

Inequality and financial insecurity amongst undergraduates at LSE

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See this project presented by the researcher: <https://youtu.be/YPXLe537Uxk>
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Introduction

When undertaking this project, I sought to understand the experience of financially insecure students at LSE, especially in the context of the pandemic. This project explores the various aspects of life touched by financial insecurity for financially insecure undergraduate students, while using findings to assess the ways in which LSE can improve and add to its current provisions for such students.

Research Questions

- (1) What is nature of financial insecurity amongst undergraduates, especially in the context of the pandemic?
- (2) How has it impacted their experience at LSE?
- (3) Has LSE's response been sufficient?
- (4) What needs to change?

Methods

After consideration of various approaches, I decided that interviewing relevant students would be the best way to generate a deep understanding of their experiences. I conducted a series of 1-hour interviews with a total of 6 participants, synthesising my findings with my knowledge of LSE's current provisions and a perspective on financially insecure students drawn from the wider literature.

(1) The nature of financial insecurity at LSE

First, I aimed to understand what the primary experience of financial insecurity looked like for the students I spoke to. I used the following general definition to shape my questioning: "A person is financially vulnerable when they are unable to consistently meet financial obligations, feel secure in their financial future, and make choices that help them realize goals" (Weinstein & Stone, 2018).

Here are some of my key findings:

- 5 out of 6 interviewees struggled to meet rent and basic needs such as food and clothing throughout their degree
- The same number of students received no financial support from their parents while at university
- 4 out of 6 students had loaned money to their parents at least once during university, but the norm was that this was a more regular occurrence

- 5 out of 6 students had worked part time jobs throughout university term-time and during holidays, with the average being around 10-12 hours per week during term-time
- 3 of the 6 students regularly used an overdraft, with one candidate graduating with around £1.5k in debt
- All students said their financial situation was made worse by the pandemic through lost jobs, removed financial support and other difficulties

Overall, the picture given in this section of questioning was one of universally unpredictable income, often tied to financial issues with their parents.

(2) Impact

According to the literature, financial insecurity generally lowers well-being, while often inducing self-esteem issues, depression and anxiety (Weinstein & Stone, 2018). Furthermore, it is also negatively correlated with the ability to finish university. With this in mind, I shaped my questions in this section to focus on these areas when assessing the impact of financial insecurity on interviewees, while also allowing for exploration of other areas they might mention.

Key findings:

- 4 of 6 interviewees said their mental health was affected by financial insecurity, with some reporting severe depression, anxiety and other mental health issues.
- 5 out of 6 interviewees said their academics suffered as a result of their financial issues.
- 5 out of 6 subject reported that their social life was negatively affected. This section was particularly noticeable: while feelings of exclusion from everyday social activities which involved expenses were common, candidates also expressed that they felt socially discriminated against and purposely targeted by others on the basis of their financial and class background. All working-class students interviewed (4 of 6) said they had been profiled or discriminated against by both students and staff at some point.
- All candidates claimed that their career choices had been affected by their finance. The most common effect was the pressure to seek the highest-paid jobs over those which were more aligned with their interests.

(3) Assessing LSE's provisions

In this section, I asked questions aimed to gauge the students' opinions on the efficacy of LSE's provisions for financially insecure students.

Key findings:

- The majority of students reported approval of LSE's financial support (bursaries, the hardship fund, etc). This is in line with my own assessment as well: the sheer amount of financial support available appears quite comprehensive.
- However, *all* students agreed that these financial provisions were poorly explained and signposted. Many students were not aware of all available sources of financial support, reporting that LSE's financial support office had not done enough to promote and explain their provisions.

- Multiple students said that they were discouraged from seeking support due to privacy concerns and feeling discriminated against during the application process. In particular, the Hardship Fund requirement to explain any expenditures exceeding £100 on your bank statement was repeatedly mentioned as intrusive. This is partly because students felt that they were being punished for spending amounts that most other LSE students would on a regular basis. However, some students who supported their parents financially during their degree also did not feel comfortable flagging these payments.
- Finally, all students who identified as working-class students said that staff (including academic mentors) exhibited a lack of understanding of their background and situation, which made their experience seeking help more difficult.

Recommendations

This section draws on the findings of my interviews, drawing together common themes to suggest how LSE can best take action to remedy shortcomings in their current approach.

(a) Increased signposting and transparency! LSE needs to take measures to better inform students of their provisions, and properly explain them. When applying, students are often uncertain and apprehensive. More information on how applications are assessed, what proportion of people are awarded money and how much they are given is essential for measures like the hardship fund

(b) Equipping staff to inform students and explain LSE's current provisions. A ubiquitous theme in this project was the general lack of knowledge amongst LSE staff concerning students who are financially insecure. Equipping academic mentors and class teachers to be able to explain LSE's provisions and direct students to sources of support is essential in order to make sure financially insecure students get the help they need, and would also help to mitigate financially insecure students' feelings of alienation and invisibility.

(c) Prioritizing privacy during applications for support

As mentioned previously, multiple students were discouraged and, in some cases, prevented from applying for support due to privacy concerns. Given the intensely personal nature of some students' expenditures (such as loaning money to parents), sources of support such as the Hardship Fund should give students the option to opt out of flagging payments over £100 due to personal reasons, or simply raise the limit. It is a major failure for LSE if even one student is prevented from getting the financial help they need; LSE should be doing everything in its power to make the process more considerate and flexible, while also maintaining reasonable limits to ensure they are allocating money to people who need it.

Auxiliary suggestions:

The previous suggestions are drawing on what I consider to be the issues identified by this project which are LSE's direct responsibility to remedy. However, the following are areas which, while perhaps not as obviously required, would go a long way to help improve the experience of financially insecure students at LSE.

(a) Creating a social fund

A means tested fund which financially insecure students could apply to in order to fund social activities they are normally excluded from. This would be a great way to help remedy the social exclusion and anger that many students expressed during their undergraduate degree.

(b) Extending the Accommodation Bursary beyond first year

All students who used this bursary in first year said that they were negatively affected by its removal in following academic years. Keeping this in place could potentially provide a net to avoid the serious issues with fulfilling rental obligations and basic needs that many financially insecure students often experience.

Bibliography

Weinstein, N., & Stone, D. N. (2018). Need depriving effects of financial insecurity: Implications for well-being and financial behaviors. *Journal of Experimental Psychology: General*, 147(10), 1503–1520. <https://doi.org/10.1037/xge0000436>