

## An Examination on the Challenges Faced by Graduates from Higher Education Institutions with Regards to Student Loan Repayment Strategy in Eswatini (2013-2018)

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### Abstract

### Original Research Article

The study sought to examine on the challenges faced by graduates from higher education institutions with regards to student loan repayment strategy in Eswatini (2013 – 2018). The researcher used the mixed methodology where face to face interviews, questionnaires and document analysis were the research instruments in the generation/collection of data. A representative sample of one hundred (100) participants were used in the study. Sampling techniques used were purposive and convenience. Findings from the study revealed that there were challenges which included the high-interest rates, lack of employment opportunities, inadequate financial literacy, and economic hardships. These challenges hindered the graduates to adhere on the loan repayment strategy as articulated by the government of Eswatini. Recommendations from the study were that there is need to adequately put measures in place on Loan Repayment Education Programmes for Employees, Flexible Work Arrangements to Facilitate Loan Repayment and Employer-Sponsored Loan Repayment Assistance Programmes in Eswatini so that it can deliver on its mandate on loan repayments by graduates within the stipulated timeframes.

**Keywords:** Student loans, Loan Recovery and Higher Education.

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## INTRODUCTION AND BACKGROUND TO THE STUDY

In recent years, the rising cost of higher education has increased the importance of financing higher education. Student loans are a major source of funding for higher education. In this paper, the researcher examined the challenges faced by graduates from higher education institutions with regards to student loan repayment strategy in Eswatini (2013 – 2018). The examination further looked at the strategies used by the Government of Eswatini Scholarship Board (GESB) regarding the repayment of student loans, the antecedents of students' attitudes, the impact of students' attitudes on their intention to repay a loan, and the impact of such factors on the repayment of student loans. Parental influence, awareness of loan repayment issues created by the GESB, perceptions of the loan agreement, and

perceptions that loan agreement will impact post-graduation quality of life are the antecedents.

Globally, the significance of higher education has grown to enrich individuals' lives, elevate their social standing, and advance economic prosperity and good governance. Through economic prosperity, the advancement of democracy, and social justice, higher education raises the status and earning power of both individuals and the larger society (Macmillan, 2006). Eswatini (formerly known as Swaziland) has a relatively small higher education system. The general overview of the Eswatini higher education system begins with the University of Eswatini (UNESWA) the country's primary institution for higher education. It has multiple campuses, including Kwaluseni and Luyengo (UNESWA, 2024). In addition to the University of Eswatini, Technical and Vocational Education and Training (TVET) institutions that also offer a range of

programmes to meet the country's skills development needs.

In terms of funding of higher education in Eswatini, it should be noted that the funding comes from various sources, including government funding, where the Eswatini government allocates funds to support higher education institutions. These funds cover infrastructure development, faculty salaries, and general operational expenses. Regarding Student Fees in higher education in Eswatini, one needs to understand that these fees are typically required to pay tuition fees to attend higher education institutions. These fees contribute to the overall funding of the institutions. In addition, government funding also comes in terms of scholarships and grants, where the government and other

organisations provide loans, scholarships and grants to eligible students. These financial aids often promote access to higher education for students who might face financial constraints. Lastly, some students in Higher Education in Eswatini are supported through International Aid and Donor Funding, whereas some higher education projects and initiatives receive support from international organisations, aid agencies, and donors. This funding is mainly directed towards specific programmes, research, or infrastructure development (Eswatini Scholarship Department, 2024).

Be that as it may, there is a general high demand for education, and the cost of such education is skyrocketing, as shown in Table 1 below.

*Estimated Loan Budget allocation for the years 2013-2024*

Financial Year	Number of Student Loan Requested	Estimated Budget Allocated (ELZ)
2023/2024	4871	647,048,794.00
2022/2023	4439	602,048,794.00
2021/2022	4156	372,751,234.00
2020/2021	3496	354,048,794.00
2019/2020	3343	328,171,000.00
2018/2019	3123	328,171,000.00
2017/2018	2996	328,321,000.00
2016/2017	2878	316,831,420.00
2015/2016	2724	325,972,090.00
2014/2015	2476	321,824,000.00
2013/2014	2245	225,600,900.00
2012/2013	1876	289,167,000.00

**Source:** (Ministry of Labour and Social Security Performance Report for each financial year 1st April 2012 to 31st March 2024)

Initially, private savings, grants, and scholarships covered education costs. Due to the limited availability of grants and scholarships, a large number of post-secondary students rely on educational loans (College Board, 2019). Students must repay student loans upon graduation, and there is almost no chance of having the debt discharged due to financial hardship or bankruptcy reorganisation (Looney & Yannelis, 2019). Over the past three decades, the demand for higher education has increased in virtually every country, both among students and employers. This increased demand is attributable to the association between higher education and "the social status and higher earnings it is presumed to confer, as well as the social, cultural, political, and economic well-being of countries" (Boat, Evans & Soliz, 2014). In the countries of sub-Saharan Africa, concern for national well-being is as compelling as it is anywhere else (Nganga, 2016). However, these nations face an incredible difficulty financing higher education due to a lack of revenue to accommodate the growing number of students in higher education institutions.

The issue of student loan repayment by graduates from these higher education institutions has

brought many challenges to various countries globally. Eswatini is one of the countries that is facing numerous challenges with regards to student loans repayments. Student loans have been provided in some African countries despite repayment and recovery difficulties. In Kenya, for instance, the colonial government that was in place in 1952 awarded loans under the then Higher Education Loans Fund [HELFL] to Kenyan students who were pursuing higher education in universities outside East Africa, namely in Britain, the United States, the former Soviet Union, India, and South Africa (Seifert & Wordern, 2004). Due to the issue of non-repayment of loans, the Government of Kenya established the Higher Education Loans Board (HELFB) through a parliamentary Act in July 1995 (Cap 213 A). The objective of HELFB was to facilitate the distribution of loans, bursaries, and scholarships to deserving students pursuing higher education at accredited institutions. In addition, HELFB would recover all outstanding loans given to former university students by the Government of Kenya since 1952 via HELFL and establish a Revolving Fund from which funds could be drawn to lend to needy Kenyan students pursuing higher education (Owino, 2003).

According to the Eswatini Scholarship Selection Board (ESSB) (2016), the demand for government student loans has significantly outpaced the available funds over the years. This has placed a strain on government resources, necessitating the government's careful targeting of priority areas. The primary objective of student loans is to provide students from low-income families with educational opportunities. According to the ESSB (2016), 5,000 students were awarded student loans totalling E310, 623,000.00 during the 2013-2014 fiscal year, but only E9, 805,270.00 was recovered, translating to a 3.16% loan recovery rate. During the 2014-2015 fiscal year, 3000 students received loans totalling E321 824 000, of which E11 020 336 was recovered. During the 2015-2016 fiscal year, 3000 students received student loans totalling E321 892 000, of which only E13 337 712 was recovered. During the 2016-2017 fiscal year, 2,800 students received student loans totalling E328, 824,000, of which only E21, 731,946 was recovered. During the 2017-2018 fiscal year, 2,500 students were awarded student loans totalling E328 321 000, but only E5 107 420.00 was recovered (ESS, 2019).

### Statement of the problem

What are the challenges faced by graduates from higher education institutions with regards to student loan repayment strategy in Eswatini (2013 – 2018)?

### Purpose of the study

The purpose of the study was to examine challenges faced by graduates from higher education institutions with regards to student loan repayment strategy in Eswatini.

### Objective of the study

To examine the challenges faced by graduates from higher education institutions with regards to student loan repayment strategy in Eswatini?

### Research Question

What are the challenges faced by graduates from higher education institutions with regards to student loan repayment strategy in Eswatini?

## RESEARCH METHODOLOGY

This study made use of the mixed methodology and it balanced the way the study was conducted with regards to both qualitative and quantitative sides. These two methods have their fair share of benefits and drawbacks, just like any other imaginable method. It is argued that qualitative research methods are not scientific because they are potentially open to the individual researcher's subjective bias and cannot be inspected or replicated. On the other hand, quantitative methods, look for patterns in human behaviour by decomposing the social world into empirical parts called 'variables,' which can be represented numerically. This is done in order to find regularities in human lives (Payne & Payne, 2004). Moreover, quantitative studies focus on

testing theoretical hypotheses, thereby generalising the results to a larger population. In contrast, qualitative studies are concerned with the particulars of social interaction and the reality that social actors generate (Corbetta, 2003). Quantitative research methods are most frequently associated with deductive explanatory approaches, which begin with a general theory and attempt to provide evidence for or against a pre-specified hypothesis (Bryman & Bell, 2007). Quantitative research is therefore linked to the concept of science as an objective truth or fact (Bryman & Bell, 2007).

## RESEARCH FINDINGS AND DISCUSSION

The research participants (25 Administrators of the GESB, 20 recipients of Educational Loans from the Government of Eswatini Scholarship Board, and 55 guardians of GESB recipients) were in agreement that, there were challenges indeed on student loans repayment in Eswatini. What was evident was that graduate student loan recipients who participated in this study acknowledged a few reasons why some recipients of student loans did not want to repay the student advances that were extended to them by the public authority while they were pursuing their degrees at a university or college. These individuals took an interest in the study. Their perspectives on why individuals did not want to repay student loans ranged from unemployment and destitution to exorbitant interest rates charged by the government and poor record keeping by the government.

The members of the Eswatini Scholarship Board staff who were tasked with investigating the factors that may have accounted for why some beneficiaries of student loans chose not to pay back student loans zeroed in on three primary areas of concern. These concerns were rooted in the lack of employment opportunities, poor record-keeping at the Eswatini Scholarship Board, and a pessimistic perception by the general populace regarding financial support for educational advancement. Despite the lack of a loan recovery record, available data shows that the government had begun ensuring that all individuals who had been given student loan advances while attending a university or college by 2013 would repay the loans on time.

Furthermore, research findings from this study presented a detailed analysis of the challenges encountered by graduates when repaying their student loans. This included factors such as high high-interest rates, lack of employment opportunities, poor record keeping, inadequate financial literacy, and economic hardships. For instance, studies by Dynarski, (2014), Looney, & Yannelis, (2015), Baum, & Schwartz, (2014) and Houle, (2014) found that high debt burdens and limited job prospects were significant challenges for graduates in loan repayment. Comparing these challenges with those faced by graduates in other

countries, such as the United States or the United Kingdom, provides insights into potential solutions in this regard.

## CONCLUSION

In the above paper presented, an examination on challenges faced by graduates from higher education institutions with regards to student loan repayment strategy in Eswatini, varied challenges were unpacked. Varied responses were proffered by the research participants who took part in the study. In the same vein, the findings of this study concluded that lack of employment opportunities, low salaries, and economic instability exacerbate the burden of loan repayment for graduates, leading to financial distress and potential defaults.

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