

**PUBLIC UNIVERSITY GRADUATES AND STUDENT LOAN
NON – REPAYMENT IN MALAWI**

MASTER OF EDUCATION (POLICY, PLANNING AND LEADERSHIP) THESIS

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**UNIVERSITY OF MALAWI
CHANCELLOR COLLEGE**

NOVEMBER, 2015

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MASTER OF EDUCATION (POLICY, PLANNING AND LEADERSHIP) THESIS

by

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Submitted to the Department of Educational Foundations, Faculty of Education, in partial
fulfillment of the requirements for the degree of Master of Education
(Policy, Planning and Leadership)

**UNIVERSITY OF MALAWI
CHANCELLOR COLLEGE**

NOVEMBER, 2015

DECLARATION

I the undersigned hereby declare that this thesis is substantially my own original work and has never been submitted to the University of Malawi or any other institution for similar purposes. Acknowledgements have been made on other people's work that has been used.

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CERTIFICATE OF APPROVAL

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DEDICATION

To my step father, Ngighana Charles Mushani, for his commitment to the course of my education and that of my brothers and sisters. His philosophy for parents heavily investing in their children's education has made me to be who I am today.

To my late grandmother, Katelina Mbunga Nakuyokwa who during my tender age instilled in me a hard working spirit which made me to aspire for this degree. Without this spirit I would not have withstood some of the hurdles I encountered during the programme.

ACKNOWLEDGEMENTS

There are a number of people who have directly and indirectly assisted and supported me throughout the process of my thesis.

I would like to thank and acknowledge my main supervisor, Associate Professor Samson Macjessie - Mbewe, whose expertise and wisdom have provided invaluable guidance through my thesis. Your enthusiasm for research has been an inspiration to me both as a student and a researcher. I have appreciated the candidness that you have given me throughout this process and I am extremely grateful for all your encouragement and support. You have helped me in a fatherly way. I would also like to thank my co-supervisor Mr. Steven H. Dunga for his interest and enthusiasm about my study.

My heartfelt gratitude should also go to Professor Ben Kaluwa, Dean of Post- Graduate Studies, Chancellor College, for granting me permission to do this research. Most importantly, the comments you made on my permission letter are inspiring and have made to do my study with vigor. In addition, I would like to give my sincerest thanks to all my participants. Thank you for your interest, time and encouragement.

On a personal note, I would like to acknowledge the love, care and support that I got from my wife Mellay Mweso and our children: Faith, Giveness, Deborah and Daniel

during the time when I was working on my thesis. You made me persist when the going became tough.

Most importantly, the spiritual support, love, affection and direction of God have propelled me through the program. Without this, I would not have finished the program.

Praise and shouts be to Him!

ABSTRACT

The study findings reveal that most public university students apply for loans because of poverty. Other students apply for the loans because of weaknesses in student loan administration, fear to lose their money and following fellow students who are getting money from student loan scheme. Graduates fail to repay student loans because of not being aware of loan recovery mechanisms, not knowing that signing of loan application forms with loan guarantors, District Commissioners/ magistrates has to do with repayment of the loan. Other factors behind graduates' student loan non –repayment are lack of loan repayment details, absence of well established loan administration structures in colleges / universities, failure by Public Universities Students Loan Trust to trace and track graduates, weak legal system, lack of seriousness in student loan administration, low monthly salaries, graduates not aware of loan beneficiaries who had repaid their loans, huge responsibilities, unemployment, nurturing a feeling that public tertiary education be provided freely, lack of saving culture, change of professional career and taking advantage their guarantors could not be asked to repay the loans. Categorically, the factors that make graduates fail to repay student loans have to do with both the clients and the system dealing with administration of student loans. Graduates are to some extent justified for not repaying the loans hence cannot wholly be blamed for the loan non – repayment. PUSLT is also to blame for the loan non -repayment. So student loan scheme policy reformation should deal with both the system and the clients

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LIST OF ABBREVIATIONS AND ACRONYMS

D.C.	District Commissioner
GDP	Gross Domestic Product
ESCOM	Electricity Supply Commission of Malawi
GoM	Government of Malawi
HECS	Higher Education Contribution Scheme
ICETEX	Instituto Colombiano de credito Education y Estudios Tecnicos en el Exterio
LUAR	Lilongwe University of Agriculture and Natural Resource
MOE	Ministry of Education
MoEST	Ministry of Education, Science and Technology
MRFC	Malawi Rural Finance Company
MSB	Malawi Savings Bank
MWK	Malawi Kwacha
MZUNI	Mzuzu University
NASFAS	National Student Financial Aid Scheme
NESP	National Education Sector Plan
NGOs	Non- Governmental Organisations
PhD	Doctor of Philosophy
PIF	Policy Investment Framework
PUSLT	Public University Students Loan Trust
RF	Revolving Fund

SARUA	Southern Africa Regional Universities Association
SETF	State Education Training Fund
SLSC	Students Loan Scheme Committee
SNPLS	Study Now Pay Later Scheme
SOFES	Sociedad de Formento a la Education Superior
SPSS	Statistical Package for Social Sciences
U\$	Unites States Dollar
UNESCO	United Nations Educational, Scientific and Cultural and Organisation
UNIMA	University of Malawi
YEDEF	Youth Enterprise Development Fund

DEFINITIONS OF TERMS

Financial austerity	a situation in which economic conditions are bad.
Closed-ended question	a question with a set of answers to choose from.
Cost sharing	is shift of some costs of education from government and taxpayers to students and parents.
Cost sharing policy	is a policy that transfers the direct costs of education away from public budget to individuals.
GDP per capita	is the national output divided by the population, expressed in US dollars per person.
Guarantor	is a person who commits himself/herself to repay the loan if the creditor fails to settle it.
Interview guide	a list of topics or questions that a researcher wants to ask in an in – depth interview.
Likert Scale	a response set that reflects a continuum agreement with a statement about social world.
Monthly salary	is the total amount of money a person earns per month.
Open –ended question	a question without a defined set of answers to choose from.
Policy	is an explicit or implicit single decision or group of decision which may set out directives for guiding future decisions, initiate or retard action, or guide implementation of previous decisions.
Policy maker	a person involved in the formulation of policies.
Private rates of returns	benefits of education accruing to an individual.

Private secondary school	a secondary school run and supported by private individuals or a corporation rather than by a government or public agency.
Private universities	are universities run and supported by private individuals or a corporation rather than by a government or public agency.
Public universities	are universities whose funding comes partly from the state or taxpayers.
Students loan trust	a body established through an act to oversee the administration of student loans in public universities.
Recurrent costs	are costs incurred for goods and services consumed in the course of a budget year and which must be replaced regularly.
Response rate:	is the proportion of people who return the survey questionnaire
Social rates of returns	are benefits of education accruing to the society
SPSS	a computer software that is used for analysing statistical (quantitative) data in social research.
Stakeholders	are people who have vested interest in a policy issue.
Student loan default	failure by students/ graduates to pay back a loan.

CHAPTER ONE

INTRODUCTION

1.1 Chapter Overview

This chapter discusses background to the problem, background to student loans, student loans in Malawi, statement of the problem, purpose of the study, research questions and significance of the study

1.2 Background to the Problem

Higher education development worldwide at the turning of the 21st century has witnessed drastic challenges. Such challenges range from affordability and access, financial austerity, faculty recruitment and retention, how to fund higher learning institutions for the improvement of physical facilities and substantially increased enrolments (Atuahene, 2007; SARUA, 2010). While these challenges pose a serious threat to the development of quality higher education, there is no other challenge that affects the core of institutions than that posed by financial stringency (Johnstone, 1998). In this regard, governments and policy makers as well as educators have developed pragmatic policies to address problems faced by institutions of higher learning. The seriousness of financial stringency is addressed in a report issued by the World Bank/UNESCO (2000), which posits, “The lack of sustainable financing therefore continues to limit enrollment growth and to skew

higher education towards low-cost and low-quality programs”. Funding tertiary education has become a crucial challenge for governments, policy makers and university administrators. According to Johnstone (2004), the fundamental financial problems faced by institutions of higher learning stem from high and ever-increasing costs per student as well as pressure emanating from increasing enrolments particularly in areas where high birth rates are coupled with rapidly increasing proportions of youth finishing secondary school and have legitimate aspirations for some tertiary education.

In developed countries, while governments provide some resources to finance higher education, there is a continuous effort on the part of university administrators to mobilize and diversify resources to supplement what governments provide. In the most advanced countries, there has been an upsurge in the demand for policy restructuring to reduce the over-reliance on the federal and central governments to financing higher education. At the same time, there has been a gradual shift from provision of free higher education in countries to a system of cost sharing where students contribute towards their education (Atuahene, 2007). In developing countries, severe public budget constraints, profound overhaul of education systems and attempts to ease burden on public budgets have necessitated the introduction of student loans hoping to recover the costs, increase revenue base for expansion of education while at the same time providing opportunities for poor segments of the population to access higher levels of education (Kietav et al, 2003; SARUA (2010).

Cost sharing in the form of student loans ensures that the cost of teaching and learning instructions are borne by both the governments and students (Ziderman, 2005). To policy makers, student loans help governments to solve a range of pressing policy problems. In addition, funds generated through student loans may help in the expansion of the university system hence accommodating the on- going increases in the social demand for the tertiary education (Ziderman, 2004). According to Psacharopoulos, Tan and Jimenez (1987) cited in Ziderman (2004), effective cost sharing liberates some resources from the tertiary sector that may be used in areas of greater priority for society both outside and within the education sector and notably basic education since it has higher social returns. The revenues that could be realised through effective cost sharing may be used to expand the public universities. This expansion may result in increased enrolments in the public universities (SARUA, 2010).

Higher education is bestowed with monetary benefits such as better paying jobs, better job opportunities, higher lifetime earnings and non –monetary benefits such as improved social status, prestige linked to education credentials and improved quality of life due to better nourishment (Johnstone, 2002; Woodhall, 2004). These benefits provide a pervasive economic argument that student loans are a profitable private investment offering graduates higher private rates of returns (Woodhall, 2004). As such, the numerous private benefits of higher education accruing to individuals provide a justification on the need for the loan beneficiaries who in the case of Malawi are the graduates who benefited from student loans to pay back their loans. The rationale for a need for students to pay back their loans can be summed up in the slogan of the first

student loan program in Latin America: The Instituto Colombiano de Credito Educativo y Estudios Tecnicos en el Exterior (ICETEX) in Colombia: “We lend to the student and the professional pays us back.”(Woodhall, 2004). In spite of the fact that student loans have higher private returns accruing to graduates, many student loan schemes across the globe have suffered from high rates of non- repayment (Johnstone, 2008). In some loan schemes such as the Kenyan Student Loan program, high loan non – repayments have resulted in student loan schemes incurring massive debts and being discontinued. Worst still, massive student loan non-repayments have made the loan schemes to be abandoned (Johnstone, 2002; Otieno, 2004).

1.3 Background to Student Loans

Student loans in many countries have been implemented because public spending on education has typically represented a single largest share of the national budget amidst budget constraints (Mingat et al, 1985). For instance, in Malawi a second chunk of the national budget in 2010 was allocated to Ministry of Education, Science and Technology (Minister of Finance Budget Statement, 2010). Nevertheless, a huge portion of recurrent costs on education has been going to tertiary education level (GoM/ World Bank, 2006). As of 2007 / 2008, the recurrent expenditure per pupil in primary education in Malawi stood at MWK 3,000 (U\$21.50) representing 8.3% of the GDP per capita. At secondary and tertiary levels, the recurrent expenditure per student was MWK 30,300 (U\$215) and MWK 136,500 (U\$975) representing 83% and 2,147 % of the GDP per capita respectively (GoM/ World Bank, 2006). The huge recurrent expenditure per university student was due to the fact that Malawi has a very small university student population

which does not help to reduce unit cost by economies of scale (World Bank, 2010). Apart from budget constraints, Negash et al (2009) argue that implementation of student loans in some countries has been due to high costs per student.

In the majority of African Public Universities, student loans in the form of cost sharing was adopted in the late 1980s and early 1990s because of financial austerity which cropped in as a result of economic crisis. The aim behind this cost sharing was to generate the much needed extra income to mitigate declining government funding to universities and to increase revenue diversification (Ziderman, 2005). The question one can ask is: when did student loan schemes begin?

In some countries, small- scale loan schemes started some 60 to 70 years ago. However, loan schemes were introduced on a large scale in the 1950s and 1960s in many developed countries such as Canada, Denmark, Sweden and the United States of America and a few developing countries such as Colombia (Woodhall, 1983). Since the 1990s, there has been a trend towards the introduction of student loans in countries where they did not exist before such as the United Kingdom (1991), Kenya (1991), South Africa (1994), Hong Kong (1998), Poland (1998), Slovenia (1999), Hungary (2001), India (2001) and Egypt (2002). The introduction of student loans in university education systems in developing countries has been in response to the 1980s imposed World Bank Structural Economic Adjustment Policy. This effectively forced governments to make cuts on investment in the university sector (SARUA, 2010). The most cited reason behind these cuts is that higher education is bestowed with higher private returns and low social

returns (SARUA, 2010). More recently, there has been a new upsurge of interest in student loans in both developed and developing countries and significant changes have been introduced in several countries with the established loan programmes in countries such as Sweden, Germany, the Netherlands, the United Kingdom, Japan, Latin America and Asia (Woodhall, 1983).

As of 1992, there were student loan schemes in six English –speaking African countries of Ghana, Kenya, Lesotho, Malawi, Nigeria and Zimbabwe (Woodhall, 1992). Student loans in Africa are also existent in Francophone countries such as Burkina Faso. However, common among the student loans in both English –speaking and Francophone countries is that they suffer from default (Johnstone, 2004). A number of developing countries have considered introducing student loans as means of financing higher education. According to Shen and Ziderman (2008), student schemes are in operation in more than seventy countries and regions around the world. As observed by Johnstone and Marcucci (2010), the number of student loan programs is almost certainly growing annually with many countries sponsoring separate loan programs differing by levels of subsidies, nature of underlying repayment obligations, target borrowing populations and degree of default. Common to most student loan programs is the problem of non – repayment (Shen and Ziderman, 2008). According to Ziderman (2004), student loan schemes in developing countries have registered mixed results of success. He argues that some schemes have broadly proved to be successful and other schemes have frequently been disappointing both in terms of meeting the set objectives and in terms of financial sustainability. In the same vein, Johnstone (2003) argues that student loan programs

around the world have compiled an unimpressive record of failures. In most cases, the repayment rates are typically less than 50%.

1.4 Student Loans in Malawi

Malawi has four public universities: the University of Malawi, Mzuzu University, Malawi University of Science and Technology (MUST) and Lilongwe University of Agriculture; and Natural Resources (LUANAR). In addition, there are a number of private universities such as the Catholic University and Livingstonia University which do not benefit from national student loans (MoEST/ Malawi National Commission for UNESCO, 2008). However, access to these public universities is partly through student loans, which are heavily subsidized by the government with 92% of financing coming from public resources (Government of Malawi, 2009). According to the World Bank, 2010), Malawi administers a mortgage –type loan that is interest- free. The establishment of student loans in Malawi has been advocated by a number of policy documents such as Policy Investment Framework (PIF) of 2001 (Ministry of Education, Sports and Culture, 2001).

Until 1985, students at the University of Malawi did not contribute anything towards their education (Woodhall, 1991). Faced with financial crisis and conditions imposed for a World Bank credit negotiation, the Government of Malawi adopted a policy of restructuring the education system in order to improve the quality, equity and efficiency of the system. As part of the strategy, the student allowance got abolished. To ensure that no qualified candidate was denied access to university education because of his or her

inability to pay financial contribution given that many came from poor families, the student loan scheme was established (Woodhall, 1991).

According to Albrecht and Ziderman (1991), the student loan scheme in Malawi began with an average loan value of U\$ 80 (MWK 11,200). The purpose of the loan support was to cater for living expenses. However, in 2001 the government of Malawi decided to extend the loan scheme to a large scale. This development coincided with University of Malawi's decision to increase tuition fees from MK1, 500 (U\$10.71) to MK 25,000 (U\$179) (Republic of Malawi/World Bank, 2006). Initially, the loan scheme was administered by the then Ministry of Education, Sports and Culture which is currently referred to as Ministry of Education, Science and Technology. Later on, the government entrusted the Public University Students Loan Trust (PUSLT), whose objective was cost sharing, as the new administrator of the loan scheme (World Bank, 2010; SARUA, 2010). Currently, the loan scheme is administered by the Malawi Savings Bank (2010/11 Minister of Finance Budget Statement). The student loan scheme in Malawi was implemented to help reduce the gap between the rich and the poor as regards to access of public tertiary education (PIF, 2001). According to the World Bank (2010), the student loan caters for tuition fees and stationery.

The National Education Sector Plan (NESP) (2008) concedes that it costs the government of Malawi a huge amount of money to educate one student in Malawi's public universities. As of 1997/98, it cost the government MWK408, 240 (U\$2, 916) to educate one university student compared to MWK 2,934 (U\$21) for a conventional secondary

school student and a meagre MWK362 (U\$2.59) for one primary school pupil (World Bank, 2010). In fact, one year of study for one university student costs same amount to the government to educate 259 primary school pupils per year (World Bank, 2006). An assessment by the University of Malawi (Unima) in 2006 found that the economic cost for one student at Unima and Mzuzu University (Mzuni) was MK1, 275,126 (U\$ 9, 108) and MK 1, 083, 088 (U\$ 7, 736) respectively. The conclusion that can be drawn from this is that the tuition fees were much lower than the actual unit cost for university education (World Bank, 2010). However, despite the fact that all costs of public tertiary education are almost borne by the government, it has been revealed that many graduates in Malawi who benefited from the national student loans are not paying back their loans (World Bank, 2006; World Bank, 2010).

1.5 Statement of the Problem

Despite reports that public tertiary education in Malawi gives graduates higher private returns such as good paying jobs, better job opportunities, higher life earnings, improved social status and so on (Chirwa and Zgovu, 2001), numerous studies and news reports indicated that public university graduates in Malawi are failing to repay their student loans (Weekend Nation, Saturday, January 22, 2010; World Bank, 2006; World Bank, 2010). Since the inception of the loan scheme, more than MWK400 million (U\$ 2, 857,142.86) has been disbursed to university students. However, this money has not been recovered from the graduates (World Bank, 2010). It is projected that student loan outlays will increase from MWK 406 million (U\$ 2,900, 000) as of 2008 to MWK 819 million (U\$ 5, 850,000) as of 2017. However, to cater for the loan beneficiaries, Public

Universities Students Loan Trust (PUSLT) ought to reduce the current 100% loan applicants to 75% by 2017 (World Bank, 2010). As of 2008, 7883 university students and graduates had benefited from student loans but very few or none had paid back the money (World Bank, 2010). This translates to MWK197, 075 billion (U\$1,407,679) if we multiply the total number of beneficiaries with the MWK 25,000 (U\$179) tuition fees students in the University of Malawi pay (World Bank, 2010). The failure by graduates to repay the loans is a threat to the sustainability of student loan program and this implies that the government will continue to finance public tertiary education despite a need for university students meeting part of expenses of their tertiary education (World Bank, 2006). In addition, student loan non- repayment may defeat government's objective of having the loan scheme operating as a revolving fund. In the same vein, lack of funds by the trust is likely to make some needy eligible university students fail to access public university education as cuts ought to be made on the number of loan beneficiaries. Against this background, the study investigated the factors that affected student loan repayment by public university graduates in Malawi.

1.6 Purpose of the Study

The purpose of the study was to investigate factors that affected student loan repayment in Malawi's public universities from 2001 to 2009. In order to achieve the purpose, the study answered a grand tour question and specific research questions.

1.7 Grand Tour Question

According to McCaslin and Scott (2003), a grand tour question is an overarching research question that integrates the purpose of the study and the statement of the problem. It is also a “statement of the question being examined in the study but it is in a general form.” as Creswell (1994) puts it. Apart from that, Creswell (1994) argues that a grand tour question is important in that it provides direction to the study. The grand tour question of this study therefore is: What factors affect the repayment of student loans in Malawi?

1.8 Specific Research Questions

- i. Apart from inability to pay, what other factors drive university students to apply for student loans?
- ii. How do university students get money from the student loan scheme?
- iii. What mechanisms are put in place by the Public University Student Loan Trust for it to recover the loans?
- iv. Why do public university graduates fail to pay back their student loans?
- v. What mechanisms can be put in place if the loans are to be paid back?

1.9 Significance of the Study

This study is significant in that it brings to light the factors that affect student loan repayment in public universities in Malawi. An understanding of these factors may enable key stakeholders in cost sharing policy such as the government, Ministry of Education, Science and Technology, public universities, Public University Students Loan Trust, policy makers and planners and others to redesign the cost –sharing policy for it to

work effectively should they have an interest with the study. Effective implementation of the policy may result in loan repayments hence making the loan scheme operating as a Revolving Fund (RF). This may result in many eligible needy students accessing funds from the trust to pay tuition fees for their tertiary education in the public universities. Moreover, this study may be helpful in that it may serve as a reference or resource material for researchers on the subject of student loans in Malawi. Finally, the study findings are likely to add new information to student loans in Malawi.

1.10 Delimitation of the Study

The study focuses mainly on university students and graduates from University of Malawi and Mzuzu University because both institutions being public universities benefit from the national student loan scheme (MoEST and Malawi National Commission for UNESCO, 2008; SARUA, 2010). Nevertheless, the study targets students and graduates who had benefited from student loans but had not repaid the loans of between 2001 and 2009. This is the period student loan scheme's administration was under Public Universities Students Loan Trust (Minister of Finance Budget Statement, 2010).

1.11 Chapter Summary

The numerous challenges faced by institutions of higher learning worldwide have compelled governments, policy makers and educators to develop pragmatic policies such as student loans in order to address these challenges. Student loans help needy eligible students to access tertiary education; ensure that the costs of teaching and learning instructions are shared by both students and governments. In most countries, student

loans, which have high individual benefits, have been implemented due to budget constraints, high costs per student and final crises. Here in Malawi, student loans have been implemented to assist poor university students to access public tertiary education. Nevertheless, all students loan programs face the problem of non – repayment. Therefore, the purpose of this study is to investigate the factors that affect student loan repayment by public university graduates. This study is significant in that it serves as a resource material for researchers on subject of student loans and it adds new knowledge on student loans in Malawi. The subsequent chapter discusses theoretical framework and literature review. Chapter three discusses research design and methodology while chapter four is analysis and discussion of results. Chapter five ends with a summary, conclusion and recommendations.

CHAPTER TWO

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 Chapter Overview

This chapter discusses the study's theoretical framework, students' access to student loans, factors behind graduates fail to pay back student loans, mechanisms for improving student loan repayments and uniqueness of the study.

2.2 Theoretical Framework: Social Learning Theory

This study is guided by the Social Learning theory which posits that people display particular financial behaviours by observing others (Bandura, 1997). Ormrod (1999) argues that this theory considers how people learn from one another encompassing such components as observational learning, imitation and modeling. According to the theory, models are important sources for learning new behaviours and for changing behaviours in an institutionalized setting. An important part of the theory is its emphasis on reciprocal determinism. This notion states that an individual's behaviour is influenced by the environment and characteristics of the person. In other words, a person's behaviour, environment and personal qualities all reciprocally influence each other.

According to Bandura (1977), for a person to perform a financial function there must be motivation or incentive during the individual's reproduction of behavior. He argues that without this motivation or incentive, an individual cannot engage in the behavior. Apart from that, the theory explains that available resources increase from learning developmentally through interaction with the environment which according to Bandura (1997) have been identified as parental and peer influence. Haybore et al (2005) argue that for behavioural change to take place and be significant, knowledge and attitudes must change.

The theory has three strengths. The first one is its ability to handle inconsistencies in young adults' change of financial behavior. It suggests that given the right environment any behavior can change. As such, it becomes totally wrong to write off any person that he or she cannot change his / her behaviour. The other strength is that the theory gives an accurate picture of the way behaviors are learned. Clearly, children and adults do copy other people's behaviours. The third strength is the cognitive element of the theory because it offers a way to eventually intergrate learning and cognitive development aspects. Despite these strengths, the theory faces some weaknesses. The first one is that it places too much emphasis on what happens to young adults' behaviour rather than what they do with the information they have. Secondly, such theory does not take into account the developmental changes (physical and mental) that occur as a person matures regarding financial behaviour.

In spite of its weaknesses, the theory has been used because it provides an explanation on individuals' social learning, perceived norms and financial behaviours. The perceived norms are expectations about environmental cues and expectations about one's own action. The theory posits that in a social setting through conversations and observations individuals make an assessment of the perceived norms of others and perception of one's social environment. Looking at the advantages of not performing a particular action, individuals fail not perform an expected financial behaviour (Gutter and Garrison, 2008). In this study, the social learning theory provided lens to the researcher to look at parental and peer influences on public university students and graduates' decisions on student loans. In the same vein, the theory guided the study by looking at the influence of the environment which in this case was university/ college settings on public university students and graduates' financial behaviour.

Consistent with the social learning theory, a study conducted by Pinto et al (2005) in America concluded that 87 percent of college students and 90 percent of high school students relied on their parents for financial advice. In support of this, a survey carried out by JumpStart coalition and the American Savings Education Council concluded that nearly all teenagers learned the most about money management from their parents who in particular influenced them by educating them about money related activities and modeled them as grew older (Pinto et al, 2005). In the same vein, Jorgen et al (2007) concluded that financial attitudes and values college students have about money come from their home environment.

A study by Joo et al (2003) noted that students whose parents used credit card regularly had positive attitude toward credit and vice versa. On the other hand, the study found students whose parents had credit related problems were more likely to have negative attitudes towards credit. This demonstrates that one's attitude toward credit is dependent upon socialization. According to Liao and Cai (1995), adolescents whose parents stressed saving, budgetary and other money management strategies were less likely to engage in money credit – related problems.

Liao and Cai (1995) further noted that the family is the most important agent of socialization because individuals are strongly conditioned by their childhood social learning experiences. Therefore, the self – concept formed in childhood tends to play a role in future financial behaviour and whatever children learn early in life often comes into play into adulthood. Clarke et al (2005) argues that parents do not lose their influence over their children. In agreement, John (1999) quoted in Jorgensen (2007) observed that parents influenced college students in their financial knowledge, attitudes and behaviours. In addition, he found that parents tended to have a greater influence on students at a younger age while peer influence increased as students became older and especially after becoming college students. The reason was that students spent much time with their peers than their parents. This augers well with the social learning theory that explains that young adults become influenced in their decisions in a number of areas such as career choice, drug and deviant behavior and financial behavior (Jackson, 2010).

As noted by Pinto et al (2007) peers, school and mass media also have significant role in young adults' financial bahaviours as they do transmit such norms as attitudes,

motivations and behaviours to them. In a related development, Jorgen (2007) in his study on college students' financial literacy observed that college students' financial decision making in general as well as credit behaviours were shaped and influenced by the media, school and peers. As put by Jackson (2010) when studying college students' credit behaviours concluded that young adults' financial decision making and behaviours were influenced by others through social conversations and social learning observations.

Pinto et al (2007) found that older children tend to rely mostly on their peers and mass media for lifestyle issues and in the same way, parents influence children's financial literacy the most. Furthermore, Harris (1995), noted that peers tend to influence young adults as they spend more time with them as they get older thus being influenced more by this environment.

As students learn over the years (Bandura, 1977), through social interactions they begin to understand and form their values, knowledge and attitudes in finances. Jorgen (2007), studying college students' financial literacy, found that the family, friends, community, school and media all shaped college students' financial knowledge and attitudes over time. He noted that they influenced college students in their financial decision making as well as credit behaviours. Jackson (2010) in her study on college students' credit behaviours concluded that college students' financial decision making and behaviours was influenced by others through social conversations and social learning observations.

2.3 University Students' Access to Student Loans

University students in different student loan programs worldwide apply for student loans because of a number of reasons. For instance, in developed countries such as the United Kingdom, United States of America, Australia and many more, university students apply for student loans to meet costs such as tuition fees, stationery, and meals and buy computers (Ziderman, 2004). In developing countries such as Latin America, Kenya and Namibia, students mostly apply for student loans because of poverty. Against this background, Kietsev et al (2003) argues student loans have been implemented in developing countries to help poor needy eligible university students pay the subsidized tuition fees for them to access tertiary education. Similarly, Woodhall (1991) in her report whose purpose was to analyse the main issues raised by the introduction of student loans and discussing ways of addressing those issues in both industrialized and developing countries found that student loans in Malawi were implemented to help only needy university students access public tertiary education. Nevertheless, she did not explain if the loans were helping only needy public university students to access the much needed public tertiary education. In filling this gap, the current study tried to establish whether students from wealthier families accessed student loans which were meant for the needy students.

Regarding to how students access money from student loan schemes, Ziderman (2004) in his study in the five Asian countries of China, Hong Kong SAR, Republic of Korea, the Philippines and Thailand noted that the way students got money from student loan schemes differed from one country to another. Ziderman (2004) found that students in

some schemes got money from loan schemes by applying to the institutions responsible for distributing the loans to the applicants. The loans were then received from a funding source. However, he found out that there were no intermediary institutions in the highly centralized systems. The loan applications were made directly to the loan scheme.

In the Hong Kong loan scheme, students submitted loan application forms directly to a central autonomous public loans agency without involving intermediaries in the process. The advantages of this arrangement are that (1) it helps the loan lending body to deal directly with student applications and (2) it fosters horizontal equity as loans are distributed across the board on basis of objectives, transparency and targeting the poor (Ziderman, 2004).

In contrast, Zidernman (2004) in the five Asian countries of Thailand, Philippines, China, Korea and Hong Kong noted that students in the Thai loan scheme applied for loans to the educational institutions they attended which in turn decided on who should receive a loan based on the purpose of the loan given whether it was for tuition fees, accommodation, living expenses and the loan amount which should be given up to a ceiling set by the central Students Loan Scheme Committee (SLSC). Ziderman (2004) observed that this arrangement had advantages in that (1) the student loan officers within institutions act as 'post offices' in distributing and receiving application forms, vetting for eligibility and forwarding applications to a central loans agency (Philippines 'Study Now, Pay Later Scheme(SNPLS), Chinese and Korea MOE Scheme), (2) student loan officers may adapt a more pro- active 'targeting role – actively seeking out and identify

students in need, or at risk and encouraging them to take advantage of the available loans. This is more helpful where the poor are targeted and (3) the student loan officers play a direct distributive role of student loans.

In Latin America, Salmi (2003) study on student loans with the purpose to discuss student loans from international perspectives and future trends concluded that students in most loan schemes received loans directly from the loan lending agency. This meant that student loans were given to students who in turn had to pay them to their institutions. However, Ziderman (2004) argues that the administrative arrangements and institutional roles assigned in borrower selection and distribution of funds are essential to the efficacy of the loan scheme in meeting the set objectives.

A Mexican study by Canton and Blom (2004) found that students accessed loans from the Sociedad de Fomento a la Education Superior (SOFES) by providing information on their educational background, socio-economic status and the amount of credit they wanted to access. Canton and Blom (2004) also established that a student loan would be given to a student or not upon scrutinising the information he/ she had provided. In the same vein, Salmi (2003) found that students in Venezuela were asked to provide some information before being given loan. However, the Mexican student loan scheme (SOFES) differed from the Venezuelan loan scheme in that preference was given to low-risk students. According to Canton and Blom (2004), giving preference to low –risk students helps to safeguard the loan repayment.

Moving to Mongolia, LaRoque and Yee (2004) observed that students accessed money

from student loan schemes through cards. What happened was that when funding was given as a student loan, a tuition card was set up to record all payments of the student over several academic years. This card became a basis for future repayments. Nevertheless, students usually repaid their loans by contacting the State Education Training Fund (SETF) in person in order to arrange repayment of tuition loan. SETF then agreed the repayment terms with students, provided bank account number to students for the funds to be transferred and updated loan files for repayment arrangement. SETF then released the original certificate to a student and closed the file when the loan had fully been repaid.

In the targeted loan schemes in China, Kim and Lee (2003) found out that students received loans basing on the poverty level of their families and willingness by the guarantors to pay back student loans whenever students failed to do so. In Lesotho, Woodhall (1991) with the aim to learn from international experiences with student loans observed that student loan applicants could be given money from the student loan scheme upon securing the backing of loan guarantors. The loan guarantors were a source of financial security that in cases the loan guarantees had failed to repay the loans these guarantors could be asked to pay back the student loans. Similarly, Shen and Ziderman (2008) study in the forty- four government sponsored loan schemes across the globe found that most loan programs require students to provide guarantors for them to be given money from the loan programs. Similarly, the World Bank (2010) in its study in Malawi, analysing financing of public tertiary, found that student loans got the loans from the Student Loan Scheme by securing the loan guarantors. Nevertheless, Bank did

not provide an explanation on how students used the loan guarantors. To fill this gap, the current study looked at how students and graduates used guarantors to get money from the loan scheme. In addition, the World Bank noted that in Malawi Article 8(2) of the Agreement made guarantors responsible for the repayment of the loans (World Bank (2010)). However, the bank did not indicate whether or not the guarantors were repaying the loans. As such, this study filled the void by trying to find out if the guarantors were paying back student loans. From findings from literature review assisted the study to find out why public university students in Malawi applied for student loans and how they got money from the Student Loan Scheme.

2.4 Factors that make Pubic University Graduates Fail to Repay Student Loans

Recovery of student loans in most countries remains a challenge to the effectiveness and sustainability of the student loan programs due to a number of factors (World Bank, 2010). For example, Monteverde (2000) study on non –federally guaranteed student loans in America in the early 1990s found that student loan default was primarily related to borrowers' willingness and ability to repay. According to Monteverde (2000), borrowers who showed positive willingness and had ability to repay the loans had no problem in paying back their loans and vice versa.

In another study in Latin America, Salmi (2003) in his analysis of student loans found that demand problems were challenges on student loan repayment. According to Salmi (2003), demand challenges occur when the availability of student loans is not sufficiently known to students or when financial products offered by the loan agency are not

attractive. Knowledge about student loans has two dimensions. Firstly, students need to be aware of the existence and availability of the program. Secondly, students must understand clearly what is involved in a loan program in terms of eligibility criteria, grace period and repayment obligations. Without these attributes, students have problems in repaying their loans.

A Kenyan study by Otieno (2004) found that student loan non- repayment emanated from the staff handling the operations of the loan program. He noted that the staff lacked prerequisite skills in debt collection. In a related study in both industrialised and developed countries, Woodhall (1991) with the purpose to analyse the main issues raised by the introduction of the student loans and how these issues can be addressed noted that student loan non –repayment was due to the fact that the staff handling student loans lacked appropriate skills to manage the fund effectively. Furthermore, Otieno (2004) found that the staff in the Kenyan student program had low level of managerial efficiency which resulted in lower loan recovery.

Absence of legal framework in some countries makes graduates fail to repay their student loans. For example, a study by Johnstone and Marcucci (2010) in both low and middle income countries noted that the difficulty of student loan collection was due to absence of an effective legal framework for pursuing borrowers/ co-signatories in default. A Similar problem was reported in Lesotho where low student loan recovery was attributed to weakness in the legal framework (Woodhall, 1991). Similarly, Johnstone (2004) found that in Sub- Saharan Africa weak legal backing compelled graduates not to pay back their

loans. Woodhall (1991) in her comparative study with the purpose of analysing the main issues raised by the introduction of student loans in both industrialised and developing countries established that student loan agreement in Malawi was legally binding in courts of law by requiring those students below 21 years to enter into an agreement. However, Woodhall failed to shed light if the loan agreement was effective regarding loan recovery. In filling the gap, the current study endeavoured to find out if the legal aspect of the agreement resulted in recovery of student loans from the loan beneficiaries.

In Europe, Johnstone (2004) found that in spite of the fact that most governments had far wealthier families and far better employment prospects for students, students resisted the student loans because of sheer notion that public university should be free. A related study in the Sub-Saharan Africa (exclusive Malawi) by Johnstone (2004) noted that students' resistance to fees was linked to Marxist ideologies and corresponding view that governments have or at least ought to provide education free at all education levels. Wedded to this notion of entitlements, both politicians and students who view education as a public good object to student loans and therefore are not easily dissuaded to repay the loans. Politically, students look at the government as the one to pay for their tuition fees. Students prefer tertiary education being offered free of charge (Otieno, 2004).

At times the previous form of financial support given to students such as grants or bursaries affects the recovery of student loans. In compliment, a study by Atuahene (2007) in Ghana found that the political explosive issue both in the United Kingdom and Ghana had nothing to do with the introduction of student loans but the abolition of grants.

Of course, students prefer grants because they are not supposed to be paid back than loans do. The challenge therefore lies much on how to secure political and ideological support from the students towards the implementation of loans. As put by Woodhall (2004) in her study in Sub-Saharan Africa, the political acceptability of student loans depends crucially on availability and generosity of previous forms of support used to be given to students. She therefore argues that for student loans to be accepted by both students and the general public there is need for the government to mobilise public opinion on the advantages of student loans.

In its analysis of student loan scheme in Romania, the World Bank (2008) noted that students failed to repay their loans because they lacked credit culture. The Bank found that student borrowers who lacked this culture were more prone to default as they perceived less a need for a good credit history. The Bank therefore argues that students who do not understand the need to maintain a good credit rating have a problem in paying back their loans as the very notion of credit may be foreign to them.

Failure by the loan lending agency to track and trace the graduates may make them not pay back the student loans. For instance, Kitaev et al (2003) found that in the Philippines, failure by both student loan implementing and funding agencies to track and prosecute defaulters contributed to low student loan repayments. A similar study by Johnstone (2003) in Sub-Saharan Africa showed that graduates failed to pay back their student loans because their mobility as they travelled from one place to another in search for employment made the loan implementing agencies fail to trace them. The same problem

was reported in Lesotho where it was noted that some graduates did not pay their student loans because of difficulty in tracing because they had gone to work in South Africa (Woodhall, 1991).

According to Johnstone (2003), graduates' mobility had been a problem in Sub-Saharan Africa because by then the region did not have even postal and telephone services. As such, mobility and absence of postal and telephone services made graduates not repay their student loans because of knowing that they could not be traced. In some cases, Johnstone (2003) argues that graduates emigrated abroad in search for jobs or pursue further studies without leaving behind forwarding addresses. The problem of emigration on loan repayment had been described 'Black hole' by Barr (2007). According to Spilimbergo (2007) cited in Asian Development Bank (2009), substantial evidence shows that a significant number of higher education graduates do not either return to their home countries or they delay their return for many years.

Woodhall (2004) with the aim of trying to learn from international loan schemes found unemployment to be behind graduates' failure to repay the loans. A similar problem was reported in the low and middle-income countries by Johnstone and Marcucci (2010). They noted that some graduates failed to pay back their loans because they were unemployed. The researchers employed a theoretical analysis of existing literature on student loans. Moreover, Salmi (2003) found that graduates in Ghana failed to repay their loans because they were unemployed.

Similarly, Johnstone (2003) with the purpose to analyse cost –sharing policy in the Sub – Saharan African countries of Ethiopia, Kenya, Tanzania, Uganda, Botswana, Mozambique, South Africa, Ghana, Nigeria and Burkina Faso found unemployment to be behind graduates’ failure to pay back the student loans. He observed that some graduates failed to pay back their student loans because they faced prolonged periods of unemployment following their departure from the university.

Here in Malawi, focusing on secondary school and university graduates using data from standard tracing surveys, Kadzamira (2003) found unemployment to be existent among university graduates even though it was minimal compared to secondary school graduates. According to Kadzamira (2003), unemployment rates increased from 20% of the 1980 cohort to 50 % of the 1999 cohort suggesting that the 1990s cohort took longer time than the 1980s cohort to secure employment. According to Mussa (2013), as of 2011 tertiary unemployment rate in Malawi was 9.8 percent. This was higher than the national unemployment rate of 9.3 percent. Mussa further argues that unemployment rate was higher in urban areas as compared to rural areas. Yes, looking at this trend of unemployment we see that it is declining. However, it would be concluded that there are still some tertiary graduates who fail to secure a job after completing their studies.

A study conducted by Ziderman (2004) in the five Asian countries in China, Hong Kong SAR, Republic of Korea, the Philippines and Thailand as case studies whose aim was to include loan schemes with differing objectives, institutional status and financial arrangements as well as contrasting economic and political backgrounds found that

graduates failed to pay back their student loans in China because they received relatively low monthly and annual incomes. Combined with the short four – year repayment period, the low incomes imposed a relatively burden on the graduates. In a related study, Woodhall (2004) observed that graduates in Sub –Saharan Africa failed to honour their loan repayments because they received low incomes upon securing employment. Similarly, a study by the Government of Colombia in its examination of the student loan program found that graduates who did not earn enough failed to repay their loans (World Bank, 2004). Furthermore, Kitaev et al (2003) found that graduates in the Philippines did not pay back their loans because they received low incomes. An American study by Volkwein et al (1994) noted that the student loan default rate was very high among those borrowers who earned less but had children and dependants. On the other hand, Volkwein et al (1994) noted that default rate was low among graduates who earned more. The conclusion that can be drawn from this is that low incomes combined within other factors affect the student loan repayment.

In trying to compare loan repayments between the Maori and non- Maori graduates in New Zealand, it was noted that there was low loan repayment by the Maori. One cited reasons for little or no progress repayment was low income (New Zealand, MOE, 2005). The Maori graduates received an income which was around the student loan repayment threshold hence making it difficult for them to repay the loan because there was no surplus money income left for repaying their student loans. On the other hand, there was high loan repayment by the non –Maori graduates because their incomes were high (New Zealand, MOE, 2005). Nevertheless, Woo (2002) in predicting default found the income

variable being only half as strong as the variable for unemployment. This implies that the income variable does not affect loan repayment than does the unemployment variable. Here in Malawi, Kadzamira (2003) study whose purpose was to find out the link between education and employment concluded that the mean incomes among the graduates differed by degree programme. Accounts by far was the best – paid salaried graduates and the worst paid were education graduates. The conclusion that could be drawn from Kadzamira's finding is that some university graduates in Malawi receive low incomes. The current study tried to find out if unemployment was one of the factors behind graduates' failure to repay their student loans.

Still in Malawi, a study by the World Bank (2010) looking at financing of tertiary education noted that one of the factors contributing to low student loan repayment ratio was non – payment of the loans. Nevertheless, the bank did not indicate the factors that were behind student loan non- repayment. As a result, this study endeavoured to find out the factors that compelled graduates fail to pay back their student loans. Based on the results from the literature review, this study answered why public university graduates were failing to pay back student loans.

2.5 Mechanisms for Improving Student Loan Repayments

In various student loan schemes, a wide range of measures are employed to reduce student loan repayment default. For instance, in their study in forty-four government – sponsored loan schemes across the globe with an aim of revisiting and updating the earlier research's findings and sample, Shen and Ziderman (2008) reported that student

loan repayment default could be minimised through use of loans guarantors. This means guarantors become a form of security where the borrowers have failed to repay the loans to the lender. The conclusion is that the guarantors were the ones to pay back the loans on behalf of their guarantees.

At an educational forum held in Paris in 1991, the participants observed that effective publicity campaigns could help to reduce student loan non- repayment (Woodhall, 1991). According to Woodall (1991), effective campaigns ensure widespread acceptance and understanding of principles of student loans. According to forum participants, effective campaigns ensure good recovery of student loans as they help to educate public opinion to ensure that the obligation to repay student loans is taken seriously by all parties including student themselves, their parents and authorities. Arguably, students understand the need for paying back the loans.

In some student loan programmes, student loan non - repayments are reduced through use of graduates' employers. Johnstone (2003) argues that use of employers requires that in the loan repayment, money be collected at the point of wage or salary payment. Similarly, Article 6 of the loan agreement form in Malawi requires participation of graduates' employers in deducting and remitting the monthly repayment to the trust (World Bank, 2010). However, Johnstone (2003) points out that in Sub –Saharan Africa, collection of student loan basing on total salary is a problem because the earning streams are multiple, frequently informal, often unreported and essentially untraceable. The use of employers was also noted in the South African Student Loan Scheme by Chapman and

Greenaway (2006). They found that even though the scheme uses taxation system, use of employers was there in cases graduates did not maintain debt repayment.

According to Chapman and Greenaway (2006), use of taxation system in collection and recovery of student loans has proved to be effective and efficient because the loans are collected at the entry point of graduates' salaries. The other student loan programs that use taxation system are the Australian and New Zealand student loan programs (Chapman, 1997).

Shen and Ziderman (2008) study in the forty- four student loans across the globe found that the problem of loan repayment default was reduced through moral suasion. According to Shen and Ziderman (2008), moral suasion entailed the student loan programs issuing publications containing names of loan defaulters. Apart from that, Shen and Ziderman (2008) found that student loan repayment default could be reduced through the use of legal action against recalcitrant defaulters. In a similar study in Brazil, Columbia and the Dominican Republic, Woodhall (1993) observed that student loan default could improve through legal threats against the loan defaulters.

In Mongolia, LaRocque and Yee (2004) with the aim to review the history of the financial assistance scheme administered under the State Education Training Fund (SETF) found that in cases where students failed to repay the loans, the authorized representative (guarantors) took the responsibility of repaying the loan according to the law and regulations. Similarly, guarantors in Ghana whose graduates faced prolonged

unemployment paid back the student loans (Salmi, 2003). However, Ziderman (2004) argues that requiring a student to have a guarantor can have negative consequences that may defeat the purpose of the loan schemes with social objectives: the very individuals who are most in need of support may be the least able to provide guarantors.

Johnstone (2008) argues that in the absence of collateral or credit –worthiness in low-income countries, lending to students always requires the co-signature of a parent or friend who has pledgeable assets or collateral to assure repayment if the student borrower either cannot or will not repay. In such a case, the lender whether a private bank or a governmental loan agency may be viewed as lending not to the student but to the parent or the other co –signatory who is putting his or her assets not only reputation and credit-worthiness, but often times a house or a farm or business or savings account at risk. According to Johnstone (2008), the assumption is that parents are less likely to disappear or otherwise default than their children. Students on the other hand, may be less likely to default if it is their parents who will be reliable.

Moving to Brazil, Columbia and the Dominican Republic, the use of guarantors in student loan repayments have been regarded a very important aspect because guarantors are used to apply ‘moral pressure’ to both students and graduates (Woodhall, 1993). Contrary to Johnstone (2008) where loan guarantors are asked to pay back the loans, Woodhall (1993) notes that loan guarantors in Brazil, Columbia and the Dominican Republic give help in locating borrowers than actually repaying the loans, though this is obviously the last resort in some cases.

In reviewing the Sonora Institute student loan scheme in Latin America, Salmi (2003) observed that the loan agency had maintained an excellent regional coverage because of its promotion activities to develop a positive credit culture. In addition, Salmi (2003) noted that the Sonora Institute maintained a low default rate due to personalised interviews and careful explanation work it extended to first – time student loan beneficiaries.

In his study in both developed and developing countries, Salmi (2003) observed that in Jamaica where arrears were very high because students perceived that the loans should be financed by the government and need not be repaid, the student loan lending body had launched radio and newspaper campaigns combined with positive messages appealing to students to pay back their student loans. Apart from that, negative advertisements were used whereby names and pictures of students who did not comply with loan repayments were published and made public.

Using a comparative framework with the aim to draw out from the loan scheme experiences in the five Asian case study countries of China, Hong Kong SAR, Republic of Korea, the Philippines and Thailand for broader lessons for policy, Ziderman (2004) observed that loan repayment default could be reduced by lightening the repayment burden. Obviously, the simplest way of reducing the repayment burden is to provide additional loan subsidies. These according to Ziderman (2004) could result in lower interest rates and extended grace periods even though they have negative effects on loan repayment. According to Ziderman (2004), the short repayment period of only four years

in China imposed a heavy repayment burden on the new graduates with repayment absorbing a quarter annual graduate incomes.

More positively, Ziderman (2004) observed that temporary repayment remission for borrowers with low income was a key measure to avoid classifying students with repayment difficulties as being in default. When a graduate's income falls below a threshold level, the borrower is exempted from repayment while still accruing interest charges. Similarly, an increasing repayment schedule may help to lessen the extra burden on young graduates during the early repayment years as in the Thailand loan scheme.

Ziderman (2004) argues that measures to inculcate a more positive attitude towards repayment could be developed if loan repayment default is to be minimised. He argues that in some cases, this may be tantamount to changing social norms but not feasible in the short run. But university could play an important role in emphasizing the necessity for repayment. It might be useful for the loans organisations to maintain contact with students during the borrowing period to remind them of their obligations. This approach could be extended so that students do not forget their repayment obligations during the lengthy period before repayment starts. Loan repayment default can be reduced through rigorous screening of the students who should benefit from the loan scheme. In line with this statement, Salmi (2003) noted that loan repayment default can be minimised through rigorous screening of the loan beneficiaries. Salmi (2003) however argues that for this mechanism to work there is need for both the colleges and the loan lending agency to check the official income and family background of the loan applicants. However,

Ziderman (2004) argues that screening out higher –risk borrowers may reduce default but will tend to exclude the poorer students who are the target of most of the loan schemes. Unfortunately, according to Salmi (2003), in many countries the absence of reliable income data makes it difficult to screen out student loan applicants in a precise way. Based on these results, the current study looked at the loan recovery mechanisms that were put in place by the PUSLT for it to recover the loans from the graduates, and the ones that could be put in place for it to recover the loans from the graduates.

2.6 Uniqueness of the Study

Available literature shows that research on the problem of student loan non – repayment in public universities in Malawi has not been done. Therefore, this study is unique in the sense that it deals with the problem of student loan non –repayment in the public universities. The other uniqueness of the study is its endeavour to understand the problem of student loan non- repayment from both qualitative and quantitative perspectives hence enabling the researcher to understand the problem from two angles.

2.7 Chapter Summary

Embedded within the Social Learning Theory, the chapter has established that university students in different student loan programs across the globe apply for student loans to meet costs such as tuition fees, stationery, meals, buy computers and poverty. Students get money from loan schemes by providing guarantors, collateral and some information. Graduates fail to pay back student loans because of borrower’s willingness and ability to repay the loans, demand related problems, lack of prerequisite skills by staff handling

operations of the loan programs, absence or weak legal framework, thinking that public university education be provided freely, previous form of financial help given to students, failure by loan lending agency to track and trace loan beneficiaries, lack of credit culture, unemployment and low incomes. Student loan repayments could improve through use of guarantors, publicity campaigns, employers, moral suasion, promotion activities, lighting repayment burden, temporary repayment remission for borrowers with low incomes, inculcating a more positive attitude towards repayment and rigorous screening. This study is unique in that it tries to bring to light the factors that contribute to student loan non –repayment and its ability to understand the problem through a mixed methods approach. The issues discussed in this chapter helped the researcher to understand why university students in public universities in Malawi applied for student loans, how they got money from the loan scheme, mechanisms that were put in place by the Public Universities Students Loan Trust to recover the loans from the graduates, the factors that made graduates fail to repay student loans and mechanisms that ought to be put in place if student loans’ repayment were to improve. The subsequent chapter discusses research design and methodology to the study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Chapter Overview

This chapter discusses the research approach and design. It also explores the methodology which includes study population, sampling techniques, data collection methods, data management and analysis. Finally, the chapter discusses trustworthiness, ethical considerations and limitations.

3.2 Research Approach: Mixed Methods

The study followed a mixed method approach. Brannen (2005) defines a research approach as an integrated set of research principles and general procedural guidelines that guide a particular research. Hanson et al (2003) define mixed method as: “the collection or analysis of both quantitative and qualitative data in a single study in which the data is collected concurrently or sequentially, are given a priority and involve the integration of the data at one or more stages in the process of research”. Brewer and Hunter (1989), Tashakkori and Teddlie (1998) quoting from Hanson et al (2005) explain that when quantitative and qualitative data are included in a study, researchers may enrich their results in ways that one form of data may not allow. According to Creswell and Plano – Clark (2007), the use of both quantitative and qualitative approaches in a study provides a

better understanding of a research problem than where a single approach either quantitative or qualitative approach is used.

The mixed methods approach made triangulation possible in that both qualitative and quantitative data were collected and converted during analysis in order to arrive at a more comprehensive understanding of the research problem as put by Marshall et al (1999). This triangulation allows converging and integrating data of both qualitative and quantitative methods and uses the results to best understand a research problem (Creswell, 2002). Last but not least, this approach helped the study to benefit from the strengths of both qualitative and quantitative purists since the two schools of thought have argued for superiority over each other and have failed to compromise each other (Johnson and Onwuegbuzie, 2004).

3.3 Research Design: Mixed Exploratory Sequential Design

Creswell (2009) defines a research design as a plan or proposal that is followed in conducting a research. In the same vein, Kothari (2004) defines a research design as ‘the conceptual structure within which the research is conducted; it constitutes the blueprint for the collection, measurement and analysis. Kothari (2004) also defines a research design as a framework that shows how problems under investigation will be solved. According to Creswell et al., (2003), a research design entails the intersection of philosophy, strategies of inquiry and specific methods. Gay and Airasian (2003) argue that the design of the study has a great bearing on the reliability of the results because it forms the firm foundation of the entire research work.

This study specifically followed a mixed exploratory design which is also referred to as a mixed exploratory sequential design (Creswell et al, (2003). The qualitative method was the major method with dominant status in the study while quantitative method was the minor and supplementary. This design starts with the collection of qualitative data to explore a phenomenon and then builds into a quantitative phase. According to Morse (1991), this design is useful when a researcher wants to explore a phenomenon in depth and then measure its prevalence. Furthermore, the findings of both qualitative and quantitative aspects are integrated during interpretation phase. The justification for an exploratory mixed methods design is that it assumes little is known and understood about a phenomenon. To make use of the design, the researcher in the first place collected the qualitative data in which he used unstructured interviews with open –ended questions with the aim to explore the factors behind student graduates’ student loan non – repayment. This was so because some issues (factors) as regards to student loan non – repayment in Malawi were not known. The collection of qualitative data enabled the researcher to collect more information on student loan non –repayment. Thereafter, the researcher incorporated some of the qualitative data on a structured questionnaire which had closed questions. This was to determine the magnitude or prevalence. Then both qualitative and quantitative data got integrated during the analysis and discussion of the results.

3.4 Study Population

Population is defined as the “totality of persons or objects with which a study is concerned” (Grinnell and Williams, 1990). Since the loan scheme was implemented on a

large scale in 2001, 7883 loan applicants had benefited from the loans (World Bank, 2010). The population in the study were the graduates and students from Mzuzu University (Mzuni) and University of Malawi (Unima) from 2001 and 2009 because these are the years when student loan scheme was under the Public Universities Students Loan Trust. More data were collected from graduates because they were the focus of the study. The two institutions were targeted because both being public universities benefit from the national students loan facility (GoM and the National Commission for UNESCO, 2008; World Bank, 2010).

The graduates' population contained both females and males working in government institutions, and departments and those working in the private sector i.e. self-employed, Non-Governmental Organisations, Faith –Based Organisations spread all over Malawi. On the other hand, the students' population contained both males and females pursuing different programs and coming from different socio –economic backgrounds. Other study participants were university personnel and personnel from the defunct Public University Students Loan Trust. The researcher collected the quantitative data from both the students and graduates while the qualitative data were collected from the graduates, students, the college student loan administrators and personnel from defunct public university students' loan trust.

3.5 Sampling Techniques

Whereas a sample is a finite part of the statistical population whose properties are studied to gain information, Gay and Airasian (2003) define sampling as a the process, act or

technique of selecting a suitable number sample or representative part of a population for the purpose of determining parameters or characteristics of the whole population.

Similarly, Ross (2005) states that:

Sampling in educational research is generally conducted in order to permit the detailed study of part, rather than the whole of a population. The information derived from the resulting sample is customarily employed to develop useful generalisations about the population. These generalisations may be in the form of estimates of one or more characteristics associated with the population, or they may be concerned with estimates of the strength of relationships between characteristics within the population.

According to Blaxter et al, 2001), sampling is employed to provide a general picture and representative characteristics of the population on the problem. However, one of the most considerable issues researchers grapple with in any research project is on the type and number of participants or respondents to be included in the study. This study used non-probability sampling techniques which were snowball and purposeful sampling techniques.

3.5.1 Snowball Sampling

With a snowball sampling technique a researcher identifies a small number of individuals who have the characteristics of his or her interests (Cohen et al., 2000). These people are then used as informants to identify or put the researcher in touch with or others who qualify for inclusion in the study and these people in turn identify others. The process continues until the desired number is reached. Snowball sampling was used because it was so difficult for the researcher to trace the graduates who benefited from the student loans due to lack of data concerning their whereabouts (Gay and Airasian, 2003).

In snowball sampling, few participants who happened to be graduates from Malawi's public universities and were beneficiaries of the student loans got selected, and interviewed and responded to questionnaire. Thereafter, the identified graduates helped in the identification of other participants who were also graduates from the public universities and benefited from student loans. This process continued until a sufficient number of 120 graduates was reached.

3.5.2 Purposive Sampling

As put by Merriam (1998), purposive sampling entails the selection of a sample 'from which one can learn the most to gain understanding and insight.' In this study, 60 public university students who were beneficiaries of student loans and 4 loan administrators were purposively sampled.

3.6 Data Collection Techniques

The study collected both primary and secondary data. Primary data refers to data that is collected afresh and for the first time and thus happen to be original in character (Kothari, 2004, p.95). Secondary data on the other hand entails data that has been previously collected by someone (Kothari, 2004). Borg and Gall (1983) argue that common sources of secondary data are public documents, administrative documents and official statistics. According to Kothari (2004), secondary data can also be obtained through studying manuals, magazines and journals. However, in the collection of data the current study employed three data collection techniques namely: in -depth interviews, structured questionnaire and document analysis.

3.6.1 In –depth Interviews

The in –depth interviews was the first method used in data collection. According to Rossmann and Rallis (2003), ‘in –depth interviewing is the hallmark of qualitative research’. They also state that these are very important because they help the researcher to understand how participants understand their world. In addition, an in –depth interview is a useful way to get large amounts of data quickly as more information is gathered at a given time. Marshall and Rossmann (1999). Furthermore, in –depth interviews provide rich data if appropriately used and sensitively used in a focused way (Wisker, 2007).

As recommended by Marshall and Rossman (1999), a tape recorder was used to allow the researcher not to miss some issues during the interview. The researcher sought permission (informed consent) from the participants to be tape recorded. The interviews were done through note taking for those participants who were not comfortable to be tape –recorded. Prior to the interviews, the researcher met the research participants at their convenient time i.e. time they were not busy with other works such as lunch time or weekends. To get better responses, the researcher explained to the participants how the data and findings of the study could be used. According to Bryman (2008), researchers get better response from the participants if they presume people will agree to be interviewed rather than thinking they will refuse.

Since the researcher collected data from the public university graduates working in different institutions and organisations and some occupy big offices, the researcher was presentable in his dressing to suit the environment. This made the researcher to be easily

accepted in the offices and be granted permission to meet the graduate participants. However, to collect data from the students, the researcher tried to be in a dress code that made him to familiarise himself with the students. Since the issue of student loans to some is viewed as sensitive, the researcher tried to be in a dress code that made the student participants not to be scared hence not regarding him as one of officials from PUSLT hunting for the loans. Prior to the interviews, introductory remarks were made as regards to name of the researcher, study program pursued by him, name of institution pursuing the program and reason for selecting the participant. The researcher informed the participants that their participation in the study was voluntary and that they had the right to withdraw but he explained to them that their participation in the study was vital. He reassured the participants of privacy and confidentiality and he assured them that the research ethics could not be violated under any circumstance. Then the research intentions and purpose of the study were communicated to the study participants.

The participants were also accorded with an opportunity to ask some questions prior to the interviews. This helped the researcher to clear some mists on the issues pertaining to student loans. Then the researcher communicated to the participants the expected time to be spent during the interviews as studies have shown that time usually is one of the factors that make the participants refuse to take part in the study (Bogen, 2003). During the interviews the researcher allowed the participants to talk more as he kept on probing so as to solicit more information. To make the interviews progress well, a place free from interruptions such as people banging in and out of room had to be selected. The researcher asked the participants to identify a venue free from distractions. Concerning

female participants, the issue of gender was taken into consideration regarding the sitting plan. The aim was not to offend them. As recommended by Bryman (2008), common courtesies of thanking the participants for giving up their time were made at the end of the interviews.

To collect data, semi-structured interview guides with open – end –questions were used. According to Linlof and Taylor (2002), a semi-structured interview is a method of research that is used in the social sciences. This interview is flexible hence allowing new questions to be brought up during the interview session as a result of what the interviewee says. In addition, a semi –structured interview generally has a framework of themes to be explored. Furthermore, a semi –structured interview has interview guides which help the researcher to focus an interview on the topic at hand. According to Linlof and Taylor (2002), this freedom can help the interviewer to tailor questions to the interviewee’s context or situation and to the people they are interviewing. The use of open –ended questions during the interviews helped the participants to answer questions from different angles. Apart from that, use of open –ended questions during the interview allows the participants to answer questions from different angles as they accord the participants the opportunity to express their thoughts and feelings based on their specific situation. According to Power (2002), open –ended questions allows the participants to elaborate on their experiences.

In – depth interviews were conducted with 10 graduates and 5 students and 4 student loan administrators. However, more graduate and student participants came from the

University of Malawi (Unima) than Mzuzu University (Mzuni) because Unima is larger than Mzuni. The student loan administrators were selected because of their experiences and involvement in student loan administration. The in –depth interviews sought to understand why students in Malawi’s public universities applied for student loans, how they got money from the student loan scheme, the mechanisms put in place by Public Universities Students Loan Trust (PUSLT) to recover the loans, why graduates had failed to pay back their loans and the mechanisms that could be put in place if the loan are to be recovered.

3.6.2 Questionnaire

Use of structured questionnaire consisting of closed questions was the second data collection technique employed in the study. As put by Beiske (2002), a questionnaire is a document that ‘asks the same questions to all individuals in the sample and respondents record a written response to each questionnaire item’. The advantage of using a questionnaire over interviews is that it helps the researcher to sample the respondents over a wider geographical area (MacJessie-Mbewe, 2004). This makes the costs of sampling the respondents to be lower and time required to collect data is typically much less as data is collected from many respondents at once (Gall et al, 1999). Bryman (2008) states that closed questions are easy to process, enhance the comparability of answers and are easy for the respondents to complete. However, as observed by Gall et al (1999), participants are not able to express their feelings and opinions and it is not possible to modify the items once the questionnaire has been sent. So in this study, the limitations of the questionnaire were compensated by the strengths of the interviews and vice versa.

The researcher physically administered 100 questionnaires to graduates while 20 questionnaires were administered through electronic mail (e-mail). 115 graduates responded to the questionnaire representing a 96 % response rate. This response rate was extremely good. According to Bogen (2003), a response rate fewer than 70% is not good. The questionnaire was also physically administered to 60 public university students. All 60 students responded to the questionnaire giving a 100% response rate. The advantage of administering the questionnaire physically was that the researcher was ensured of targeting the right respondent and this according to Saunders et al (2003), improves the reliability of the collected data and non –respondents can be recorded thereby avoiding unknown bias caused by refusals, and the response rate could be higher. Many questionnaires got administered to graduates because they were the focus of the study. Apart from that, many questionnaires were administered to graduates and students from Unima because Unima is larger than Mzuni.

To increase the response rate to the questionnaire, the researcher in the cover letter stated who he was, the program he was pursuing, the purpose of the study, and he provided clear instructions on how each question should be answered. Response rate was again maximised in that the questionnaire was not long and was made attractive with a short title on top of each page. This resulted in respondents to willingly accept to take part in the study. According to Bogen (2003) long questionnaires make the respondents shun away from accepting to answer the questionnaire as more time is required. On the collection of completed questionnaires, the researcher made agreements with the respondents on time they (questionnaires) should be collected. Before going to collect the

filled in questionnaire, the researcher had to phone the respondent to find out from him or her if the questionnaire was ready for collection. On lucky days, some questionnaires got filled on the same day. This provided room to have them collected the same day.

Each respondent was pre-contacted through an email or phone before the questionnaire was sent to him or her. Borg and Gall (1983) argue that pre-contacting the respondents is effective because it alerts them to the imminent arrival of questionnaire hence increasing chances of the questionnaire to be completed. The respondents replied by sending their contact details, preferred email addresses such as gmail or yahoo, and indicated their willingness to participate in the study. Mostly, graduate respondents who lived abroad responded through emails. This proved to be economical as issue of time, distance and money for travel expenses was not there. This was due to the reason that the researcher administered the questionnaire while seated on his laptop connected to internet. According to Bryman (2008), email interviews prove to be economical as distance is no problem since the researcher does not travel to meet the respondents. Finally, the researcher had to write the respondents informing them of receipt of completed questionnaire. The questionnaire was accompanied with a cover letter explaining the purpose of the study, how the findings would be used and most importantly assurance of privacy and confidentiality to the respondents. The data collected through a questionnaire was on students' access to student loans, recovery mechanism and factors that make public university graduates fail to pay back the student loans. A questionnaire was finalised after collecting qualitative data. This helped the researcher to have information got from the qualitative data to be included in the quantitative data since the research

design was a sequential mixed method which required the researcher to first collect the qualitative data then incorporate part of it into the quantitative data.

3.6.3 Documents Analysis

The data collected through document analysis was used to answer one research question which had to do with the mechanisms that are put in place by the defunct Public University Students Loan Trust to recover the student loans from the graduates. However, data on number of students and graduates who had accessed and repaid the student loans was not available. This made the researcher not to include it in the study. According to Marshall and Rossmann (1999 quoting from MacJessie –Mbewe, 2004), “researchers supplement interviewing ... with analysing documents, which are predominant in the course of everyday events or constructed especially for the study at hand. They argue that documents reveal what people do or did. Not analysing them would leave a hole in the study”. This method helped in the review of relevant printed materials.

To access these documents, permission was sought in advance from all gatekeepers by writing letters to them explaining the reasons for collecting data and how the collected data would be used. In addition, the researcher’s letters were supported by introductory letters from the Dean of Post Graduate Studies and Head of Department of Educational Foundations at Chancellor College. According to DeRoche and Lahman (2008), gatekeepers are individuals who provide the researcher with access to research data, respondents and research sites.

In this study, the gatekeepers were Unima and Mzuni registrars, Unima and Mzuni Central Administration and the Executive officer of the Public University Students Loan Trust.

3.7 Data Management and Analysis

3.7.1 Data Management

According to Robson (1993), data management and data analysis are integrally related. In recognition of the importance of good techniques of data management in assisting the process of data analysis, both tape-recorded and hard copy files were opened by the researcher to keep data for each of the instruments employed in the data collection. The data collected through in-depth interviews were kept in a separate folder. The questionnaire to be administered had its own folder. Another folder was opened for the questionnaire which had been collected from the respondents. Opening folders helped the researcher not to mix the data. The folders were properly stored. This enabled the researcher to have data not destroyed.

3.7.2 Data Analysis

Analysis of qualitative data started as soon as data collection commenced and was on going. According to Cohen et al., (2000), early analysis of qualitative data reduces the problem of overload by selecting out significant features for future. Rossmann and Rallis (2003) state that in qualitative study, data analysis is an ongoing process. The analysis of qualitative data followed a six phase analytic procedure as advocated by Rossmann and Rallis (2003), which started with organising the data by cleaning the field notes to

eliminate issues that did not make much sense or that would be described as “overwhelming and unmanageable”. This phase is important because it saves time. Rossmann and Rallis (2003) concur that data cleaning saves time, creates a more complete record and stimulates analytic thinking. After ensuring that data was clean, the second phase involved reading and reviewing the data more than once in order to check presence of gaps before generating categories and themes. Tape –recorded interviews were re-listened to make the researcher get familiarised with the interviews. As stated by Rossmann and Rallis (2003), the process of re-reading and re-listening enables one to become familiar with the interview.

In the third step, several themes were generated based on the outcome of data .Themes are important because they assist in grouping the data according to similarities and facilitate expansion through further explanation. The fourth step involved coding of data in accordance with categorisation and thematic analysis. Emerson et al (1995) quoted in Rossmann and Rallis (2003) define a code as “a word or short phrase that captures and signals what is going on in a way that links it to some more general analysis issue”. In the fifth phase, the data was interpreted and according to Patton (2002), “interpretation means attaching significance to what was found, making sense of the findings, offering explanations, drawing conclusions, extrapolating lessons, making inferences , considering meanings, and otherwise imposing order”. The interpretation in the case of the present study took into consideration three contexts of interpretation as advocated by Rossmann and Rallis (2003) which are participants understanding, commonsense understanding and theoretical understanding. This means that the interpretation was centred on story –

telling, making sense of what participants said in the field, and relating all participants' experience and expressions to theories and other important issues. The fifth phase is probably the most important step whereby all data and analysis including themes or categories that were created led to the narration of meaningful story.

The sixth phase involved a search for alternative understanding. According to Rossmann and Rallis (2003), alternative understanding always exist and the researcher needs to search for, identify, and describe them and then demonstrate how his /her interpretation is sound, logical and grounded in the data. In this study, alternative understanding was sought from the participants by giving them back the interpretation to find out from them if it was correct. On the other hand, descriptive statistics were used to analyse quantitative data. This data was analysed through a computer package known as SPSS. Through quantitative data analysis, various tables and graphs were generated through cross tabulations and other forms of data analysis. The tables and graphs provided information that was interpreted and later linked to the qualitative data during data analysis. The study findings coming from the two data sets were integrated. As such, discussions of the study findings were supported by various data sets.

3.8 Trustworthiness and Ethical considerations

The term "trustworthiness" refers to a simple set of criteria that have been provided for judging the quality or goodness of qualitative investigation (Lincoln and Guba in Schwandt, 2001, p.258). A number of issues made this study trustworthy.

3.8.1 Piloting and Pre- testing

To increase the validity and reliability of the questionnaire, the questionnaire was pilot in Zomba City for a reason that the place was near the researcher's place of stay. Bryman (2008) argues that piloting and pre-testing questions provide the interviewer with some experience of using it and can infuse them with some greater sense of confidence. According to Cohen et al, (2000) piloting and pretesting data collection instruments helps the researcher to identify the questions which are ambiguous, too long and to determine time spent on answering the questionnaire since questionnaires which demand respondents to spend a lot of time answering them are shunned way . In interviews, piloting helped the researcher to identify questions that would have made both the participants and respondents to feel uncomfortable and to detect any tendency for respondents' interest to be lost at certain junctures. Questions that seemed not to be understood were realized in an interview. Piloting and pre-testing of data collection instruments enabled the researcher to determine if the instructions were making sense to the participants. As put by Bryman (2008), piloting and pre-testing helps the researcher to determine the adequacy of instructions to the respondents. To increase the validity of questionnaire and trustworthiness of interview guides, critical friends who were fellow students were used to go through them starting with general appearance (layout), adequacy of instructions, framing of questions, grammar, wording and numbering.

3. 8.2 Ethical Considerations

Ethical issues are the mile stones of social research. As such, the study was conducted in accordance with the research ethics. The first issue in the study was to gain an informed consent from the participants. Berg (1998) cited in David and Sutton (2004) say informed consent means knowing consent of individuals to participate as an exercise of their choice, free from any element of fraud, deceit, duress or similar unfair inducement or manipulation. According to Diener and Crandall (1978) cited in Cohen et al. (2000), informed consent is the procedure in which individuals choose whether to participate in an investigation after being informed of the facts that would influence their decisions. Informed consent involves (1) competence which implies that a mature and responsible individual makes correct decisions if given the relevant information, (2) voluntarism which implies that researcher should ensure that participants freely choose to take part in the research or not. This guarantees that exposure to risks is undertaken knowingly and voluntarily, (3) full information which implies consent is fully informed and (4) comprehension which implies participants fully understand the nature of the research project. As stated by Gall et al (1996), 'researchers must inform each individual about what will occur during the research, information to be disclosed and the intended use of the research data that are to be collected. According to recommendations by Rossman and Rallis (2003) and Creswell (2003), in this study the researcher sought informed consent from individual participants for them to take part in research activity including consent to be tape- recorded.

Before data was collected from the study participants, permission was sought from all gatekeepers who were the college administrators and central university administrators. Informed consent was also sought from the graduate, and student participants. The researcher assured them of privacy and confidentiality and explained in writing on how the research findings will be used. Participants were told that they were free either to participate or not. However, the importance of their participation in the study was explained and their participation would be appreciated. As stated by Gall et al (1996), each participant needs to receive an explanation of the research procedures to be used and the explanation must show the participants that ‘participation is important and describe it is to the participants advantage to cooperate’.

The second issue was privacy and confidentiality. As put in the Constitution of Malawi, every person has a right to privacy (GoM, 1995). According to David and Sutton (2004), confidentiality refers to the situation where that information is known and recorded by the researcher but the participants’ identities and names are concealed. Participants were assured of confidentiality both in interviews and questionnaires. In a questionnaire, participants were told not to write their names or any information that may lead to disclosure of their names. Confidentiality is an important part of the research because it paves way for participant’s co-operation and allows them to freely, genuinely and willingly accept to participate in the research exercise (Marshall and Rossmann, 1999; Creswell, 2003). Another ethical issue was that of deception. According to Gall et al 1996), ‘deception is that act of creating a false impression in the words of the research participants through procedures such as telling lies or using accomplices’. The

participants and respondents were also assured that they would not in any way betray them having their names publicly revealed just to harm them.

3.8.3 Triangulation

According to Gall et al (1996), triangulation ensures the validity of the research findings. Rossmann and Rallis (2003), argue that triangulation entails drawing from several data sources and methods. Mathison (1998) cited in Golafshani (2003), argues that triangulation has risen as an important method in the naturalistic and qualitative approaches in order to control bias and establish validity propositions to evaluation. To triangulate the study, three data collection methods were employed in the collection of data. These were in- depth interviews, questionnaire, and document analysis. In addition, the researcher collected data from many sources consisting of documents, university students, graduates, university administrators, public university loan scheme staff and documents. Finally, the study was triangulated in that it combined qualitative and quantitative approaches. This enabled the study to benefit from the strengths of two approaches.

3.9 Limitations

Few limitations were experienced in the course of conducting the study. To begin with, data on the actual number of student loan beneficiaries between 2001 and 2009 was not available at the defunct Public Universities Students Loan Trust sectoriat. This in turn negatively affected the design of the study. Alternatively, the study relied on data being found in publications and reports. The second challenge was unwillingness by people in

charge of the documents to allow the researcher to access the much needed documents attributing the reason to the sensitivity of the information. The third limitation was on identification of defunct PUSLT personnel to participate in the study since it was dissolved in 2010 (Minister of Finance Budget Statement, 2010).

3.10 Chapter Summary

The overall approach of the study was mixed method based on exploratory sequential design. Each approach used different data collection instrument which included semi-structured interview guides with open- ended questions and documentary material review for collection of qualitative data and structured questionnaire with closed- ended questions for collection of quantitative data. The sample consisted of public university students and graduates, university student loan administrators and personnel from the defunct Public University Students Loan Trust. Collection of data started with collection of qualitative data then it built into the quantitative phase. Qualitative data was analysis through phases while the quantities data was analysis through the SPSS computer package. The two data sets got integrated during analysis and discussion of the results. The study also included ethical considerations and experienced some limitations. The subsequent chapter presented data analysis and discussion of results.

CHAPTER FOUR

ANALYSIS AND DISCUSSION OF RESULTS

4.1 Chapter Overview

This chapter analyses and discusses the findings of the study. The purpose of the study was to investigate factors that affected student loan repayment in Malawi's public universities. The study purported to answer the following five research questions: (1) Apart from inability to pay, what other factors drive university students to apply for student loans? (2) How do university students get money from the student loan scheme? (3) What mechanisms are put in place by the Public Universities Students Loan Trust for it to recover student loans? (4) Why do public university graduates fail to pay back their student loans? (5) What mechanisms can be put in place if the loans are to be paid back? The chapter therefore analyses and discusses the results of the study in tandem with the order of the research questions.

4.2 Why University Students Apply for Students Loans

The purpose of the question was to find out reasons why public university students applied for student loans. In - depth interviews were conducted with public university students and graduates who were the beneficiaries of student loans and student loan administrators. In addition, a questionnaire was administered to both public university

students and graduates (beneficiaries of student loans). The study established that university students applied for student loans because of four major reasons.

The first reason was poverty. The majority of the participants interviewed (17 out of 19) indicated that the majority of university students applied for student loans because of poverty. For example, an administrator participant 1 explained that, “Some students who enrol in our public universities come from families which cannot afford to pay the contributory tuition fees. It is for this reason that they think of applying for student loans.” In support, student participant 2 stated:

The amount of money I am asked to pay as my tuition fee is too much. How can I manage to pay it considering that my parents even fail to find for a two thousand kwacha as part of my pocket money? Apart from that, my parents do struggle to find money for my transport. Moreover, the small business which they run does not have a capital equivalent to the money I am supposed to pay as my contributory tuition fee?

Furthermore, graduate participant 6 emphasised that when he got selected into the university, his parents were very delighted. However, things changed after he informed them that there was need for them to find money to enable him pay the yearly contributory tuition fees of MWK 55,000.00 (US\$392.86). Taking into account that they could not manage to find the stated amount, he decided to apply for a student loan. According to the participants, poverty was defined as inability by a household / family to meet costs of daily basic needs such as food, school fees and travel. To support what the participants said during the in –depth interviews, 84% of student respondents and 82% of graduate respondents as shown in table 1, indicated that students applied for student loans because of poverty.

Table 1: Poverty made me to apply for student loan

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Yes	50	84	95	82
No	10	16	20	18
Total	60	100%	115	100%

Table 1 reveals that many university students applied for student loans because of poverty. From what the participants said during the in –depth interviews and what the respondents indicated on a questionnaire, it could be concluded that many public university students applied for students loans because of poverty. This is in tandem with Kietav et al (2003) who noted that the majority of students in developing countries such as Latin America accessed loans because of poverty.

The second reason that made students to apply for student loans was weaknesses prevalent in student loans administration. On this, 16 out of 19 participants who were interviewed disclosed that weaknesses made some students to apply for student loans. Such weaknesses were lack of screening of student loan applicants and no follow-ups made on the loan applicants while they were still in the universities. According to the participants, these weaknesses compelled students from rich families to apply for loans even if they did not need them. Concurring with this statement, student participant 5 explained that she applied for a student loan out of her wish. She expressed that she had paid tuition fees during her first year in the university but later on, she stopped paying the tuition fees considering that student loan administration had numerous weaknesses. As a result, she decided to apply for a student loan. As a compliment, graduate participant expressing remorse said, “I had money to pay tuition fees, but I stopped because of the

way in which the student loan scheme was administered, enabling every person to easily access money from the scheme.” Against this background, she narrated that she thought of applying for a student loan. To add weight to what the participants said during the in – depth interviews, 62% and 79% of student and graduate respondents respectively indicated that university students applied for student loans because of weaknesses in student loan administration as table 2 illustrates.

Table 2: Weaknesses in student loan administration made students apply for Student Loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Strongly Agree	37	62	91	79
Agree	13	22	04	03
Disagree	03	05	09	08
Strongly Disagree	07	11	11	10
Total	60	100%	115	100%

Table 2 has shown that many university students applied for student loans because of weaknesses prevalent in the way student loans were administered.

The participants further disclosed that students who applied for student loans because of the weaknesses acted as opportunists because they knew that it would be difficult for the Public Universities students Loan Trust (PUSLT) to trace them and ask them to repay the loans. With this thinking, the participants emphasised that it could be difficult for these opportunists to pay back their student loans as they knew they would not be asked to pay back their student loans. What came out from the interviews was that lack of screening

and absence of follow-ups on student loan beneficiaries tempted some students, even the ones who had money to pay tuition fees, to apply for student loans. Concurring with this, social learning theory by Bandura (1997) stipulates that people change their behaviour because of the influence of the environment. For example, in this case, students stopped paying their tuition fees because of the weaknesses prevalent in the way student loans were administered.

The third reason was that students were afraid of losing “their money”. In this case, 17 out of 19 participants revealed that they applied for student loans because they thought that they would waste “their money” should they discover the loans were free. “Their money” according to participants, meant money students and graduates were given by either their parents/ guardians to pay the contributory tuition fees of MK25, 000 and MK55, 000 in UNIMA and at MZUNI respectively. For instance, a graduate participant 3, whose parents had money to pay for her tuition fees, explained that she applied for a student loan because she was afraid of losing “her personal money” if she discovered that the loan was not supposed to be paid back. In addition, graduate participant 7 responded:

When I enrolled in the university, my parents were giving me full amount of money for paying tuition fees but realising that my fellow students could just get the student loan forms, have them signed with their parents, the lawyer or magistrate, I asked myself as to why I should continue paying the tuition fees...this is just waste of money...then it made me to apply for the loans.

Agreeing with the participants, 73% and 77% of student and graduate respondents respectively indicated that they applied for student loans because they were afraid of losing their money as shown in figure 1.

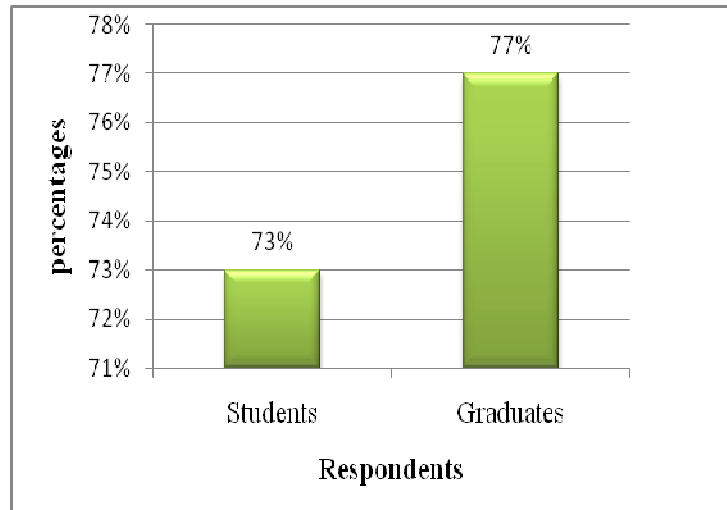


Figure 1: Students apply for Student Loans for fear of losing their money

Figure 1 revealed that university students applied for student loans because they were afraid of losing their money once they established that the loans were free. Critically analysing this, the influence of environment on university students' financial behaviour cannot be taken out of the equation. The way student loans were administered made students to speculate that the loans were free hence no need for them to be paid back. This supports the Social Learning Theory (Bandura, 1997) which posits that college students change their financial behaviour because of what is happening in their environment, which in this case is the institutional setting. With the mindset that the loans are free, it becomes impossible for the students to pay back their student loans. Therefore, it can be concluded that some university students who had the money to pay tuition fees applied for student loans out of fear that they might lose their money if they discovered that the loans were free.

Apart from the reasons stated above, students applied for student loans because they were following their friends who were benefiting from the student loan scheme. In support of

this, 13 out of 15 student and graduate participants stated that university students applied for student loans because they were following their fellow students who were getting money from the student loan scheme. For example, graduate participant 2 explained:

When I enrolled in the university, I was ready to pay my tuition fees. After all, I come from a family which is financially doing fine. However, I decided to apply for the loan because I looked at what my friends were doing. Considering that they could easily get money from the loan scheme, I too decided to get them (money).

Furthermore, student participant 3 expressed that she applied for a student loan because she was following her roommate who told her that even though she was financially well, she was getting money from the student loan scheme. In addition to this, graduate participant 1 commented:

Having seen that my college mates were getting money from the student loan scheme, I too decided to apply for them. While at the college, I could see my fellow students getting the student loan application forms, rush with student loan application forms to either the lawyer or magistrate to seek their signatures and have them rubber stamped. As a result, they could get the loans easily. Upon seeing this, I followed their example.

The participants felt that students who had applied for student loans would find it hard for them to pay back the loans once they start working as they also follow their fellow graduates who are not paying back their loans. To supplement what the participants said during the in –depth interviews, 85% of student respondents and 86 % of graduate respondents revealed that university students applied for student loans because they followed other students who applied for student loans as shown in table 3.

Table 3: I applied for a Student Loan because of following friends who were getting Student Loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Yes	51	85	98	86
No	9	15	17	14
Total	60	100%	115	100%

What came out from both the interviews and the questionnaire was that university students applied for student loans because of following their fellow students who got money from the student loan scheme. This finding is in tandem with Bandura's social learning theory (Bandura, 1997) that states that college students change their financial behaviour because of copying from their friends. According to Bandura, change in students' financial behaviour comes in due to peer pressure considering that the majority of university students enrol in the universities while they are adolescents.

In conclusion, it has been noted that public university students applied for student loans because of poverty, weaknesses in student loan administration, being afraid of losing their money and following their friends who were getting student loans. As a matter of fact, if the student loan scheme enabled many needy eligible students to access public university education, the gap between the poor and the rich regarding access to public university education would be narrowed. Apart from that, if student loans permit only needy eligible students to get money from the loan scheme, this could make the loan scheme to achieve its intended purpose of helping only needy eligible university students to access public tertiary education. However, lack of screening on loan applicants and absence of follow-ups on loan beneficiaries enabled students from rich families who were

not in need of the loans to access student loans at the expense of the needy eligible students. It also proved difficult for the Public Universities Students Loan Trust (PUSLT) to trace and track the loan beneficiaries because in some circumstances loan guarantors help the loan lending agency to trace the loan beneficiaries who in this case were the graduates who had not paid back their loans. On the absence of follow-ups by PUSLT, the repayment of the loans by graduates would be affected as graduates would feel they are done away with the loans. Apart from that, it has been established that students applied for student loans because of fear of losing their money should they discover that the loans were free. In this case, it would not be easy for the loan beneficiaries to pay back their loans as they nurture a notion that the money they got from PUSLT was not a loan but free. It has also been observed that some students applied for student loans because of following their friends who were getting the loans. With this behaviour, therefore, it would be difficult by both public university students to pay back the loans after graduating and start working due to the fact that when they were getting the loans they nurtured a notion that the loans were not supposed to be paid back.

4.3 How Public University Students get Money from Student Loan Scheme

The aim of the question was to find out how public university students get money from the national student loan scheme. The researcher had in - depth interviews with public university students, and public university graduates who benefited from student loans and student loan administrators. A questionnaire was administered to public university students and graduates who benefited from student loans.

The study disclosed that public university students got money from the National Student Loan Scheme after they had signed their loan application forms with loan guarantors. Most of the participants (18 out of 19) interviewed disclosed that before they were given student loans, they had to sign the loan application forms with the guarantors. In support, student loan administrator participant 2 revealed that one of the requirements for university students to be given student loans was a need for students to sign the loan application forms with guarantors. To shed more light on this, graduate participant 2 said, “When I got selected into the university, the Public Universities Students Loan Trust through the university sent me a loan application form which I and my guarantor duly signed.” Furthermore, student participant 5 narrated that she signed her loan application form with a loan guarantor before she was given the loan. As an extension to what the participants said during the interviews, 77% of student respondents and 74% of graduate respondents as shown in table 4 indicated that they used loan guarantors.

Table 4 used a Guarantor to access Student Loan

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Yes	46	77	85	74
No	14	23	30	26
Total	60	100%	115	100%

Table 4 shows that many students use guarantors in order for them to be given student loans. From what the participants said during the interviews and what the respondents indicated on questionnaire, it can be concluded that public university students in Malawi access student loans after they and their guarantors signed student loan application forms. The current study finding is similar to a study finding in Lesotho by Woodhall (1991) and

Shen and Ziderman (2004) in 44 government sponsored loan schemes who observed that public university student loan applicants could be given money from the student loan scheme upon having the backing from the guarantors.

On the reasons why public university students used loan guarantors, mixed responses came out from the participants. On one hand, all loan administrator participants interviewed (4 out of 4) stated that students used guarantors as a form of financial security in cases they (students) were failing to pay back their student loans. For instance, a student loan administrator participant 3 explained, “students are asked to provide loan guarantors as a form of financial security whenever they do not want to pay back their loans in future.” According to him, the guarantors would be asked to pay back the loans on behalf of the graduates. Concurring with loan administrator participant 3, administrator participant 2 observed, ‘students use loan guarantors in order for them to repay the loans whenever both students and graduates fail to pay back the loans.’ This is in agreement with Woodhall (1991) who observed that loan guarantors in Lesotho were used as surety. She noted that the reason behind was to ask the guarantors to repay the student loan in cases the guarantees (students) failed to pay back the loans.

On the contrary, 13 out of 15 student and graduate participants who were interviewed stated they used loan guarantors for them to confirm that the information they were providing to the loan trust was correct. In support of this, student participant 3 said, ‘my guarantor and I signed loan application form. In this case, the guarantor confirmed that the information I was providing to the Public Universities Students Loan Trust was

correct'. From the perspective of public university students and graduates, therefore, the loan guarantors were used to confirm that the information student loan applicants had provided to the loan lending agency was correct. With this contradiction, the conclusion that was drawn was that both students and graduates did not understand the role of their guarantors that of repaying the loan in case of default as the reasons why the graduates used them had nothing to do with loan repayment.

The study further noted that students got money from the student loan scheme after the District Commissioner (DC) of their districts of origin or the magistrate had signed their loan application forms. Most of the participants (18 out of 19) interviewed indicated that student loan applicants' loan application forms were signed either by the DC of one's district of origin or the magistrate so that they could access the student loans. An illustration of this is graduate participant 5 who said, "When I got selected into the university, I received an admission letter which was accompanied with a loan application form. As a requirement, I signed the application form through the DC of my district of origin'. Concurring with graduate participant 5, administrator participant 1 stated that students signed their loan application forms through the DC of their districts of origin or the magistrates. This shows that students signed their loan application forms through either the DC of their original districts or magistrate for them to be given student loans. In support of what the participants said during the interviews, 67% of student respondents and 74% of graduate respondents confirmed that they had their loan application forms signed with the DC of their districts of origin as table 5 illustrates.

Table 5: I signed my Loan Application Form through the DC

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Yes	40	67	85	74
No	20	33	30	26
Total	60	100%	115	100%

According to table 5, many students signed loan application forms through the District Commissioner of their districts of origin. However, all student and graduate participants interviewed (15 out of 15) said they preferred seeking the signature of the magistrate than the DC due to travel costs that could be incurred whenever one wanted to seek the signature of the DC of his/her district of origin. The participants explained that there was need for some students to cover long distances if they were to seek the signature of the DC hence encountering high travel costs. Because of this, the participants disclosed that students preferred signing the loan application forms with the magistrates. For instance, graduate participant 8 explained that during her four years of stay in the university, she had her loan application forms signed with the Magistrate and not the DC. As a compliment, student participant 2 said, “I prefer signing my loan application forms through the magistrate and not the DC.” She further said, “since my parents were working in a town very far from my district of origin, it meant I could have spent a lot of money in travelling to have my loan application form signed by the DC.” As a compliment, graduate participant 3 narrated:

Of course I wanted to have my loan application form signed by the DC of my original district. For your information, my original district is in the southern tip of Malawi but during the time I got selected into the university my parents were working in the Northern part of Malawi. Considering the issue of distance and financial implications, I decided to seek the signature and rubber stamp of the magistrate.

Concurring with graduate participant 3, student participant 5 vividly explained that she was of the view that many students preferred signing their loan application forms through the Magistrates because of distance which would cost them a lot of money. He stated that many students who were found in the universities came from parents who were employed working in different government institutions, and private sectors in the main towns and cities of Malawi. However, some of the towns and cities were situated far away from students home districts consequently, making it very expensive for the students to travel and have loan application forms signed by the DC. The general consensus among the participants was that student loan applicants preferred signing the loan application forms with the magistrate than the DC because of financial implications as some of their parents stayed far away from the districts of their origin.

Mixed responses came out as to why students signed their loan application forms with either the DC or magistrate. The majority of student and graduate participants interviewed (13 out of 15 participants) disclosed they had their loan application forms signed by the DC or magistrate for them to secure confirmation that they were the bona fide citizens of the stated districts. To support this, graduate participant 4 revealed that he signed his loan application form by the DC of district of his origin because he was aware that as far as public tertiary education in Malawi is concerned, all districts are supposed to benefit from the national student loan facility. He therefore signed his form with the DC to confirm that indeed he belonged to that particular district. In addition, student participant 1 explained:

As far as I am concerned, students signed the loan application forms with the DC or Magistrate to confirm that the information they had provided to the Public Universities Students Loan Trust was correct. In addition, signing of the application forms with the DC was a confirmation that students belonged to a mentioned particular district and that they were citizens of Malawi.'

This means that signing of loan application forms according to student and graduate participants had nothing to do with student loan repayment.

On the other hand, all student loan administrator participants (4 out of 4) disclosed that students were asked to sign their loan application forms with either the DC or the magistrate for legal backing whenever graduates did not want to repay their student loans. For instance, administrator participant 3 had this to say, 'we ask students to sign their loan application forms with the DC or the magistrate so that one day if they do not want to pay back the loans we should ask their loan guarantors to pay back student loans.' In support, administrator participant 4 revealed that students sought the signatures of DCs or magistrate for legal purposes.

As to whether the legal backing had any impact on the repayment of the loan, student loan administrators (3) disclosed that it had no impact at all. For example, administrator participant 1 only laughed and said:

Ha ha ha! My friend don't you know that the issue of student loans is full of politics. What I am saying is that there is political interference in the way the loans are administered. The moment we want to evoke any measure, we face resistance from students, graduates and most important the general public. Politicians too do not want to lose the support of the general public. Because of this, they instruct us to stop evoking any measure regarding student loans. Look at how difficult it was when we announced that tuition fee contributions in UNIMA have been hiked from MWK 25,000 (U\$ 179) to MWK 80,000 (U\$ 572.42). The communiqué was later withdrawn due to stiff resistance from the students.

From the comments made by the participants, it could be concluded that students were given student loans after signing their loan application forms with the DCs of their districts of origin or the magistrate. According to student and graduate participants, signing of application forms with the DC or magistrate was for confirmation that they were the bona fide citizens of particular districts and that the information they had provided to the PUSLT was correct. On the other hand, the student loan administrators felt that students signed their loans application forms with either the DC or magistrate for legal purposes whenever graduates did not want to repay their student loans. Basing on the reasons put forward by student and graduate participants, it would be difficult for the graduates to pay back their student loans as signing of application forms with the DC or magistrate had nothing to do with the repayment of the loans.

The study further established that student loan applicants were not interviewed for them to get student loans. In line with this, 17 out of 19 participants interviewed explained that university student loan applicants were not interviewed for them to be given student loans. For instance, administrator participant 3 indicated that they did not interview the loan applicants before they were granted student loans. As a supplement to what

administrator 3 said, student participant 1 disclosed that she was not interviewed before getting the student loan. She further said, ‘yes, I got a student loan but I was not interviewed for me to be given a student loan.’ Furthermore, graduate participant 6 explained that he did not recall a time in his four – years of stay in the university if he had ever been interviewed by the loan officials before he was given a student loan. In response, graduate participant 4 commented, ‘while in college, I knew so many friends who were getting student loans. However, that they were interviewed before they got student loans is a lie.’

To support what the participants said during the interviews, 78% of student respondents and 73% of graduate respondents showed that students were not interviewed in order to get the student loans as table 6 indicates.

Table 6: I was not interviewed before I was given a Student Loan

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Yes	47	78	84	73
No	13	22	31	27
Total	60	100%	115	100%

Table 6 reveals that a large number of student loan applicants were not interviewed before they were given student loans.

On the reason why students were not interviewed, all the participants (19 out of 19) interviewed attributed this to a large number of students who applied for student loans compared to the small number of personnel involved in the administration of the loans.

For example, graduate participant 5 explained that student loan applicants were not interviewed because of the large number of students who applied for the loans. Emphasizing a point, she said, ‘the large number of loan applicants makes it challenging for the PUSLT to interview all the students. In compliment, administrator 3 stated:

Look at the current number of students who are selected to pursue different programs in both the two public universities. Roughly each year almost 3, 500 students are enrolled in the universities. For your information, almost all students who enrol in the university want to get student loans. Do you think all these can be interviewed? If we are to interview them, it means a lot of time is going to be spent to finish the whole exercise.

In support, administrator participant 2 stated:

Look at the large number of students who apply for student loans. Currently, the overall intake for first year students in the Malawi’s two public universities is between three and four thousand. Combined with other years, the number goes beyond seven thousand. I don’t think it is possible for us to interview all student loan applicants.

This tells us that students were not interviewed because of the large number of student loan applicants compared with the smaller number of officials involved in administration of student loans.

In a nutshell, public university students got money from the student loan scheme by signing the loan application forms with the loan guarantors and the District Commissioner of their districts of origin or the magistrate. From the perspective of administrators, students signed loan application forms with loan guarantors, the DC or magistrate as a form of financial security in case the students did not want to pay back the money they got from the loan scheme. From the perspective of students and graduates,

loan applicants signed their loan application forms with guarantors, DC or magistrate to confirm that the information they had provided was correct and that they were bonafide citizens of mentioned districts. With this contradiction, the recovery and repayment of student loans would be affected since the beneficiaries' reason had nothing to do with the repayment of the loan. Last but not least, student loan applicants were not interviewed before they were given student loans due to the large number of loan applicants as compared to the smaller number of student loan administration personnel. However, not interviewing loan applicants would enable students from rich families to get the loans even if they did not need them and the purpose behind the establishment of the Loan Scheme, which is of helping needy eligible students to access public tertiary education, would be defeated if students from rich families accessed the loans.

4.4 Mechanisms for Recovering Student Loans

The purpose of this question was to find out the mechanisms that were put in place by the Public Universities Students Loan Trust (PUSLT) for it to recover student loans from graduates. The researcher conducted in-depth interviews with student loan administrators, public university students and graduates who benefited from the loans. In addition, a questionnaire was administered to public university students and graduates who were the beneficiaries of student loans. Data collected through qualitative and quantitative approaches was supplemented with reviewing of documents. The study established that there were three student loan recovery mechanisms that were put in place by PUSLT.

The first recovery mechanism was that of not allowing graduates who had not paid back their student loans to go to overseas countries either to seek employment or pursue studies. The administrators interviewed (4 out of 4) stated that PUSLT did not allow graduates who had not finished repaying their student loans to go abroad. For example, administrator participant 2 explained, 'For us to recover the loans from the graduates, we do not allow those graduates who have not completed paying back their loans to go abroad.' Asked how graduates who had not finished paying back their student loans were prevented from going abroad, all the administrators (4 out of 4 participants) did not come up with a precise answer. In response, administrator participant 1 only said, 'That is one of the mechanisms we have been using.' However, 14 out of 15 student and graduate participants indicated that they were not aware of this recovery mechanism. For example, graduate participant 3 bitterly said that he was not aware that the Public Universities Student Loan (PUSLT) Trust did not allow those graduates who had not finished repaying their student loans to go abroad as a recovery mechanism. As a compliment, student participant 4 explained, 'I am not aware that one of the student loan recovery mechanism employed by PUSLT is not to allow graduates who have not repaid their loans to go abroad.' As a compliment, graduate participant 7 pursuing post graduate education studies at one of the European universities explained that he had not finished paying back his student loan. In addition, he stated that he was not prevented from going abroad. He also narrated that he knew graduates who took student loans but were allowed to go abroad to pursue further studies.

As to whether this mechanism was resulting into the recovery of student loans from the graduates, all participants interviewed (19 out of 19) emphasised that the mechanism did not result in the recovery of the loans. For example, graduate participant 3 said, ‘I am one of the graduates who benefited from the student loans. I was not denied a permit to go to one of the overseas countries to pursue a Master’s Degree. To me this shows that the mechanism is not working.’ As a compliment, graduate participant 8 stated that he knew many graduates who benefited from student loans but had never been denied permit to go abroad. These statements showed that not allowing graduates who had not paid back their student loans to go abroad as a recovery mechanism was not working. The participants attributed this to a failure by PUSLT to work hand in hand with other stakeholders involved in issues of migration. To support what the participants said during the in – depth interviews, 71% and 75% of student and graduate respondents respectively indicated that they were not aware that not allowing graduates who had not paid back their student loans was one of the loan recovery mechanisms as table 7 illustrates.

Table 7: I am aware that Graduates who have not repaid student loans are not allowed to go abroad

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Yes	17	29	29	25
No	43	71	86	75
Total	60	100%	115	100%

Table 7 shows that graduates were not aware that not allowing graduates who had not paid their student loans to go abroad was a recovery mechanism. Graduates not being aware of student loan recovery mechanisms would make them think that they are safe

hence cannot be asked to repay student loans. The observation made by the participants was that this problem cropped in because PUSLT did not work hand in hand with other stakeholders such as Department of Immigration, Airports and so on who dealt with issues of migration of graduates to other countries. Without this, it would be very difficult for the PUSLT to know the graduates who intended to go abroad.

The second recovery mechanism was asking students and their guarantors to sign the loan application forms. This signing was a form financial security in that it would be a basis for persecuting both the loan beneficiaries and the guarantors. Most administrator participants interviewed (3 out of 4) stated that for the loans to be recovered, students and their respective loan guarantors had to sign the loan application forms. For example, administrator participant 3 expressed that the Public Universities Students Loan Trust required students and their guarantors to sign the application forms. He further stated that the good thing was that most of these guarantors were the students' parents. Based on this, the participants observed that it could be very easy for the loans to be paid back had it been that PUSLT was pressuring the graduates to repay the loans. This would be due to the fact that parents would play a persuasive role asking the graduates to honour the loans.

On the part of the students and graduates, most student and graduate participants interviewed (13 out of 15) explained that they knew that the use of loan guarantors was for them to secure loan and not for recovering the loans. For instance, student participant 4 said, 'My guarantor and I signed the loan application forms as one way of fulfilling the

requirements of accessing the loans, but I am not aware that it was a recovery mechanism.’ In compliment, graduate participant 3 stated that he was not aware if use of guarantors was a loan recovery mechanism. As a complement to what student and graduate participants said during the interviews, 74% of student respondents and 68% of graduate respondents disclosed that they were not aware that signing of the loan application forms with the guarantors was a recovery mechanism as indicated in table 8.

Table 8: Use of Guarantors is a Loan Recovery Mechanism

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Yes	15	26	37	32
No	45	74	78	68
Total	60	100%	115	100%

Table 8 indicates that many students and graduates did not know that signing of the loan application forms, by them and their guarantors, was a loan recovery mechanism. As a result, it would be difficult for the graduates to pay back their student loans because their signing of student loan application forms had nothing to do with the repayment of student loans. Argument by students and graduates that use of guarantors had nothing to do with the repayment of the loans contradicts a finding in Mongolia by LaRocque and Yee (2004) who observed that guarantors took the responsibility of repaying the loans where students failed to do so. Similarly, in Ghana (Salmi, 2003) concluded that guarantors whose graduates faced prolonged unemployment paid back student loans.

As to whether the mechanism was effective, administrator participant 2 said, ‘asking guarantors to pay the loans is a challenge because not all guarantors can afford to find money.’ He stated that indeed there were some guarantors who could manage to pay back

student loans. According to him, these guarantors were the ones doing business or being employed in different areas such as the Public Civil Service, the Private Sectors, Non-Governmental Organisations and so on. However, the participants made an observation that the purpose behind the establishment of student loans was to assist students from poor families pay tuition fees hence access public university education. The participants expressed a concern that loan repayment would not be possible where the loan applicants had used guarantors who were poor. For example, administrator participant 3 complained that some university students and graduates who took loans while in the university were coming from poor families but they used their parents as loan guarantors. In addition, he explained that the problem was on the Public Universities Students Loan Trust expecting the very same poor parents to come forward and repay the loans on behalf of the graduates who do not want to honour their loans.

The third loan recovery mechanism was a need for the graduates to voluntarily start repaying their loans after they have worked for six months upon securing employment. In support of this, 3 out of 4 loan administrator participants interviewed revealed that one of the loan recovery mechanisms was voluntary repayment of the loan by both graduates and guarantors. For example, administrator participant 3 stated that the Public University student Loan Trust required graduates and guarantors to voluntarily pay back their student loans. However, the participants felt that for this mechanism to work there should be goodwill by the graduates and guarantors to feel that they have an obligation to pay back their loans. However, critically analysing the mechanism it seems that it could only work if both students and graduates were motivated to pay back their loans. Without this

motivation, the researcher feels that the loan cannot be paid back. The researcher's observation is in line with the Social Learning Theory (Bandura, 1977) which argues that students are motivated to perform a financial function, which in this case is the repayment of student loan, if they are motivated to do so. Therefore, where there is no motivation, it would be very difficult for both the students and graduates to pay back student loans.

Asked if they were aware that voluntary repayment of the loan was a recovery mechanism, 13 out of 15 student and graduate participants interviewed expressed ignorance that voluntary repayment of the loan was a recovery mechanism. Supporting what the student and graduate participants elaborated, 71% and 81% of student and graduate respondents respectively indicated that they did not know that voluntary repayment of student loan was a recovery mechanism as specified by table 9.

Table 9: I know that voluntary repayment of student loan is a recovery mechanism

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Yes	17	29	22	19
No	41	71	93	81
Total	60	100%	115	100%

Table 9 indicates that many students and graduates were not aware that there was a voluntary repayment of student loan as a recovery mechanism. In short, it can be said that many students and graduates were not aware of these recovery mechanisms. They attributed that the loans were not fully promoted. As such, they relaxed to pay back their student loans.

In summary, the study has established that not allowing those graduates who had not finished paying back their loans to go abroad, asking students and graduates to sign their loan application forms with guarantors and voluntary loan repayment were student loan recovery mechanisms put in place by the Public Universities Students Loan Trust. Common to all the recovery mechanisms was that students and graduates were not aware of the mechanisms.

4.5 Factors that make Public University Graduates fail to pay back Student Loans

This question intended to find out the factors that caused public university graduates in Malawi fail to settle up their student loans. To answer the question, the researcher conducted in – depth interviews with student loan administrators, public university students and graduates who benefited from student loan scheme. A questionnaire was administered to both public university students and graduates who were the beneficiaries of student loans. The study established thirteen factors that made graduates fail to pay back their student loans.

4.5.1 Lack of loan repayment details

Almost all the participants interviewed (18 out of 19) disclosed that graduates failed to pay back student loans because they did not have loan repayment details such as bank account, location of offices handling student loans, contact details and so on. This made it difficult to those graduates who had money and willingly wanted to repay the loan as they did not know how to go about for them to make loan repayments. To support this, graduate participant 4 complained, ‘Indeed I receive low monthly salary. However, if I

had money and wanted to pay back my student loan I don't think I could have done so because I do not have the loan repayment details'. As a compliment, graduate participant 6 working in the private sector decried that he felt it was very important for him to pay back his student loan so that other needy eligible university students should benefit from the loans hence access public tertiary education. However, the problem was that he did not have the loan repayment details. Furthermore, graduate participant 4 found in his office, in a good mood and seated on a swing chair challenged:

Of course I know that the loan I got while in the university ought to be paid back. Now it is my obligation to pay back the loan. In addition, the money I owe PUSLT is too little compare to what some of us receive per month. Right now if officials from PUSLT are to come to my office I am willing to pay back my student loan because I can just rush and collect a hundred thousand kwacha I owe them and have the chapter closed. However, the problem is that I don't have details on loan repayment.

From what the participants said, it means that graduates with money failed to pay back their student loans because they did not have the loan repayment details. Without these details, the participants expressed that they were not motivated to repay their student loans since they knew it would be difficult for them to be notified that they have indeed paid back their loans and that in future they will not be asked to pay back the loans. This supports the Social Learning Theory which stipulates that people perform a function which in this case is loan repayment only if they are motivated or there is an incentive to do so (Bandura, 1997). Supplementing what the participants said during the interviews, 74% of student respondents and 82% of graduate respondents indicated that graduates fail to pay back their student loans because they do not have student loan repayment details as shown in figure 2.

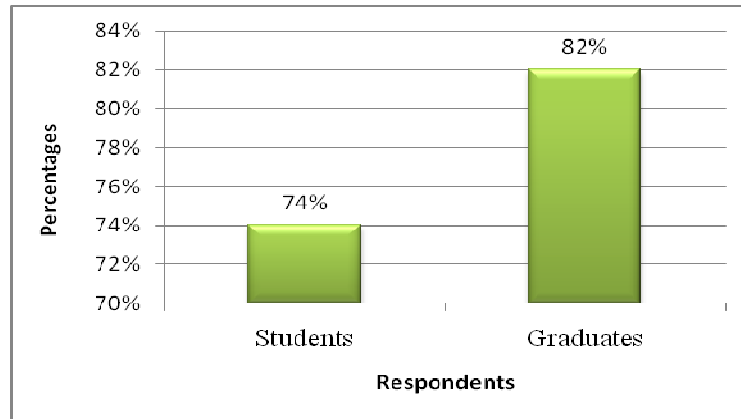


Figure 2: Lack of Loan Repayment details make Graduates fail to repay Student Loans

Figure 2 has disclosed that graduates who had money and those willing to pay back their student loans had failed to repay the loans because they did not have the loan repayment details.

4.5.2 Lack of well-established student Loan administration structures in colleges

Most participants interviewed (16 out of 19) felt that graduates did not pay back their student loans due to lack of well-established structures for handling student loan administrative issues in colleges. In other words, participants felt that there were no student loan scheme structures especially at college level. The participants felt that student loan administration was just incorporated in the already existing college / university administration structures. As a result, the participants felt that student loan administration was not accorded enough seriousness. Against this background, both students and graduates found it difficult to access some information regarding to their loans. An example of such information was how much money a person was supposed to pay back, loan repayment account, and contact details of people handling the loans

especially at the Public University Student Loan Trust secretariat and so on. For instance, student participant 3 stated that graduates were failing to pay back their student loans because in colleges there were not well established structures for handling student loans. In support, graduate participant 8 decried that incorporating student loans in the college administrative structures made it difficult for students to access the much needed information pertaining to their student loans.

To support what the participants said during the interviews, 67% and 72% of student and graduate respondents respectively as shown in table 10 indicated that graduates failed to repay their student loans due to lack of well-established structures.

Table 10: Lack of well-established structures in colleges makes Graduates not pay back student loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Strongly Agree	38	64	69	60
Agree	08	13	14	12
Disagree	09	15	13	11
Strongly Disagree	05	08	19	17
Total	60	100%	115	100%

Table 10 shows that many graduates failed to pay back their student loans because of lack of well-established structures for handling student loans at college level.

4.5.3 Failure by Public University Students Loan Trust (PUSLT) to trace and track Graduates

The majority of the participants (17 out of 19) interviewed revealed that graduates had not paid back student loans because PUSLT did not have the capacity to trace and track the graduates who benefited from students loans and had not yet paid them back. They challenged that the loan lending agency did not have the names as well as the contact details of the graduates. As a compliment, administrator 3 explained that indeed the loan lending agency was failing to trace the graduates. He stated that it was against this background that the graduates were not responding to a call to pay back their student loans taking advantage that they could not be traced. In addition, graduate participant 7 challenged:

Graduates are failing to repay their student loans because they know they cannot be traced. The reason is that the PUSLT does not have the names and contact details of the loan beneficiaries. If you don't believe in what I am telling you, I am ready to show one of the copies our employer has just received. In it, the loan lending agency is requesting the employer to furnish it with names of its employees, stating their qualifications, name of the institution they got their university education and year they obtained the university qualifications. To me this is a clear sign that PUSLT is failing to trace the graduates.

As to how PUSLT was failing to trace the graduates, the administrators vehemently said this problem comes in because of breakdown of communication once the graduates leave the universities. For instance, administrator 2 said, "When graduates leave the universities, no communication link is established. Once the graduates leave the universities, they start using different communication links". The same problem was noted in the Philippines where Kitaev et al (2003) found that graduates' failure to repay student loans was due to the loan lending agency inability to trace them. Similarly,

Johnstone (2003) noted that in Sub-Saharan Africa excluding Malawi student loan non – repayment was due to the graduates’ mobility which resulted in them not being traced.

4.5.4 Weak legal system to support loan collection and recovery

Most participants (15 out of 19) interviewed felt that student loans in Malawi under the PUSLT were not backed up with a strong legal system which could result into student loans recovery from the beneficiaries who happened to be graduates and / or co-signatories. With this in place, the graduates felt that they could not be brought to book if they had not paid back their student loans. For example, graduate participants 3 and 5 concurring with each other stated that one of the areas that made the legal system to be weak was through change of responsibility as regards to who should be administering the student loan scheme. They explained that this has legal implications since the signing of the loan contract was an agreement made between two parties that is the lender and the borrower. As a compliment, student participant 2 in his views said:

Somehow I feel change of student loan administrators has got a bearing as to why graduates are not paying back their student loans. Initially, student loans were in the hands of the PUSLT. In 2010 the government directed that student loans be administered by MSB. The implication of this is that all the loan agreements which were made by PUSLT become not binding. I think graduates take advantage of this.

Graduate participant 5 further explained that the legal backing of student loans in Malawi was weak. Because of this, people (graduates) decided not to pay back their student loans knowing that they could not be prosecuted. In addition, administrator participants stated that a weak legal system compelled them not to be motivated hunting for the graduates who were not coming forward to pay back their loans since they knew they could be

challenged by the loan borrowers. In support of what the participants said during the interviews, 68% and 72% of student and graduate respondents respectively indicated that student loans in Malawi were backed up with a weak legal system (refer Table 11).

Table 11: Weak Legal System makes Graduates not repay Student Loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Strongly Agree	32	53	70	60.8
Agree	09	15	16	14
Disagree	12	20	11	10
Strongly Disagree	07	12	18	16
Total	60	100%	115	100%

In line with this finding, Johnstone (2004) in his study in Sub –Saharan Africa excluding Malawi found that graduates were not paying back their student loans because of a weak legal context for pursuing the loan borrowers or co –signatories involved in loan default. The same problem was noted by Johnstone and Marcucci (2010) in the low and middle income countries.

4.5.5 Lack of seriousness in Student Loan Scheme administration

Many participants (15 out of 19) interviewed felt that graduates were failing to pay back their student loans because there was no seriousness pertaining to the way the student loan scheme was administered. In support of this, graduate participant 6 lamented that the officials involved in the administration of the loans did not demonstrate seriousness in order for the students to regard the money they were given as loans hence thought of not paying it back. In compliment, graduate participant 2 who during the time of the interviews was a PhD student said:

To me graduates are failing to pay back their student loans because of the way the student loans were administered. No seriousness was portrayed by the officials in the way the loans were disbursed to the loan beneficiaries. In other words, the administration of the student loans was too casual because the officials lacked commitment in execution of their duties when administering student loans. This made some of us to start thinking that may be on paper the money were loans but practically they were not loans. It is because of this that we find it difficult to repay our student loans.

From an economic point of view, the participants explained that almost all commercial bank loans which lack seriousness by its administrators register high default rates. For example, a graduate participant 3 emphasised:

Look! Here in Malawi, since time in memorial, the government has had been setting up different loan schemes such as MRFC, YEDEF. Because there was no seriousness in the way the administrators were executing their duties, the loan beneficiaries had speculated that the loans were not supposed to be paid back. It is due to this that the loan schemes have registered high default rates. As I am talking, some are defunct

In support of what the participants said during the interviews, 78% and 72% of student and graduate respondents respectively indicated that graduates fail to pay back their student loans because of lack of seriousness in the way the student loans were administered as illustrated by table 12.

Table 12: Lack of Seriousness in Administering Loans makes Graduates not pay back their Student Loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Strongly Agree	39	65	69	60
Agree	08	13	14	12
Disagree	09	15	13	11
Strongly Disagree	04	07	19	17
Total	60	100%	115	100%

Table 12 has revealed that graduates failed to pay back their student loans because of lack of seriousness pertaining to the way student loans were administered. This made both students and graduates to speculate that may be the loans were just free. As a result, they were not motivated to pay back their student loans. This is in line with the Social Learning Theory that argues that people perform a function if they are motivated to do it. In this case, the function is the repayment of student loans.

4.5.6 Low monthly salaries

Most participants (17 out of 19) interviewed stated that public university graduates especially those working in the Public Civil Service had failed to repay their student loans because they were earning low monthly salaries. In response, graduate participant 6 narrated, 'The monthly salary I get is just for my survival. Let me not mince words. What I can tell you is that the salary I receive is just a peanut regardless the fact that I am a graduate. I even fail to meet the costs of all my basic needs.' As a compliment, graduate participant 2 stated:

Some of us took loans from the Public Universities Student Loan Trust with expectation that we would pay them back when we start working. However, the problem is that we are failing to do so because we receive low salaries. How do people expect us to pay back the student loans with the low salaries we receive? With the same amount I have to pay my house rent, buy food, groceries, pay transport, water and ESCOM bills, fees for my children ;and siblings and meet other expenses. At the end of the day.....I find myself left with nothing in my pocket.

In addition, student participant 1 lamented that he had a brother who was a university graduate and happened to benefit from a student loan scheme. He decried that the salary

his brother received per month was not enough to help him settle up his student loan. Furthermore, administrator participant 3 revealed that, ‘Some graduates particularly those working in government failed to repay their student loans because they were getting low monthly salaries.’ In support of what the participants said during the in –depth interviews, 78% of student respondents and 72% of graduate participants as shown in table 13 indicated that low salaries made public graduates fail to pay back student loans.

Table 13: Low Monthly Salaries make Graduates not repay Student Loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Strongly Agree	38	64	69	60
Agree	08	14	14	12
Disagree	09	15	13	11
Strongly Disagree	04	07	19	17
Total	60	100%	115	100%

Because of low monthly salaries, participants emphasised that it was difficult for the graduates to set aside part of their salaries and service the student loans. However, the impact of low salaries on student loan repayment was not felt among graduates who were self-employed and / or were working in the private sector such as non- governmental organisations (NGOs), faith based organisations (FBOs) and institutions of higher learning. For instance, graduate participant 9 explained that he was willing to pay back the money he got from the student loan scheme. In agreement with him, graduate participant 3 said, “Some of us owe the Public Universities Students Loan Trust money. We would like to pay back the money but we do not even know where to pay the money as well as the person who handles the repayments. Concurring with graduate participants 9 and 3, administrator participant 2 observed, “Not all graduates receive low salaries. What I know is that some graduates receive a lot of money which may enable them pay

back the money they got from Public Universities Students Loan Trust.’’ Argument that graduates in Malawi fail to pay back their student loans because of low monthly salaries they receive agrees with the study finding by Ziderman (2004) in the five Asian countries of China, Hong Kong SAR, Republic of Korea, Philippines and Thailand who concluded that some graduates did not repay student loans because of the low monthly incomes they were getting.

4.5.7 Graduates not being aware of other graduates who had paid back their loans

Most participants (18 out of 19) interviewed explained that graduates did not repay their student loans because they were unaware of graduates who had repaid their student loans. For instance, graduate participant 5 explained, ‘Many people took student loans while were in the university. Since I started working, I have never heard of anyone who had paid back their student loans. As such, I had to conclude that student loans are not supposed to be paid back.’ Furthermore, student participant 2 disclosed:

Through social networking, the media and newspapers we have been told that graduates who got student loans are not paying back the loans. The Public Universities Students Loan Trust had issued numerous press releases calling graduates to come forward and pay back their student loans. It had threatened that any graduate, who by 31st December, 2010 could not repay his or her student loan, would face legal action. To me this is a justification that people are not paying back their student loans.

To add more weight to what the participants said during the in –depth interviews, 68% and 72% of student and graduate respondents respectively indicated that graduates failed to pay back their student loans because they did not have knowledge on other graduates who had paid back student loans (refer table 14).

Table 14: Not being aware of Graduates who have paid back Student Loans makes graduates fail to repay their Student Loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
<i>Strongly Agree</i>	32	53	70	60.8
<i>Agree</i>	09	15	16	14
<i>Disagree</i>	12	20	11	10
<i>Strongly Disagree</i>	07	12	18	16
Total	60	100%	115	100%

Table 14 has revealed that graduates failed to repay their student loans because they were not aware of other graduates who had paid back their student loans. However, if graduates who had not repaid their loans were aware of other graduates who had paid back their loans they would be motivated to repay their student loans. This knowledge would enable the graduates to realise the importance of paying back their loans. The current study's finding is in tandem with Bandura's Social Learning Theory (Bandura, 1997) which stipulates that people change their financial behaviour whenever they learn through the media that others are not repaying the loans.

4.5.8 Huge responsibility

Huge responsibility was the other factor that prevented the graduates from paying their student loans. Most participants (17 out of 19) interviewed complained they had not paid their student loans because they had huge responsibilities. For example, student participant 4 disclosed that the moment graduates start working they inherit a chain of responsibilities starting with his or her own family, parents, siblings, uncles, aunts and other relatives. In response, graduate participant 1 complained, "Some of us inherited responsibility of taking care of our sisters and brother way back when we were in the

universities. We would go out and do part-time works such as teaching at a Private Institution just to raise some money so that we take care of our sisters and brothers.” In agreement, graduate 2 complained:

I have a lot of responsibilities. I take care of many people. All my relatives look at me whenever they are in problems. Right now I take care of six people who are residing in my house. Some of them are my nieces and nephews. What happens is that all the money I receive as my monthly salary is spent on buying food so that I take care of these people. Currently, I am planning to buy four bags of maize just to make the days keep on going.

In addition, graduate participant 6 bitterly complained that when the time was about to be month- end she would start receiving phone calls from her relatives requesting her to send them some money. This trend continued till the day she could get her monthly salary. She also stated that she could be left without any money in her hands because of need for her to assist her relatives. Furthermore, student participant 3 without mincing words said:

Graduates especially those in the Public Civil Service find it difficult to repay the student loans because they have a lot of responsibilities. For your information, there are some students who have not yet graduated but have a lot of responsibilities. During the holidays they do piece meal works just to support their brothers and sisters. So do you expect these graduates to pay back their student loans once they graduate and start working?

The participants indicated that huge responsibilities combined with the low salaries made it difficult for graduates especially those from poor families to repay their student loans because they happened to be the only bread winners. As such, they stated that it was difficult for them to set aside part of the money and service their student loans. As an extension to what the participants elaborated during the interviews, 68% of student and 72% of graduate respondents respectively as illustrated in table 15 indicated that one of

the reasons why graduates had not paid back their student loans were huge responsibilities.

Table 15: Huge Responsibility makes Graduates not pay back Student Loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Strongly Agree	32	53	70	60.8
Agree	09	15	16	14
Disagree	12	20	11	10
Strongly Disagree	07	12	18	16
Total	60	100%	115	100%

Table 15 has shown that graduates failed to pay back their student loans because of huge responsibilities they had. In this case, if the graduates had low responsibilities, they would have been servicing their student loans. However, the high dependency ratio that is graduates financially supporting many people made graduates find it difficult to pay back their student loans.

4.5.9 Unemployment

Most participants (16 out of 19) interviewed indicated that some graduates were failing to pay back their student loans because they were not employed. The participants further lamented that in the past it was automatic that the moment one left the university with ‘a paper’, it was not a problem for him or her to find employment. For instance, administrator 3 stated that during the seventies up to the nineties some lucky graduates could secure jobs before their results were out. He further stated that some graduates would find employment through attachments while they were still in the universities. Concurring with graduate participant 3, graduate participant 2 said that indeed in the past graduates did not have any problem to secure employment because the demand for

graduates in the work places was extremely very high since the universities were producing very few graduates. In addition, student participant 4 complained that some graduates failed to find employment because the demand for the graduates is very low as many people with university degrees have flooded the job market. As such, it takes more than a year or two for a person to find employment. In support, graduate participant 6 explained:

For your information, I graduated in 2010 hoping to secure employment after staying at home for three or four months but months.... have now turned into years. I don't know when I will find a job. What pains me most is that I have a Bachelors Degree in Environmental Health. While in the university I was thinking that it would just take me two to three months to join the Ministry of Health but now. I do not think I will be able to pay back my student loan.

What is coming out from the statement by the participants is that some graduates did not repay their student loans because they were not employed.

On prevalence of the problem of unemployment in Malawi, Kadzamira (2003) noted a 20% and a 50% unemployment rate among the 1980 and 1990 university cohorts respectively. Looking at the trend of unemployment, it is observed that the problem had been existent in Malawi's public universities for a long period of time and had been increasing. NESP (2008) in section 4.5 (vii) concedes that unemployment is being experienced among Malawi's public university graduates. The finding that unemployment in Malawi makes graduates fail to repay their student loans was also noted by Johnstone (2003) among graduates in Sub – Sahara African countries of Ethiopia, Kenya, Tanzania, Uganda, Mozambique, Botswana, South Africa, Ghana, Nigeria and Burkina Faso. Similarly, Woodhall (2004) in her study in both low and

middle income countries concluded that a failure by graduates to pay back their student loans was due to unemployment. This further confirms Mussa (2013) who noted that 9.8 percent was the unemployment rate among tertiary graduates in Malawi.

4.5.10 Feeling public university education be provided freely to citizenry

Most participants (15 out of 19) interviewed stated that graduates failed to pay back their student loans because they felt public university education was free public good hence no need to ask the beneficiaries to pay for it. For instance, student participant 3 said, “Considering the fact that in the past public university education had been provided freely to the citizens, I think it is totally wrong asking some people to pay part of the costs of public university education”. Furthermore, graduate participant 1 explained:

It would be very wrong for the PUSLT to ask us pay part of their tuition fees. There are many people holding big positions be it in the Public Civil Service, NGOs and Private Sector who benefited from public university education but did not meet part of the expenses of their university education. Is it fair for us paying part of the tuition fees?

This statement shows that some graduates do not want to pay their student loans because they feel public university education has to be provided freely. As an extension to what the participants said, 72% of student respondents and 63% of graduate respondents indicated that graduates were failing to pay back their student loans because of thinking that public university education ought to be provided freely. Figure 3 is a reference to this thought.

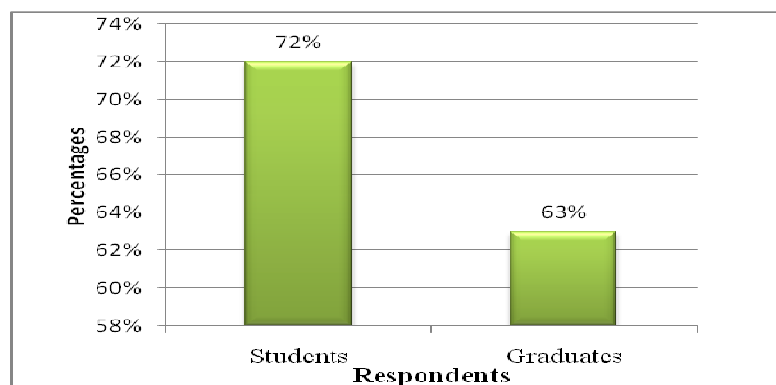


Figure 3: Public University Education be provided freely

The current study finding is in tandem with Johnstone (2004) who noted that in most European governments, students resisted student loans with an idea that public university education has to be provided to citizens on free charge. A similar problem was reported in Sub – Saharan Africa (excluding Malawi) by Johnstone (2004). He observed that students’ resistance to student loans was embedded in Marxist ideologies and corresponding view that public university education has to be provided free of charge because it is a public good.

4.5. 11 Lack of saving culture

The majority of the participants who were interviewed (16 out of 19) explained that graduates failed to pay back their student loans because they lacked money saving skills. As such, they were unable to save part of their monthly incomes which they could have used to service their student loans. For example, graduate participant 7 explained that for a person to make savings there is need for him or her to have adequate salary or income without which it would be very difficult to make savings as all the money is used to meet other expenses such as payment of student loans. However, some participants expressed that making savings does not require a person to have adequate money but determination.

In support, graduate participant 3 explained:

What surprises me, is when people say they fail to pay back their student loans because of saying they cannot make some savings. How come the very same people manage to save money whenever they intend to do personal developmental projects such as building personal houses, buying cars and pursuing further studies such Masters Degrees which cost millions of Malawian kwacha. I know some people we were together doing a Bachelor Degree in Education. Having worked for one year, they decided to go back to school to pursue studies in other fields. They had to pay tuition fees using money from their pockets. The issue here is that graduates are not determined to save part of their salaries and pay back their student loans.

To support what the participants said during the interviews, 79% of student respondents and 63% of graduate respondents indicated that graduates failed to pay back their student loans because they lacked a saving culture as indicated by figure 4.

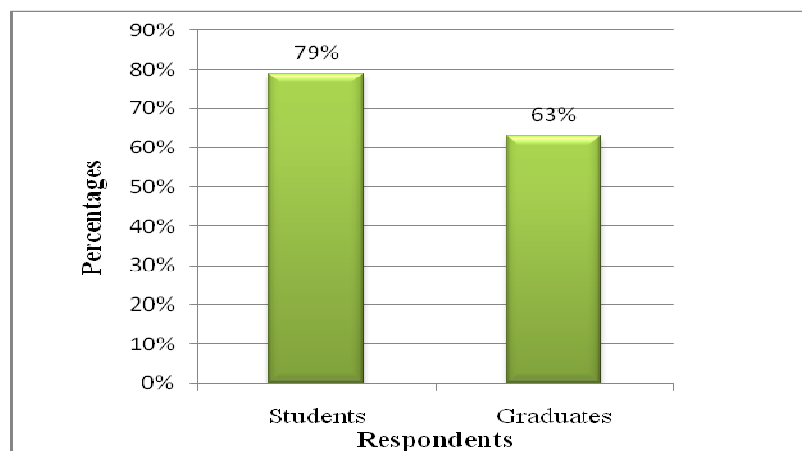


Figure 4: Lack of Saving Culture

Figure 4.4 has shown that many graduates did not pay back their student loans because they lacked saving culture. This finding is in tandem with a World Bank (2008) which noted that graduates in Romania did not pay back their student loans because they lacked a saving culture.

4.5.12 Change of professional career

Most participants (14 out of 19) interviewed explained that some graduates had not paid back their student loans because they had changed their professional careers. The participants registered their worry that of late it had become a norm by some graduates who instead of looking for employment once they leave the universities go back to different universities in order for them to pursue further studies such as Masters Degrees or First degrees totally different from the ones they did when they were getting student loans. The aim behind was to enable them secure employment in the fields deemed to be rewarding to them. Upon finishing the studies, they secure employment using the new papers they had obtained. Having pursued these studies without getting student loans, it becomes so difficult for the students to pay back their loans because they know the papers they are using were obtained not through student loans hence making it difficult for the PUSLT to trace them and recover the loans. Graduate participant 5 explained:

There are some of my friends we were together in the university. Upon graduating, some of us decided to join the Public Civil Service since were anxious to start working and getting salaries. However, some of our friends switched on to other colleges to do other First Degrees in fields such as Law. Fortunate enough, these people paid tuition fees without using student loans. As I am talking, they are using these papers hence making it difficult to know that these people took the student loans.

In support, 70% of student respondents and 76% of graduate respondents as shown in table 16 revealed that graduates fail to pay back their student loans because of change of professional career.

Table 16: Change of Professional Career makes Graduates not repay Student Loans

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Strongly Agree	32	53	71	62
Agree	10	17	16	14
Disagree	11	18	11	10
Strongly Disagree	07	12	17	14
Total	60	100%	115	100%

Table 16 has shown that change of professional career by graduates contributes to failure by graduates to pay back their student loans as graduates who benefited from the student loans start using the second university qualifications. The researcher is of the view that this is the case particularly for graduates who use their first degrees to get enrolled in fields that are deemed well-paying to them. However, they pay tuition fees digging from their pockets. Upon graduating, the graduates leave the universities and secure employment using these acquired papers.

4.5.13 Taking advantage their guarantors cannot be asked to repay the loans

As a last factor, most participants who were interviewed (15 out of 19) stated that graduates student loans because they knew that their student loan guarantors could not be asked to pay back their student loans because they had a conviction that like them their loan guarantors could not be traced and tracked by the Public Universities Loan Trust due to unavailability of data by the loan lending agency. With this thinking, graduates felt either themselves or the loan guarantors were safe and could not be pushed by the Public University Students Loan Trust (PUSLT) to repay student loans. For example, graduate participant 4 said, ‘I am failing to pay back my student loan because I know my guarantor cannot be forced to repay the loan on my behalf.’ Student participant 1 added that he felt

that graduates failed to pay back their student loans because they knew that their guarantors were on a safe side. As a result, they felt that their guarantors could not be forced to repay their student loans. This finding contradicts Ziderman (2004) who noted that the loan guarantors in the five Asian countries of China, Hong Kong SAR, Republic of Korea, Philippines and Thailand could pay back student loans on behalf of their guarantees. Critically, one sees that graduates look at their guarantors who happen to be their parents as role models as regards to repayment of student loans. With this in mind, graduates copy the behaviour of their role models that is not of paying back student loans. This is in tandem with the Social Learning Theory (Bandura, 1997) that stipulates that people change behaviour upon copying what their role models are doing. It would therefore be very difficult for graduates to pay back the loans if their guarantors were not showing willingness to have the loans paid.

In summary, the study has established that public university graduates had not paid back their student loans because of lack of loan repayment details, lack of well-established loan administration structures in universities/ colleges, failure to track and trace graduates, weak legal system to support loan collection and recovery, lack of seriousness in loan administration, low monthly salaries, graduates not aware of graduates who have repaid their loans, huge responsibilities, unemployment, feeling that public university education be provided freely, lack of saving culture, change of professional career and taking advantage that their guarantors cannot be asked to repay student loans.

4.6 Mechanisms for Improving Student Loan Repayments

This question intended to explore mechanisms that should be put in place if student loan repayments in Malawi were to improve. To answer the question, in -depth interviews were conducted with student loan administrators, public university students and graduates who benefited from student loans. In addition, a questionnaire was administered to both public university students and graduates. The study noted that there were six loan recovery mechanisms that could improve student loan repayments.

The first mechanism was rigorous screening of student loan applicants. As stated by 18 out of 19 participants who were interviewed, student loan repayments in Malawi could improve if the loan applicants were to be screened rigorously. For example, administrator participant 2 explained that rigorous screening of loan applicants was vital towards the repayment of student loans. In support, graduate participant 3 said, ‘Repayment of student loans would improve by screening the loan applicants rigorously.’ The participants felt that rigorous screening of applicants would result in only needy eligible students benefit from the national loan scheme. In support, 70% of student respondents and 76% of graduate respondents indicated that rigorous screening of student loan applicants could result in improved student loan repayments as illustrated by table 17.

Table 17: Screening of Loan Applicants can result in improved Loan Repayments

Responses	Students		Graduates	
	Frequency	Percentages	Frequency	Percentages
Strongly Agree	32	53	71	62
Agree	10	17	16	14
Disagree	11	18	11	10
Strongly Disagree	07	12	17	14
Total	60	100%	115	100%

Table 17 has shown that the repayment of student loans can improve through rigorous screening of student loan applicants. The current study finding is similar to the Philippines study finding by Salmi (2003) which noted that rigorous screening of student loan applicants helped to reduce student loan default and resulted in improved loan repayments. Shen and Ziderman (2008) in their study in the five – Asian countries of China, Hong Kong SAR, Republic of Korea, the Philippines, and Thailand noted that student loan repayment improved through screening of the loan applicants. According to Ziderman (2004), screening helps to reduce default by taking out high risk borrowers. But he argues that to some extent screening may result in some poor students who are the target of most loan schemes being excluded. However, helping only needy eligible students benefit from the loans result in them realise that without these loans they could not have accessed their tertiary education hence they see the need for them to repay the loans.

As to how screening of applicants could be done, most participants (17 out of 19) who were interviewed revealed that screening could be done by asking the loan applicants to provide some information concerning their family background such as availability of

parents, that is whether parents are alive or dead, loan applicant is an orphan, current person supporting his or her education and his economic status, type of secondary school loan applicant attended such as Private Secondary School, Community Day Secondary School, an Academy, High School and so on and the person who paid the tuition fees. The finding is in tandem with Salmi (1993) study finding in South East Asia who observed that student loan applicants were given loans after them providing some information to the loan lending agency. As such, the participants stated that rigorous screening could help the Public University Student Loan Trust (PUSLT) to determine who should be given student loans basing on the type of information one has provided.

The second mechanism was use of employers in collection and recovery of student loans. Most participants interviewed (17 out of 19) suggested the repayment of student loans could improve if employers were to be involved in collecting and recovering student loans. It was observed that employers work hand in hand with graduates who happened to be their employees. For instance, graduate participant 4 had this to say, 'Personally, I feel there is need to involve employers if student loans are to improve.' As a compliment, student participant 1 stated that employers should be involved in the collection and recovery of student loans. However, the participants cautioned that for this mechanism to work there is need to sensitise the employers on how to collect money from the graduates and remit it to the PUSLT. It was noted by the participants that use of employers in student loan collections is beneficial as it reduces the costs such as travel costs that might be incurred by the loan lending agency in its pursuit for those graduates who had benefited from the loans. In addition, some employers may opt to pay the whole amount

owed by the graduate then start deducting from their monthly salaries. This augers well with Woodhall (2004) and Chapman and Greenaway (2006) study findings who noted that student loan repayments in Sub – Saharan Africa could improve through the involvement of employers in the collection of student loans as they are the ones who are at the point of entry of the graduates' monthly salaries. This makes it easy to have the money deducted at the source of entry of their incomes.

The third mechanism was constantly reminding students of their obligation to repay student loans. Most participants (13 out of 19) interviewed suggested that student loan repayments could improve by reminding students to repay their loans. According to the participants, this would inculcate a spirit among the students that student loans need to be repaid after they graduate and start working. Student participant 4 explained that failing to remind the students makes them to forget that they have the loans that need to be paid back. Graduate participant 1 added, 'If students are not reminded to pay back their loans, they tend to forget they have an obligation to repay their student loans.' Furthermore, graduate participant 3 had this to say:

Just imagine that the four years I was in college I was not reminded even a single day that the loan given to me was supposed to be paid back. I started thinking that the loan I was getting was free that did not need to be paid back. The moment I left college I had to forget about the loan taking into consideration the myriad challenges I faced when I started working....

To support what the participants said, 67% and 73% of student and graduate respondents indicated that student loan repayments could improve through reminding students to pay back their students loans as figure 5 illustrates.

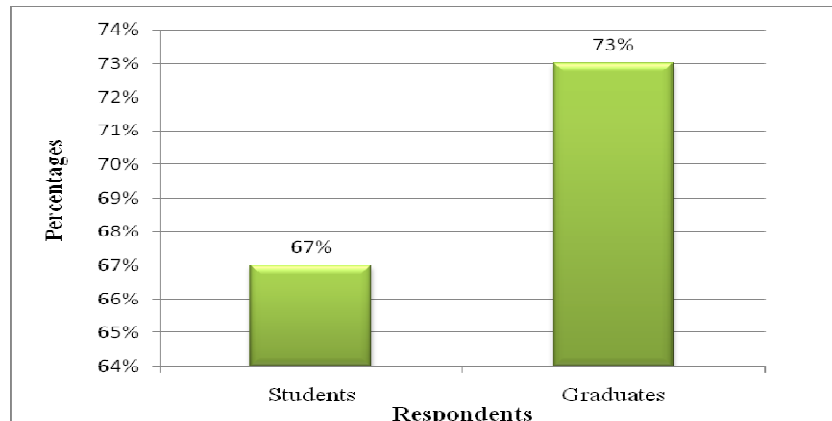


Figure 5: Reminding Students could Improve Loan Repayments

Figure 5 reveals that student loan repayments could improve if students are reminded to pay back the student loans. The conclusion that can be drawn is that student loan repayments can improve by reminding students to repay their loans. As per the participants, reminding students enables students not to forget their student loans. This makes them feel that they have an obligation to repay the loans.

The fourth mechanism was proper data management and storage on student loan beneficiaries. Most participants who were interviewed (16 out of 19) commented that student loan repayments could improve by having data on loan beneficiaries properly stored and managed. According to participants, proper data storage and management could help the loan lending agency to just consult the data if it wants to pursue the loan beneficiaries who do not voluntarily want to pay back their loans. With this, it would be difficult for the graduates to feel they cannot be traced and tracked hence be asked to repay their student loans. In support, 67% of student respondents and 74% of graduate respondents revealed that student loan repayments could improve through proper data storage and management as seen in figure 6.

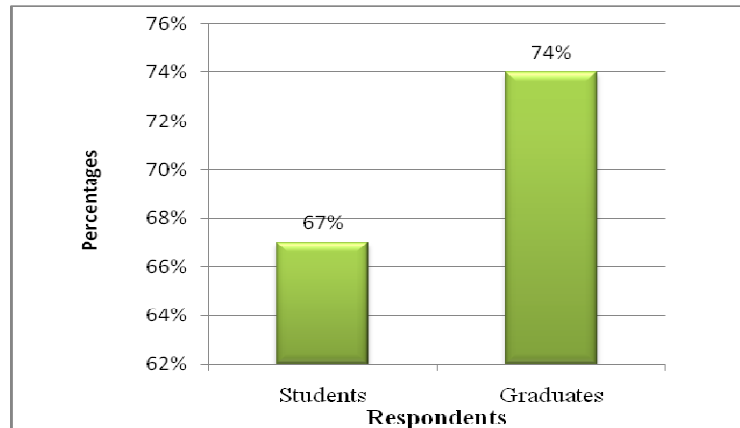


Figure 6: Proper Data Management and Storage can Improve Loan Repayment

Figure 6 reveals that student loan repayments could improve through reminding students of their obligation to pay back student loans.

The fifth mechanism was sensitization campaigns. As disclosed by 16 out of 19 participants, student loan repayments could improve if students, graduates and the general public were sensitized on student loan repayments. This, according to the participants, could help the students, graduates and the general public to know the importance of having student loans paid back. In addition, 11 out of 15 student and graduate participants felt that these campaigns may enable participants to change their mindsets that student loans need to be paid back. In support, administrator participant 3 bemoaned, ‘We think students and the general public know a lot about student loans. However, there are no campaigns to promote these loans. I personally feel that if these loans are sensitised to the general public, people might feel that these loans be paid back.’ Furthermore, graduate participant 7 decried that the problem with student loans is that people do not know why they should pay them back. As to how the sensitisation campaigns can be done, most participants 18 out of 19 participants explained that they

can be done through use of media, public talk or through production of brochures and magazines. In support, 65% of student respondents and 76% of graduate respondents indicated that sensitisation campaigns could result in improved student loan repayments as indicated in figure 7.

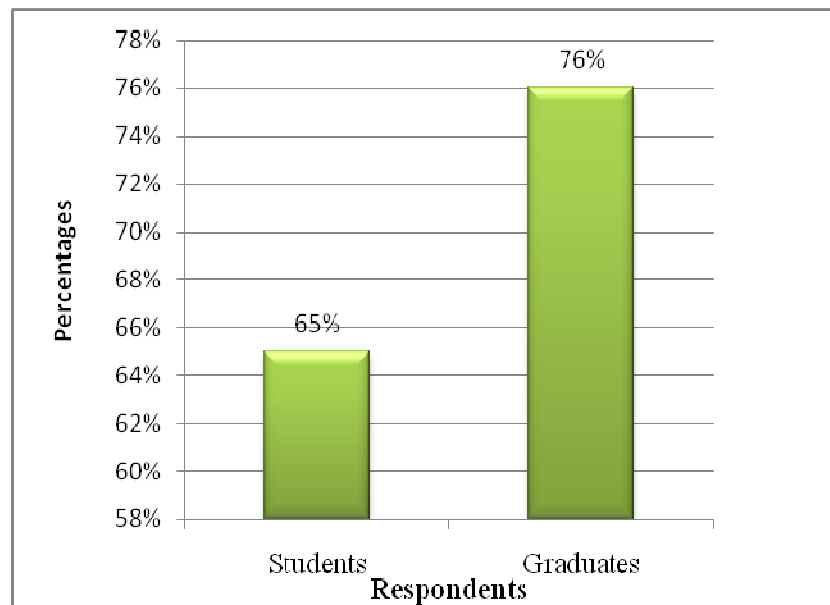


Figure 7: Sensitisation Campaigns can Improve Loan Repayment

Figure 7 reveals that student loan repayments in Malawi could improve through sensitisation campaigns.

The participants felt that student loan repayments could improve by withholding certificates of the graduates. Most participants interviewed (17 out of 19) revealed that withholding certificates of the graduates could result in improved student loan repayments. They emphasized that this could work if students were to pay back the loans before they leave the universities. With this, the participants were of the view that certificates could be given to students after they have finished paying back their student loans. The participants felt that this mechanism could work in countries where people

economically are okay. Considering that in Malawi student loans are designed to assist needy eligible students from poor families to pay tuition fees and access public university education, participants emphasized that the mechanism could not work because of two reasons. Firstly, it would not be possible for university students to find money while they were still in the universities because they came from poor families. Secondly, the government of Malawi was not the sole employer of all the graduates as others had to seek employment in the private sector. As such, participants pointed out that the mechanism could not be used in the recovery of student loans because it would be difficult for graduates to seek employment in the private sector once their certificates were withheld by the Public Universities Students Loan Trust. In support, 69% of student respondents and 78% of graduate respondents disclosed that withholding certificates could not result in improved student loan repayments as shown in figure 8.

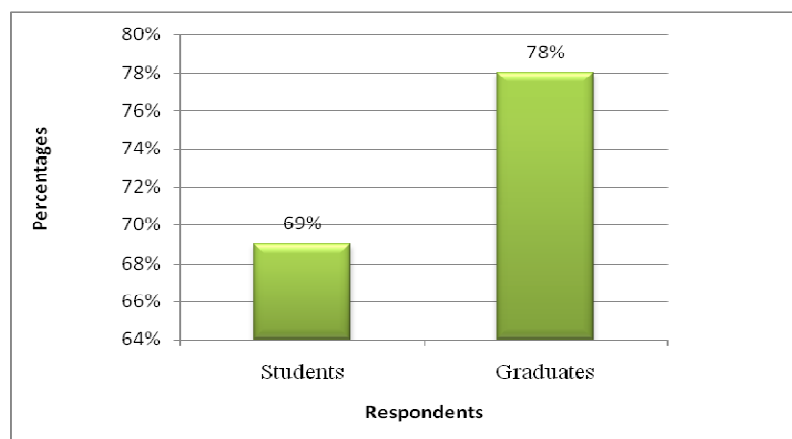


Figure 8: Withholding Certificates couldn't Improve Loan Repayment

Figure 8 shows that withholding certificates of graduates could not contribute to improved student loan repayments. In summary, student loan repayments in Malawi could improve through rigorous screening of loan applicants, involvement of employers in student loan collection and recovery, constantly reminding students of their obligation

to repay student loans, proper data storage and management and sensitisation campaigns. However, withholding certificates can not work.

4.7 Chapter Summary

The study has established that public university students applied for student loans because of poverty, weaknesses in student loan administration, fear of losing their money should they discover that the loans were free and following fellow students who were getting the loans.

Students got money from the loan scheme by signing their loan application forms with guarantors, District Commissioners (DCs) and magistrates. According to students and graduates, this signing had nothing to do with loan repayment but for confirmation that the information they had provided was correct and that they were bonafide citizens of particular districts. On the contrary, student loan administrators felt this signing was a form of surety and for legal backing should the graduates fail to pay back the loans. However, the majority of loan applicants preferred seeking the signatures of magistrates than the DCs due to travel cost implications. Last but not least, student loan applicants were not interviewed because of the large number of students who applied for the loans.

The Public Universities Students Loan Trust (PUSLT) recovered the loans by not allowing graduates who had not repaid the loans to go abroad, asking loan applicants to sign their application forms with guarantors, the DC or magistrate and need for both guarantors and graduates to voluntarily repay the loans. Interestingly, both students and

graduates were not aware of the loan recovery mechanisms hence found it hard to repay the loans.

Public university graduates had not paid back their student loans because of lack of loan repayment details, absence of well established loan administration structures in colleges, failure by Public Universities Students Loan Trust to trace and track graduates, weak legal system, lack of seriousness in student loan administration, low monthly salaries, graduates not aware of loan beneficiaries who had repaid their loans, huge responsibilities, unemployment, nurturing a feeling that public tertiary education be provided freely, lack of saving culture, change of professional career and taking advantage their guarantors could not be asked to repay the loans.

Student loan repayment could improve through rigorous screening of student loan applicants, use of employers in loan collection and recovery, constantly reminding students of their obligation to repay their student loans, proper data management and storage and sensitisation campaigns.

4.8 Brief Discussion of the Results

As to why public university students applied for student loans, what is coming out is that the majority of students applied for the loans because of poverty. Nevertheless, other students who had money to pay tuition fees applied for the loans because of weaknesses which were prevalent in the way student loans were administered. As such, these weaknesses gave these students room to easily access student loans which were meant

for needy students. This finding is in line with what Bandura noted in his Social Learning theory that young adults failed to perform certain financial behaviours because of taking advantage of the social environment created in the way the loans were administered. In this case, students who had money did not want to pay tuition fees instead they decided to apply for the loans because the social environment created in the way the Public Universities Students Loan Trust was administering student loans had some weaknesses. As such, these weaknesses provided a leeway to wealthier students for them to access student loans meant for needy students. Considering the fact that the wealthier students got money from the loan scheme due to the weaknesses, the same scenario would apply when it comes to loan repayment. The very same students could again capitalise on the system's weaknesses for them not pay back student loans. In the same vein, students who applied for student loans because of fearing to lose their money did so upon analysing the manner in which student loans were administered. This made them conclude that maybe the money given to them was free. This finding is in tandem with the social learning theory that states that the social environment created in the way loans are being administered makes young adults to change their financial behaviours. With this mindset, both students and graduates found it difficult to pay back the loans as they nurture a thinking that student loans are free money given to them. Students who applied for the loans because of following fellow students getting money from the student loan scheme supports the Social learning theory that argues that young adults change their financial behaviours because of following their friends due to peer pressure as many students enter into the university while they are still adolescents. As such, the decision for these students to pay back the loans would also depend on whether

their friends (fellow students) were paying back the loans or not. They would repay the loans if their fellow students were doing so and vice versa.

Both students and graduates did not have enough information on the procedures for getting money from the student loan scheme. The reasons for the procedures for getting money from the student loan scheme were not clear to students as they had contrary reasons as to why they signed loan application forms with guarantors, district commissioners and magistrates. On loan recovery mechanisms, both students and graduates were not aware of the mechanisms that were put in place. This created an impression to graduates to relax and not repay the loans because of thinking that they were safe hence could not be brought to book. Had it been that graduates knew the loan recovery mechanisms, they would have realised that they were not safe if they did not pay back the loans. As such, they would have started paying back the loans knowing that one day they would be asked to repay the loans.

Coming to the factors which made graduates fail to pay back their student loans, one can see that these factors would be put into two categories. On one side there are factors which have to do with the system and on the other side factors to do with loan beneficiaries. Therefore, the problem of student loan non – repayment is due to both the system and the graduates. For example, graduates had failed to pay back student loans due to absence of well established student loan administration structures in colleges/ universities. Therefore, absence of clear structures could make the loan beneficiaries not pay back the loans as they could find it difficult to know where to have the loans paid

back. This finding is in tandem with Bandura's theory which states that young adults fail to perform a financial behaviour by looking at the environment that exists in administration of finances. Apart from that, lack of seriousness in the way student loans were administered by the Public Universities Students Loan Trust would make graduates think that student loans were free money hence no motivation to repay the loans. This agrees with the Social Learning theory that argues that people fail to perform financial behaviour where there is lack of motivation to perform a particular behaviour. Weak legal system to support collection and recovery of the loans would make graduates perceive that maybe the loans were not supposed to be paid back. This is in line with the Social Learning Theory which argues that people fail to perform a particular financial behaviour due to perceived norms. It also states that people change financial behaviour once they know that the advantages outweigh the disadvantages of not performing a particular function. Finally, graduates had not paid back their student loans because of knowing that their guarantors, whom they regarded as role models, could not be asked to repay the loans. This finding supports Bandura's Social Learning Theory which posits that young adults change their financial behaviour due to influence of role models who in this case were graduates' loan guarantors. From this, one can see that graduates could have paid back the loans had it been that their guarantors were paying back the loans since they acted as role models. In spite of this, student loan repayments could improve by employing a number of mechanisms. However, the challenge lies on implementation of these mechanisms to support loan collection and recovery.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS OF THE STUDY

5.1 Chapter Overview

This chapter presents a summary, conclusion and recommendations to the study. The purpose of the study was to investigate the factors that affected student loan repayment in Malawi's two public universities from 2001 to 2009. To achieve this purpose, the study answered a grand tour question which was: What factors affect the repayment of student loans? This grand tour question was answered by the following five research questions: (1) Apart from inability to pay, what factors drive university students to apply for student loans? (2) How do university students get money from the student loan scheme? (3) What mechanisms are put in place by the Public Universities Student Loan Trust for it to recover student loans? (4) Why do public university graduates fail to pay back their student loans? (5) What mechanisms can be put in place if the loans are to be paid back? The study was a mixed exploratory sequential design whereby qualitative data were collected in the first place. This was followed by collection of quantitative data. However, qualitative was a dominant method in the study. The purpose of this chapter therefore is to present a summary, conclusion and recommendations of the study.

5.2 Summary of Findings

From the results, we see that the majority of public university students applied for student loans because of poverty. Nevertheless, some students who had money to pay tuition fees applied for the loans because of weaknesses in student loan administration, fear of losing their money should they discover that the loans were free money given to them and following fellow students who were getting money from student loan scheme. This implies that student loans meant for needy students were also accessed by those students from wealthier families. In addition, both students and graduates did not know the reasons on the procedures put on how to get money from the student loan scheme. Not knowing the reasons attached to the procedures used to get the loan would not encourage them to pay back the loan because for example they would not know that the DC was used to make them pay back the loan legally. The factors behind graduates' failure to repay student loans emanated from both the loan beneficiaries and the way student loans were administered. All in all, student loan repayment could improve by employing a number of mechanisms. However, implementation of these mechanisms remains a challenge.

5.3 Conclusion from the Results

Based on the results, both graduates who took the loans while in the university and the system administering student loans are to blame for student loan non-repayment. On one hand, graduates are to blame because they had negative attitude and understanding towards student loans' repayment right from the universities when they were getting the loans and these affected their thinking of paying back the loans. On the other hand, the

system that handled the student loans is to blame because of the way it administered the student loans. The way the administration of the loans was handled by the system gave an impression to graduates that the loans were free, which was not the case. As such, the system should be faulted for graduates' failure to repay the loans. So the central argument of this study is that both the clients and the system that dealt with student loans ought to be blamed for student loans' non-repayment and that both should be reformed for the university student loan scheme to achieve its purpose.

5.4 Recommendations of the Study

Since the problem of student loan non –repayment is associated with both the clients and the system, the study recommends that student loan scheme policy reformation should deal with both, the clients (because of their negative attitude and understanding towards loan repayment) and the system (which deals with student loan administration). Apart from that, the Public Universities Students Loan Trust should see to it that mechanisms of identifying clients for the loans and paying back the loan are put in place in order that the loans should be accessed by targeted group and recovered on set times. Furthermore, separate student loan administration structures should be established in colleges / universities unlike incorporating student loan administration in the already existing college administration structures.

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LIST OF APPENDICES

Appendix 1: Letter of Introduction from Department

UNIVERSITY OF MALAWI



CHANCELLOR COLLEGE

Principal: Christopher Kamlongera,
B.A., Dip TEO., M.A., Ph.D

P. O. Box 280, Zomba, MALAWI
Tel: (265) 01 524 222
Telex: 44742 CHANCOL MI
Fax: (265) 01 524 046

Our Ref.: EDF/6/19
Your Ref.:

11 April 2011

Dear Sir/Madam

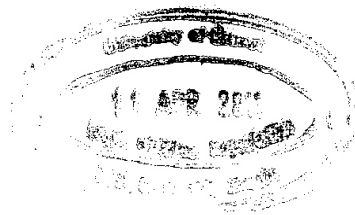
INTRODUCTORY LETTER FOR MASTER OF EDUCATION (MEd)
RESEARCH

Mr Fletcher A.J. Mushani is a Master of Education (MEd/PPL/19/10) student in the Policy, Planning and Leadership program in the Department of Educational Foundations at Chancellor College, University of Malawi. Mr Mushani is working on his thesis titled *University Graduates and Public University Loan Scheme*. This is meant to be a request to you Sir/Madam to assist our student in his endeavour to collect data for the said thesis from your institution or organization.

Thank you

A handwritten signature in black ink, appearing to read 'R. Nyirongo'.

Dr Richard Nyirongo
HEAD, EDUCATIONAL FOUNDATIONS



Tel: 0999796561



UNIVERSITY OF MALAWI
UNIVERSITY OFFICE

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UNIVERSITY OFFICE
P.O. BOX 278
ZOMBA
MALAWI

Our Ref: 1/8/27

5th August, 2011

Fletcher A.J. Musyani
Chancellor College
Faculty of Education
Postgraduate Programme
P.O. Box 280
Zomba

Dear Fletcher,

**RE: PERMISSION TO COLLECT DATA FOR A STUDY ON
EDUCATIONAL POLICY ISSUES**

Refer to your letter on the same subject which was sent to us on 30th July, 2011.

Kindly be advised that student loans are managed by the Public Universities Student Loan Scheme and not the University of Malawi. Therefore, you may wish to contact the former on the captioned subject.

We hope that you have been guided accordingly.

A handwritten signature in black ink, appearing to read 'A D U Chinombo', written over a circular scribble.

**A D U Chinombo
FOR: UNIVERSITY REGISTRAR**

CC: Deputy University Registrar

Appendix 3: Permission letter to and from the Dean of Postgraduate Studies

University of Malawi
Chancellor College
Faculty of Education
Post Graduate Program
P.O Box 280
Zomba, Malawi

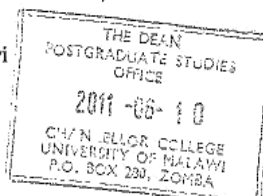
Sir, should we refer this to the Dean Postgraduate Studies and Research?
my 2
08/06/11

May 19, 2011

③ *Dear PGSK*
please, for your action.
my 2
8/6/11

The Registrar
Chancellor College
P.O Box 280
Zomba, Malawi

cc: FR



Dear Sir,

2
If the Dean PG handles this issues, yes. This should be an interesting study to us.
Ramouera
8/6/11

PERMISSION TO COLLECT DATA AND CONDUCT MY STUDY AT YOUR INSTITUTION FOR A STUDY ON EDUCATIONAL POLICY ISSUES.

I write to seek permission to collect data and conduct a research study at your institution for my Master study on Student Loan Scheme. The title of the study is 'University Graduates and Public University Loan Scheme'. The purpose of the study is to investigate the factors that make most graduates who benefited from the loan scheme fail to pay back their loans. As such, I would like to request your office to assist me with data on the number of graduates who have so far benefited from the loan facility and those who have paid or not back the loans since from 2001 to 2010. In addition, I will ask some employees in your good office to participate in my study. However, their names or any information leading to disclosure of their identities will be kept in private and confidential in the final report. This study is for academic purposes.

I am a student at Chancellor College pursuing a Master of Education in Educational Policy, Planning and Leadership.

④ *Mr Muskhani*
Studies like this, on financing higher education are important and I do not find any reason why this should not proceed. However, names of defaulters or non-defaulters may not be revealed in the study
Atalucia Dean, PGSK

Should you have any question you can contact me at 0 888 532 914 or on this email address: *fmushani@yahoo.com*.

Find attached is an introductory letter from the Head of Education Foundations at Chancellor College.

Your urgent response will be greatly appreciated.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'F. Mushani', with a stylized flourish at the end.

FLETCHER A.J. MUSHANI