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'Crises, chaos and contemplations': the impact of economic downturn on academic performance: a study of undergraduate students in private universities in Colombo, Sri Lanka

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ABSTRACT

The impact of the economic downturn on academic performance is a matter of significant concern for the Sri Lankan undergraduates. This study examined the impact of the current economic recession on the academic achievements of undergraduate students enrolled in private universities in the Colombo district. A sample of 380 undergraduate students was selected from a population of around 40,000 using cluster sampling, and data were collected via online questionnaires. The study employed a quantitative research approach, with multiple linear regression analysis conducted using SPSS. Independent variables of this study are the economic status of students' families, ability to fulfil academic needs, students' expectations, and mental health, while academic performance is the dependent variable. The research findings highlight how mental health and the ability to fulfil academic needs make a considerable impact on academic performance. Therefore, expanding future studies is highly recommended to investigate the comprehensive picture of the impact on undergraduate students in Sri Lanka.

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SUBJECTS
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Introduction

The ramifications of economic downturns on undergraduate education are extensive due to their prevalence and significance on multiple facets of society. The academic success of a country's students has been shown to have a major bearing on a respective country's economic and social development (Acheampong, 2023; Cruz et al., 2023; Shafiq, 2010). During periods of economic instability, students face substantial difficulties, which are likely to adversely affect their enrollment, attainment, attendance, and overall academic performance (Shafiq, 2010). The coronavirus (COVID-19) pandemic sparked a major economic crisis, whereas college students were particularly hard-hit. This prompts an empirical investigation into the aftermath of this disruption (Acheampong, 2023; Gewalt et al., 2022).

The onset of Sri Lanka's ongoing economic crisis can be traced back to 2019, and has since led to a spiral of decline marking the most severe economic downturn in the nation's history since attaining independence. In year 2022, when the day-to-day lives of almost the entire populace came to a standstill and ran out of essentials (like fuel, gas, etc.), a series of protests emerged within the nation of Sri Lanka (Madurapperuma, 2023). The impacts of Sri Lanka's rising external debt, dwindling foreign reserves, depreciating Sri Lankan Rupee, peaking inflation and extended energy shortages in the country have led to sizeable economic challenges. Many of

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This article has been corrected with minor changes. These changes do not impact the academic content of the article.

these were compounded by suboptimal fiscal management practices, including inconsistent financial strategies and extraordinary tax cuts (Sharma et al., 2022), among other deep rooted causes.

The role of education is prominent in a nation's development. The economic crises created serious challenges to sustainable academic operations, exerting a financial burden with excessive costs of education. Sustainable education during an economic downturn is challenging, as other essentials take priority during such times amid loss of government revenue. As such, the effects of the situation are particularly noticeable among students. As the situation forced to tight funding and restrict resources, it adversely affected their academic experiences. As Obiakor (2021) asserts, strong education system is closely associated with better academic performance, which can spur national development. As explained above, the adverse impacts of the economic downturn have had adverse impacts on the education system in Sri Lanka, resulting in a massive dearth of limited resources.

To address these challenges, the present research study aims to examine and acquire a comprehensive understanding of various factors that exert influence on the academic performance, as measured by the Grade Point Average (GPA) of undergraduate students enrolled in private universities in Sri Lanka during the year 2022. The independent variables examined in this study encompassed diverse aspects of students' lives and life experiences, including status of their families, academic pursuits, and their expectations and mental well-being. Recent dual crises have sizeable affected independent variables, making them critical factors to consider for achieving the research objective. Examining the impact of these independent variables on the dependent variable, namely academic performance, is the key focus (i.e. the research objective) of this research endeavour.

Accordingly, the objective of this paper is to examine the impact of the current economic recession on the academic achievements of undergraduate students enrolled in private universities in the Colombo district.

In doing so, this research aims to fill the gap in understanding the relationship between economic stability and student performance in the higher education sector. The remaining sections of the paper are outlined as follows: Section 2 reviews the relevant literature related to the economic downturn and student performance. Section 3 provides a comprehensive understanding of the materials and methods used to collect and analyze data. The findings of the research are presented in Section 4, titled 'Results and Discussion.' This paper concludes by addressing the study's contributions and directions for future research.

Literature review

To conduct the critical literature review, past studies in this research area were searched across reputable databases such as ScienceDirect, JSTOR, IEEE Xplore and, Scopus. Only full-text studies pertinent to the topic were selected. The literature review was organized into the following sections: Economic Downturn, Economic Status of Students' Families and Academic Performance, Ability to Fulfil Academic Needs and Academic Performance, Students' Expectations and Academic Performance and Mental Health and Academic Performance.

Economic downturn

An economic downturn refers to a period of significant decline in economic activity, usually characterized by a decline in Gross Domestic Product (GDP), employment rates, and consumer spending (Doerr & Hofmann, 2022). A spike in the general price level of goods and services (excessive inflation); deterioration in the purchasing power to buy goods and services due to accumulation of foreign debt, rise in interest rates, fall in aggregate demand and wage income, and high unemployment can be identified as red flags eroding government trust (Onojah et al., 2021). The magnitude and duration of an economic downturn can vary widely, from a brief and mild recession to a prolonged and severe depression (Guerra & Eboreime, 2021). Additionally, an economic downturn also affects the mental state, which can end up in despair. The latter is a feeling of frustration or dissatisfaction caused by the inability to satisfy needs (Ibrahim, 2018). An economic downturn, also known as a recession, is a period of economic decline characterized by dwindling

economic activity, such as production, consumption, investment, and employment (Onojah et al., 2021). This decline typically lasts for at least two consecutive quarters or 6 months, and is often accompanied by a slump in the GDP, which is a measure of the economic output within a given country during a specific period (The White House, 2022).

Governments and central banks use a range of expansionary policies, such as concessionary interest rates, increasing government spending, or imposing sharp tax cuts to stimulate economic activity during recessions. However, the effectiveness of such interventions can vary depending on the severity and underlying causes of the economic downturn (United Nations, 2022). At present, during the period concerning this study, a recession in economic activity has been evident globally that is far more harsh than envisaged, while inflation has been at its highest level. Due to the ongoing crisis, severity has amplified in the issue of skyrocketing costs of living and financial circumstances in most regions worldwide, according to the (International Monetary Fund, 2022). Inflation-related problems are currently posing serious challenges to the Sri Lankan economy consequent to several historical happenings. During the period under study, GDP of Sri Lanka shrunk showing signs of a fragile economy. In later part of 2019, the Central Bank of Sri Lanka projected a negative GDP growth at −0.3 percent, while in 2020 it was projected to be −0.7 percent, and in 2021, to be 2.0 percent. (Beresford, 2022).

Economic status of students' families and their academic performance

Family relations have a major impact on students' academic performance during economic downturns. Shafiq (2010) examines the complex relationship between economic recessions and academic performance, shedding light on the many challenges of modern youth. Recessions' effects on pupils' academic performance have been studied. Provenly, students who worry about their families' finances do worse in their academic performance. Lemessa et al. (2023) examined how crisis-related parental unemployment affected teen academic achievement. Their study found that teens' academic performance plummeted when both parents were unemployed. Economic crises can have far-reaching consequences on schooling, as shown in this study. Student arithmetic and reading competency were disproportionately affected by the Great Recession for low-income pupils, demonstrating the asymmetric distribution of impacts during economic downturns (Shores & Steinberg, 2017). Salazar's seminal research shows how economic downturns affect teenagers' educational goals, particularly those from varied origins and with moderate academic competence (Salazar et al., 2020). Assari et al. (2020) illuminate the economic effects of learning losses during crises, emphasizing the importance of understanding the long-term effects of educational disruptions. In conclusion, understanding the complex issues raised by family financial stability, parental unemployment, disparities in setbacks, and compelled to change educational expectations is essential in implementing interventions to mitigate the repercussions of economic downturns on students' educational pathways.

Based on the previous literature, below hypothesis was derived.

H_1: There is a significant impact of economic status of students' families on student's academic performance

Ability to fulfil academic needs and academic performance

Academic quality of students can considerably affect their achievement and well-being. In addition, financial status, resources, and mental health issues can affect students' academic demands (Alotaibi et al., 2022). Financial issues can prevent students from finishing schoolwork when educational resources like textbooks and tuition can be costly to afford. Stress, low motivation, and academic failure can be additional reasons (Tadese et al., 2022). University students may struggle due to resource constraints including poor academic programming, research, and career support. Accordingly, students' motivation to study and academic and employment prospects may suffer (Amerstorfer & Münster-Kistner, 2021). Additional research explores how the recession affected Kwara state undergraduates' academic performance (Onojah et al., 2021).

When unable to meet academic needs, students are unlikely to finish courses and activities on time, resulting in poor grades and underperformance (Wagner et al., 2023). Academic probation and course withdrawals rise, whereas unfulfilled student lives can see a rise in course withdrawals or academic probation, compromising academic performance and degree completion (Casey et al., 2018).

Thus, studying the relationship between economic stress and academic achievement will help many students overcome obstacles and maintain self-esteem. According to Valenti and Faraci (2021), many experts believe environmental influences affect student motivation and academic achievement. The relationship between parental socioeconomic status and student achievement were examined by Brown and Putwain (2022).

Parents with higher socioeconomic levels have better academic and occupational performance since these attributes were strongly associated. Valenti and Faraci (2021) examined financial aid and student success. Scholars have had higher GPAs than academically challenged students. Another trend is societal expectations of family academic accomplishment. Cultural expectations cause the employment market to accept more university graduates, which is a persistent tendency. Certificate, undergraduate, and postgraduate higher education are critical in a competitive employment market (Lai & Jung, 2024) Students' studies and lives during the economic slump deteriorated their academic performance in Sri Lanka's private universities.

Based on the previous literature, below hypothesis was derived.

H_2: There is a significant impact of ability to fulfil academic needs on student's academic performance.

Student's expectations and student's academic performance

Student characters' ambitions, dreams, and aspirations contrasted with their academic and personal realities (Kouroutsidou et al., 2020). Research pertaining to students' career aspirations examines how academic performance affects job success. Generally, student job prospects are assessed through academic achievement, motivation, personality, work experience, and emotional intelligence (Abe & Chikoko, 2020). Luo et al. (2019) tested purchase patterns, student lifestyles, work status, family financial and professional conditions, and student's academic and employment goals. Their research study sought to understand how academic achievement affects employment outcomes and explore ways students could improve their professional prospects. The meta-analysis conducted by Danişman (2017) examined the impact of teachers' and parents' high expectations on students' performance. This study offers a comprehensive overview of the extensive research conducted in this area (Danişman, 2017). The collective findings of this study underscored the significance of students' expectations in reshaping their educational trajectory. Enhanced performance outcomes can be attained by synergistically integrating optimistic expectations with a pragmatic evaluation of the challenges ahead. Nevertheless, it is imperative to acknowledge the disparity that exists between the aspirations harbored by students and the actualities they encounter within the educational milieu. This incongruity serves as a call for policymakers and stakeholders of the pressing necessity to implement tailored interventions and establish robust support systems that cater to the unique needs of each individual.

Based on the previous literature below, hypothesis was derived.

H_3: There is a significant impact of student's expectations on student's academic performance.

Mental health and student's academic performance

The mental well-being of university students is often found to be highly influenced by a multitude of factors, primarily stemming from the challenges associated with both personal and academic stressors. Along this line of research, Córdova Olivera et al. (2023) affirmed that a correlation is evident between the presence of severe symptoms of perceived stress and lower examination results and academic performance among college freshmen and high school students. The significance of mental health cannot be understated, as it constitutes a fundamental component of an individual's overall well-being and

exerts influence across various domains, including but not limited to academic performance. The primary objective of this literature review is to thoroughly investigate and analyse the correlation between mental health and academic performance, as explored by Kiuru et al. (2020). Numerous empirical investigations have consistently demonstrated a robust association between mental health and academic performance. Among recent investigations, Chen and Lucock (2022) observed that individuals diagnosed with mental health disorders exhibit a higher propensity for encountering diminished academic performance.

Based on the previous literature, below hypothesis was derived.

H_4: There is a significant impact of mental health on student's academic performance.

The conceptual framework illustrated in Figure 1 is formulated for the current research based on the critical literature review. This framework consists of two main categories of variables, namely, independent variables and the dependent variable. Accordingly, the independent variables consist of sub-variables of the students' families, studies and student life, students' expectations and mental health. The academic performance serves as the dependent variable.

Materials and methods

This study utilized a quantitative and cross-sectional design. The purpose of this research was to analyse how the recent economic recession has affected the academic performance of fourth-year students at private universities in the Colombo area of Sri Lanka. The study population size was approximately 40,000 fourth-year undergraduates of private universities. The researchers employed a cluster sampling approach to ensure a representative sample of the broader population, as described by Choi and Yu (2014). The population was divided into clusters, out of which, a sample of 380 undergraduate students was selected. The sample size was determined based on the recommendations provided by Krejcie and Morgan (1970).

SLIIT Business School examined and approved this particular research project, which followed ethical procedures. The primary data for this study were gathered using a structured questionnaire distributed to chosen undergraduate students. The survey was specifically designed to collect information on various factors (as described under literature review) influencing the selected independent variables and the dependent variable, the former including academic performance, family economic status, ability to meet academic needs, student expectations, and mental health. The questionnaire was validated through a pilot study to ensure reliability and validity.

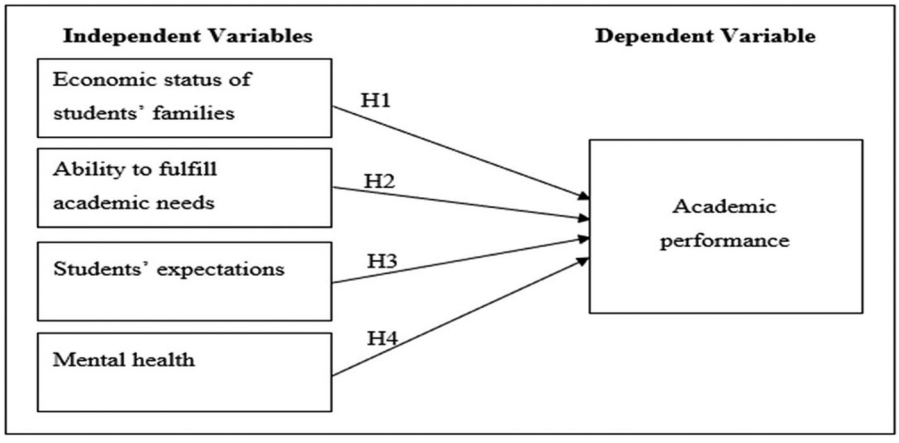

Figure 1. The conceptual framework of the study which has four independent variables including economic status of students' families, ability to fulfill academic needs, students' expectations and mental health and one dependent variable-academic performance.

Statistical analysis

Multiple linear regression analysis was used to determine the impact of independent variables namely, economic status of the student's families, ability to fulfil academic needs, students' expectations and mental health on dependent variable, academic performance.

The following equation represents the estimated models used in this investigation:

$$\begin{aligned}\textbf{Academic performance} = {} & \boldsymbol{\beta_o} + \boldsymbol{\beta_1}\ \textbf{Economic status of the student s families} \\ & + \boldsymbol{\beta_2}\ \textbf{Ability to fulfil academic needs} + \boldsymbol{\beta_3}\ \textbf{Students' expectations} \\ & + \boldsymbol{\beta_4}\ \textbf{Mental health} + \varepsilon \end{aligned} \quad (1)$$

In the above equation, β_o is the intercept while, $\beta_1, \beta_2, \beta_3$ and β_4 represent, the coefficients for each independent variable. ε is the error term, has a zero-mean and describes the residuals, or academic performance fluctuations that are not accounted for by the model.

Reliability

The reliability of the variables in the study was assessed using Cronbach's Alpha, which measures internal consistency. A Cronbach's Alpha value above 0.70 indicates acceptable reliability. In this study, the independent variable's questionnaire, consisting of 24 questions, had an overall Cronbach's Alpha of 0.916, demonstrating strong reliability. Each variable surpassed the 0.70 threshold, with values ranging from 0.718 for student expectations to 0.943 for mental health, indicating high internal consistency across all factors, and the questionnaire was thus considered reliable.

Validity

Validity was examined using the KMO and Bartlett's tests to assess the suitability of factor analysis for establishing concept validity. A KMO value above 0.5 and a significance level below 0.05 indicate adequacy for factor analysis. In this study, all variables had KMO values above 0.5, and significance values at 0.001, meeting the requirements for validity. These results confirm the appropriateness of factor analysis and support the validity of the measurement approach for each variable.

Results and discussion

Demographic data

Figure 2 depicts the socio-demographic attributes of the participants. Here, 64.2% of all respondents are female (244), making up most respondents. As it shows, the highest number of respondents comes under the age of 23–27 years, and it is 69.5% (264) of the total sample. According to Figure 2, 66.6% of respondents follow the business study program which represents the highest proportion of the sample. Most students travel to university from home indicating 48.7% (185). From 380 respondents, 84.20% (320) of students are financially dependent on others for their studies. Most students are funded by parents for their studies which is 76.6% (291).

Multiple linear regression analysis

Table 1 presents the results of the multiple linear regression analysis. The *R*-squared (R^2) value reflects the strength of the relationship between the variables. An R^2 value of 0 indicates no relationship, 0.5 suggests a moderate relationship, and values greater than 0.7 signify a strong relationship.

The significance level for the statistical test was set at 95%. The regression analysis results were interpreted based on the study's hypotheses and objectives. If the Sig (2-tailed) value exceeds 0.05, there is no statistically significant relationship between the dependent and independent variables. However, a Sig (2-tailed) value below 0.05 indicates a statistically significant relationship.

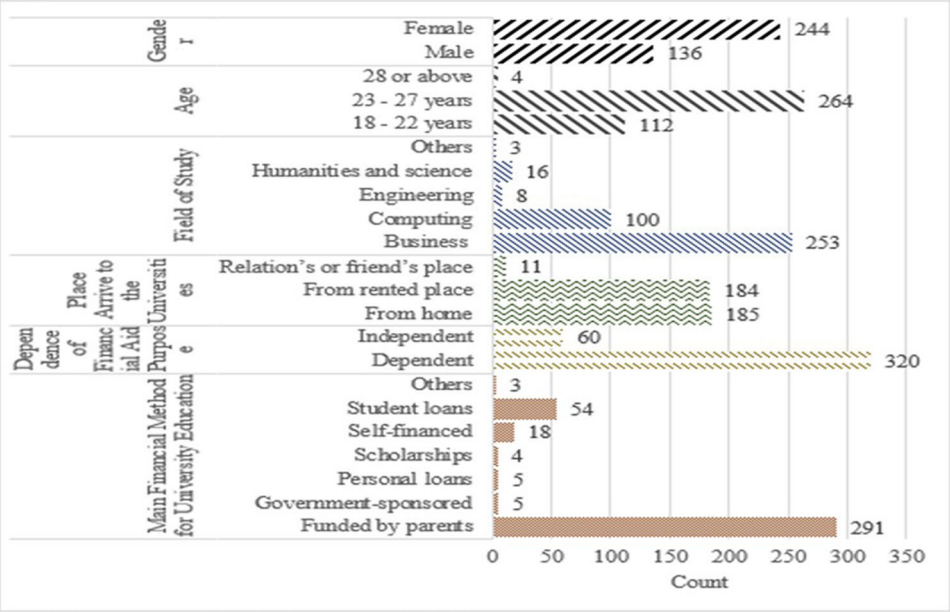

Figure 2. Socio-demographic attributes which consists with gender, age, field of study, residence and financial support.

Table 1. Model summary multiple regression model.

Model	*R*	*R* Square	Adjusted *R* square	Std. Error of the Estimate
1	.533[a]	.284	.276	.75809

a. Predictors: (Constant), Economic status of the student's families, ability to fulfil academic needs, students' expectations, Mental Health
b. Dependent Variable: Academic performance

Source. Authors' compilation based on SPSS.

Table 2. Coefficients of multiple regression model.

Model		*B*	Robust std. error	*t*	Sig	[95% Conf	Interval]	Collinearity statistics Tolerance	VIF
1	(Constant)	0.587	0.198	2.970	0.003	0.198	0.975		
	Economic status of the student's families	0.077	0.062	1.250	0.212	−0.044	0.198	0.704	1.420
	Ability to fulfil academic needs	0.237	0.073	3.270	0.001	0.094	0.380	0.598	1.671
	Students' expectations	0.119	0.065	1.810	0.070	−0.010	0.247	0.718	1.393
	Mental health	0.313	0.056	5.560	0.000	0.202	0.424	0.787	1.270

Source. Authors' compilation based on SPSS.

The coefficients of determination (*R*-squared) reveal the extent to which the variation in the dependent variable can be explained by the independent variables. Table 2 model summary shows an R^2 value of 53.3%, meaning that the independent variables explain 53.3% of the variation in the dependent variable. When the R^2 value surpasses 0.6, the model is considered well-fitted.

Table 2 presents the coefficient results from the regression analysis. The *B* value in the table indicates the expected impact of a specific independent variable on the dependent variable, assuming all other independent variables remain constant. To ensure the absence of multicollinearity, the variance inflation factor (VIF) for each variable should be below 10, and the tolerance value should exceed 0.10. If these conditions are met, multicollinearity is not a concern in the multiple regression model.

A multicollinearity diagnostic was conducted to assess potential relationships between the independent variables. As shown in Table 2, all independent variables have tolerance values above 0.10 and VIF values below 10, confirming that multicollinearity is not an issue in this study. Accordingly, the multiple linear regression equation for this study is as follows:

$$\begin{aligned}\text{Academic performance} &= 0.587 + 0.077\ \text{Economic status of the student's families} \\ &\quad + 0.237\ \text{Ability to fulfil academic needs} + 0.119\ \text{Students' expectations} \\ &\quad + 0.313\ \text{Mental health}\end{aligned}$$

The findings from this research suggest that the constant value of 0.587 in the regression model represents the baseline academic performance of students when all independent variables (economic status of the student's families, ability to fulfil academic needs, students' expectations, and mental health) are zero. This means that in the absence of the effects from these four variables, the academic performance is expected to be 0.587.

The β coefficient for economic status of the student's families is 0.077, which means that for every one-unit increase in economic status of the student's families, the academic performance is expected to increase by 0.077 units, assuming all other variables are held constant. However, the p value of 0.212 is greater than the significance threshold of 0.05, indicating that this relationship is not statistically significant. Therefore, there is no evidence to suggest that the economic status of students' families has a meaningful effect on academic performance in this context.

The β coefficient for ability to fulfil academic needs is 0.237, meaning that a one-unit increase in ability to fulfil academic needs leads to a 0.237-unit increase in academic performance, while other variables are held constant. The p value of 0.001 is statistically significant at the 0.05 level, indicating a strong relationship between ability to fulfil academic needs and academic performance. This suggests that the ability of students to fulfil their academic needs has a significant and positive influence on their academic performance.

The β coefficient for students' expectations is 0.119, indicating that a one-unit increase in students' expectations is associated with a 0.119-unit increase in academic performance, assuming other variables remain constant. The p value of 0.070, however, is greater than 0.05, indicating that this relationship is not statistically significant. Therefore, it can be concluded that student expectations do not have a notable impact on academic performance in this study.

The β coefficient for mental health is 0.313, meaning a one-unit increase in mental health is associated with a 0.313-unit increase in academic performance, holding other variables constant. The p value of 0.001 indicates statistical significance at the 0.05 level, suggesting a strong relationship between mental health and academic performance. This highlights the significant influence of mental health on students' academic outcomes.

Hypothesis testing

This study employed a directional hypothesis, based on prior literature, which proposed that economic status, ability to fulfil academic needs, student expectations, and mental health all affect academic performance during economic downturns (Kouroutsidou et al., 2020).

The p value for economic status of the student's families is 0.212, which is above the 0.05 threshold. Therefore, there is insufficient evidence to reject the null hypothesis, leading to the conclusion that there is no statistically significant relationship between economic status of the student's families and academic performance. This suggests that the economic status of students' families does not significantly impact the academic performance of private university students. It can be inferred from the analysis conducted, that the influence of economic status of students' families on the academic performance of private university undergraduates is not statistically significant.

The p value for ability to fulfil academic needs is 0.001, which is statistically significant. Contrary to the original interpretation, this result supports the rejection of the null hypothesis. Therefore, the ability to fulfil academic needs has a significant positive correlation with academic performance among private university students, especially during economic challenges.

The p value for students' expectations is 0.044, which is below the 0.05 significance level. This means that student expectations have a statistically significant impact on academic performance. The findings support the acceptance of the hypothesis that student expectations positively influence academic performance among private university undergraduates.

The p value for mental health is 0.001, indicating strong statistical significance. This suggests a significant relationship between mental health and academic performance in the context of private university

undergraduates in the Colombo district. Similarly, the present study acknowledges the hypothesis that mental health exerts a noteworthy influence on the academic performance of undergraduate students residing in the Colombo district.

Discussion

This study examined the influence of Sri Lanka's recent economic downturn on the academic performance of private university students by testing four hypotheses. Analysis of the first hypothesis revealed no statistically significant relationship between family financial status and academic performance. This aligns with the findings of Lin et al. (2020), and Ibrahim (2018), who reported a similar lack of impact of family economic status on academic outcomes. These findings imply that financial background alone might not predict the academic performance of students. Other mediating factors may influence this relationship, and it is worth incorporating these into the study.

Conversely, the second hypothesis showed that the ability to fulfill academic needs significantly correlated with academic performance, highlighting the financial challenges students faced with rising living costs. This result is consistent with prior studies by Azaria et al. (2019) and Kouroutsidou et al. (2020), which derived findings, with similar financial strains among students in challenging economic conditions (Onojah et al., 2021). To address these challenges, universities and policymakers should introduce targeted programs, such as offering concessionary student loans and scholarships, as part of a wide variety of financial aid to create a level playing field for university students. These kind of interventions can ease students' financial burden and ensure equitable access to university education despite economic fluctuations.

The third hypothesis showed that students' expectations had a statistically significant, yet weaker, influence on academic performance. This finding aligns with Pan and Lee (2011) and Arhin (2018), who reported that career aspirations often correlate with students' academic success. Despite economic uncertainties, many students maintained strong career expectations, a trend noted by Azaria et al. (2019) in economically impacted student populations. Navigating the priorities and uncertainties, universities should focus on implementing career guidance and mentorship programs to assist students uplift their academic performance and reach their career-oriented goals. During economically uncertain periods, these type of interventions provide impetus for students to achieve academic success.

Lastly, mental health significantly impacted academic performance, supporting findings by Ibrahim (2018) and Wyatt et al. (2017), who observed heightened depression rates among university students. Additional studies (Guo et al., 2018; Mouza, 2015) reinforce this link, indicating that stress and anxiety detrimentally impact academic outcomes, especially during economic hardships (Dekker et al., 2020; Ofoegbu et al., 2021). Time is apt for policymakers and universities to take a broader stance on uplifting students' mental health, by providing free counseling in university environments and related interventions, thereby to ensure a conducive environment for the academic performance of university students.

Key stakeholders such as policymakers, stakeholders in higher education, and universities should focus on a result-oriented approach like implementing financial aid, career guidance and mentorship programs, and free counseling sessions within the university environment to support students' wellbeing for improved academic performance. Universities can capitalise on the findings of this research to develop a career-focused curriculum and pedagogy, enabling students to get the flavour of the subject to enhance their academic outcomes. Incorporating creative and engaging coursework into the curriculum aligning with the demands of employers/the career market will endeavour to ensure students' mental health, leading to improved academic performance. Although this study's sample was limited to the Colombo district of Sri Lanka, the subject has potential for future research, incorporating a larger sample along with a longitudinal aspect to effectively capture the long-term impacts. Overall, the findings of this research provide a practical roadmap for enhancing student support in higher education.

Conclusion

This study examined the influence of Sri Lanka's recent economic downturn on the academic performance of private university students by testing four hypotheses. The findings revealed that family financial status had no statistically significant impact on academic performance, suggesting that financial

background alone might not predict students' academic outcomes. In contrast, the ability to fulfill academic needs is significantly correlated with academic performance, underscoring the financial challenges faced by students due to rising living costs.

The study also found that students' expectations had a statistically significant, though weaker, influence on academic performance, indicating that career aspirations play a crucial role in academic success despite economic uncertainties. Lastly, mental health was found to have a significant impact on academic performance, highlighting the detrimental effects of stress and anxiety on students during economic hardships.

These findings suggest that the key actors or stakeholders, i.e. universities and policymakers, should implement financial aid programs, career guidance, mentorship, and mental health interventions to support students' academic performance. Although the study was limited to the Colombo district, it provides a foundation for future research to explore the long-term impacts of economic downturns on academic outcomes across broader regions.

Disclosure statement

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