and their influence are a significant motivator for choice of job based on market availability.

Further location proximity, influence, perceived company image, the perceived work environment and friends do not seem to influence the choice of job for students.

V. CONCLUSION

Literature review shows that there are several factors like career development, employee reputation, salary etc. among others that influences job choice of students. Our study primarily analyses the impact of taking education loan on student's choice of jobs along with other factors pointed out in the literature that can impact the job choice decisions. While our study finds that el has 3 times higher influence on student job choice decisions factors including promotion opportunities, perceived higher standard and parents influence have a significantly lower positive impact

I. LIMITATION AND SCOPE FOR FUTURE STUDY

The present study has certain limitations which could provide scope for further research. The data collected is from only few universities and is mostly around south India. The data is collected from both graduate and postgraduate students. If the research is concentrated only on postgraduate students or only on graduate students, the results would have been more accurate as the student's maturity level differs as the age progresses. The study can also be done specifically for Indian students doing higher education in foreign countries.

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