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The Influence of Higher Education Student Loans Scheme In Nurturing Graduates' Future: The Case of Secondary School Teachers in Tanzania

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Abstract

This paper examines the influence of higher education student's loans scheme in nurturing graduate's future in Tanzania by taking the case of secondary school teachers. Semi-structured interviews and a survey were used to collect data from 160 sampled beneficiaries of higher education students' loans scheme. The findings revealed that, though HESLB has succeeded to support many students who graduated and enter into the labour market either in public or private sectors, the potential return of such investment to most of the graduates—such as the ability to own social and economic assets like land, houses, capital as well as to establish sustainable families—has been realized to a lesser extent. The expectation of investing in education is that, although costly, it brings benefits in the future through spurred economic growth and increased earnings that can provide space for future long-life choices, and better service delivery in work places. However, the results are on the contrary as the majority falls into low-income jobs, which consequently subject graduates to unmanageable and prolonged HESLB debts recovery. This paper recommends the reduction of deduction rates of HESLB's loans, and other conditions that subsequently increases the amount size of the loans. The government and the private sector, on the other hand, should look into annual salary increments so as to enable graduates to repay HESLB's loans, as well as attain their life expectations adequately and sustainably.

Key words: *higher education, student's loans, graduate's future, debt and Loans recovery.*

1. Introduction

Education has long been considered as a vital engine of economic transformation of many countries worldwide (Hanushek,2016; Neumann&Guthrie, 2004). It is a vehicle through which human capital is created (Robertson et al., 2013; URT, 2018). By recognizing the importance of equitable human capital growth for national development, globally many governments are implementing policies of cost-sharing through students' loans schemes and scholarship programs (Dente & Piraino, 2011; Duraisamy & Duraisamy, 2016; Gayardon & Brajkovic, 2019; Rasmussen, 2006). The funds set aside through this approach aim at widening students' space on access to higher education, and improving the infrastructure of higher education institutions (Aslam et al., 2017; Marginson, 2018). To a large extent, this has contributed much on increased access to higher education of students from low-income families.

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Many governments that established cost-sharing policies via student loans schemes in higher education are guided by three major reasons. The first is the increasing demand as higher education seems to be a major engine of national economic growth as put forward by Fagence et al. (2018) and Johnston (2013). Other scholars who support this assertion—including Estomia & Galabawa (2005)—assert that higher education, measured in terms of gross enrolment ratios (GER), or in terms of higher education attainment (HEA, i.e., proportion of population with higher education) was found to have a positive impact on the level of national economic development. The second reason centred on the view that the sharing of the cost of higher education reduce government wasteful expenditure, whereby only the needy students would borrow and invest in higher education for their future earnings (Chevaillier & Eicher, 2002; Johnston, 2013). This argument was based on reducing free public service delivery by shifting the costs to students and their families who directly benefit from such investments. The third reason was grounded on increasing efficiency (more accountability) in the use of public funds through the basis of loans. Here, it was argued that students would become more serious in making education and career choices, as well as increasing the value of education by being costs-conscious of their investments. Generally, this was envisaged to produces a more responsive society that wish to attain its future life choices (Johnston, 2013).

In most cases, student loans schemes have helped many students to join, graduate university education, and finally be absorbed into the labour market and other income-generating activities (Kossey & Ishengoma, 2017; Makulilo, 2014; Memba & Feng, 2016). However, studies around the world—and Sub-Saharan Africa (SSA) in particular—bring mixed results: while some acknowledge positive outcomes of such higher education investments on improved graduates' future life choices, others have come out with opposite views. For instance, studies in Ethiopia show that many graduates, the majority of whom were supported by the government through student loans, suffer from the lack of job opportunities over decades (Tafere & Chuta, 2020; Tiumelissan, 2021). This has, to a large extent, affected their future aspirations as, even the few that have managed to secure employment have got into low paid jobs that do not adequately help them attain their life aspiration (Tomlinson et al., 2015). Similarly, it has been shown that despite the government initiatives in South Africa to provide higher education loans in line with global development agendas of addressing equitable access, many graduates face unemployment, while others end up in low-paid jobs; and this in the face of being required to repay the government loans at the same time (Masutha, 2023, Mitchell, 2021). This makes it so long for them to realise their life choices.

Studies in most developed countries (such as the United States of America) have showed that most students who graduated were able to enrich their future life-long dreams and at the same time be to repay their soft loans. However, others failed to do so; especially those who sought to start family ties, buy houses, launch businesses or save for retirement (Domestic & Council, 2014). This was partly associated with the fact that many were overwhelmed with unmanageable debts and endless monthly deductions from their gross salaries to pay back loans. A study by a private student's loan lender in the US further found out that roughly one-third of young adult who graduate delayed marriage due to education-related debts (SCP Report, 2021). Similarly, studies in middle-income countries—such as India and Singapore—have also found long-term consequences of student loans debt repayment on graduate's career choices, and delayed life-time visions (Liberman &Yanelis, 2017; Zhang & Cheema, 2020). In the context of SSA, student debts from education loans in Sierra Leone have been found to create mental health problems to most of the graduates who are also financially less well-off (Kamara & Momoh, 2023). These mixed results bring confusion on the understanding and interpretation of higher education student loans: whether they bring an opportunity or a burden to the beneficiaries' life-long choices.

Many studies on assessing the influence of higher education student loans on the future life of graduates have been conducted in developed countries, with little attention in developing countries. This study seeks to fill that gap by looking at the case of Tanzania.

1.1 Brief History of Higher Education in Tanzania

Higher education in Tanzania was almost non-existent, especially during the colonial period; a situation that persisted even soon after independent. This resulted into deficit/lack of experts in almost all fields—i.e., economists, surveyors, architects, agronomists, agricultural experts, medical doctors, veterinary doctors, etc.—in the country (Msolla, 2007). Therefore, in recognition of the consequences of such a situation, the government started to put emphasis on heavy investments in training high-level human resources in the late 1960s, starting with the establishment of the University of Dar es salaam. Subsequently, from 1970 to 2003, Tanzania added four more public universities, namely the Sokoine University of Agriculture (SUA), Mzumbe University, Open University of Tanzania (OUT), and the State University of Zanzibar to supplement the primary goal of generating more human capital in various disciplines. The establishment of private higher learning institutions started in 1995 with the liberalization policy in education. Thus, up to 2007 Tanzania had 11 public universities and colleges, 17 private universities and colleges, and 15 post-secondary institutions (Msolla, 2007; Katunzi & Fungo, 2007; Mwamba & Assad, 2007). These developments were preceded by over 25 years of 'free' education since independence. The 'free' education involved the establishment of free and compulsory primary education, vocational training institutions, as well as university education with the aim of maximizing human capital productivity, and the promotion of education for self-reliance. Under the free education program, the beneficiaries were supposed to serve the nation in the white colour jobs, and the engagement in productive works in various sectors such as agriculture (Nyerere, 1968; Cliffe, 1973; Pius et al., 1979).

However, in the late 1980s most of the developing countries, Tanzania inclusive, were faced with economic shocks; a situation which led many governments to change gear from free public service provision to cost-sharing, privatization and partnership for the sake of stabilizing their economies. Therefore, in 1999 the government of Tanzania established the national higher education policy which focused on cost-sharing and partnership among stakeholders (Linde, 2014; Nyahende, 2013; Rasmussen, 2006; URT, 2018). The policy, among other things, saw the launch of a government student loans scheme (GSLS), which aimed at widening space for greater access to higher education mostly to students from lower income families. The policy also led for the establishment of the Higher Education Students' Loans Board (HESLB) under the Parliament Act 9 of 2004. The Act, among other things, empowered the Board to frame funding mechanism that would help determine the eligibility of students to loans by categorizing them based on their neediness (URT, 1999). Another responsibility was to control and manage all loanable funds. The aim was to establish a revolving and sustainable funding system for furthering the primary goal of supporting needy students (Chatama, 2014; URT, 1999; URT, 2018).

Currently Tanzania has managed to increase its budget on higher education financing through student loans up to TZS654bn in 2022/2023; an addition of TZS84bn from that of the previous academic year 2021/2022 (HESLB, 2023). This has increased accessibility of higher education to many Tanzanians reaching 205,893 students in 2022/2023 academic year (ibid.). Meantime, the yearly graduate rate increased from 46,294 in 2017 to 57,742 in 2022 (URT, 2011) as shown in Figure 1.

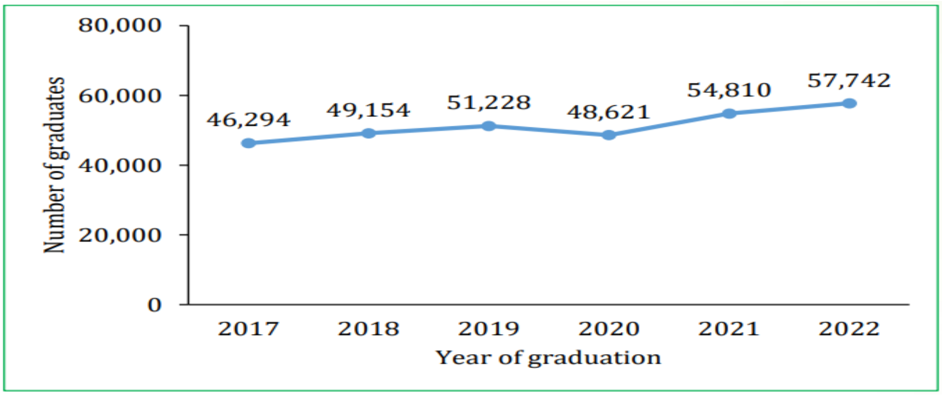

Figure 1: **Trend of Graduates in University Institutions (2017–2022)**

Most of those who graduate also enter into labour market, including the teaching profession, which is considered among the least-paid profession in Tanzania. Graduates are also required to repay the loan funds from their earnings, and at the same time meet their family basics. This paper examines the influence of the higher education student loans scheme on graduates' future life choices by taking the case of secondary school teachers in Tanzania.

2. Theoretical Perspectives

This study was guided by two theories: the human capital, and life choice cycle theories. The human capital theory establishes the relationships between education, economic growth, and social well-being (Netcoh, 2016). It considers education as a key that permits individuals and nations to meet rapid economic growth and social changes (Rustiadi, 2015). According to Schultz (1981), human capital is considered an essential engine to ensure the sustainable economic development of a given nation. The theory provides a justification as to why governments use tax funding in financing higher education in terms of loans and scholarships. Also, the theory supports a rationality assumption of parents investing their time and resources in their children. The proponents of this theory suggest that an individual will make investments in human capital if the potential benefits exceed the costs associated with the investments (Becker & Tomes, 1979; Schultz, 1981). Moreover, several theoretical analyses have acknowledged that human capital has a positive and significant impact on economic growth (Laura & Jeff, 2017; Jihène, 2013; Pelinescu, 2015; Rustiadi, 2015). It is in this perspective that this study employed the theory to explain the need for Tanzania to continuously expand the financing of higher education so that its graduates may in turn contribute to the economic growth of the country, and in turn have a better life.

The theory of life cycle choices emphasizes the importance of investment and saving as a vehicle for transferring resources across different lifetime outcomes. However, the theory gives the alert that, the type of investment should consider cost and benefit (Bodie et al., 2011; Rothstein & Rouse; 2011). Therefore, youths are considered as rational actors who calculate the amount of loan debt they will take to accomplish their college degree, which will not affect their possible lifetime earnings. The theory also pay attention to policy planners and implementors to think in a logical and rigorous way on different strategies for repayment and recovery of debt that will not harm loanees, and consequently affect their possible lifetime earnings and choices (Elliott & Nam, 2013, Gicheva; 2016). Drawing from this background, this paper aimed at examining the influence of higher education student loans schemes on graduates' social wellbeing. The study has given a particular attention to how debt repayment/loans recovery affect graduate's earning and life choice in Tanzania.

3. Methodology

The data for this study was obtained through a mixed design. The multi-stage sampling method was employed for the selection of the study sample. This method is considered to be convenient for studying a large and diverse population (Kothari, 2004; Kumari, 2011). The sampling stages for this study were regions, districts and schools. The starting point was the selection of regions, followed by districts, and ending at the school level where it eventually resulted into the selection of HESLB loans beneficiaries. Three regions—Dodoma, Manyara and Mara—were randomly selected for the study. Further, six districts—two from each region—were also randomly selected with the combination of one from an urban, and the other from a rural setting. Further, two secondary schools were randomly selected from each sampled district, bringing the total to 12 schools.

The rationale for the selection of sampled regions, districts and schools was due to the fact that all are in Tanzania Mainland where HESLB loans beneficiaries work into various sectors, including education. Therefore, to avoid bias the researcher used a multistage sampling design whereby all 26 regions were put in a common pool, and then randomly picked. The same was applied to the selection of the districts from the sampled regions, and also on the choice of schools in the sampled districts. Similarly, 160 respondents—i.e., 27 from each districts from the two sampled schools—were reached through the convenience sampling technique. The composition of the respondents included both male and female secondary school teachers. Table 1 summarizes the sampled regions, districts and the proportions of the sampled respondents for the study.

Table 1: Distribution of Respondents

Region	District	Number of respondents
Dodoma	Dodoma	32
	Mpwapwa	27
Manyara	Babati	28
	Hanang	22
Mara	Musoma	25
	Bunda	26
Total		**160**

Source: Field survey (August, 2022)

The methods of data collection involved semi-structured interviews, and surveys through closed and open-ended questions. Quantitative data were analysed using descriptive statistics that involved measures of central tendencies such as frequencies, percentages and means and standard deviation; while the measures of variability involved minimum, maximum, and standard deviations. On the other hand, qualitative data were analysed using content and thematic analysis. The study was also guided by three sub-themes: the nature of respondents and status of loans repayment; ability of beneficiaries to meet their life choices; and the perception of beneficiaries of the higher education student loans scheme. Equally, the study observed ethical considerations by seeking and obtaining permission from the relevant authorities—including district directors and heads of schools—to conduct the study. Finally, the researcher sought and was given the consent of the respondents.

4. Results and Discussion

4.1 The Nature of Respondents and Status of Loans Repayment

The respondents of this study were secondary school teachers who are among the government's priority cluster in the access to HESLB loans. They are also among the lowly paid workers based on government salary scales. The composition of the respondents covers both males and females, whereby both sexes had almost equal representation in the study. It was further observed that a majority had started repaying their loans; which was good to the HESLB since repayment of loans from the formal sector will enable the HESLB recover funds that can be used to support others students. Table 2 summarizes the findings.

Table 2: Frequency Table for Descriptive Statistics

Variable	Categories	Frequency	Percentage
Sex	Female	73	45.6
	Male	87	54.4
	Total	**160**	**100.0**
Education	Degree	157	98.1
	Masters	3	1.9
	Total	**160**	**100.0**
Status of Loans repayment	Not started repaying	15	9.6
	Started repaying	145	90.4
	Total	**160**	**100.0**

Source: Field survey (August, 2022)

However, this study revealed that the majority of HESLB beneficiaries were not willing to repay HESLB loans. Loans collection from the teachers was made easy because their employment information, as government employees, is easily accessible. This finding was disclosed by interviews with some beneficiaries of HESLB loans, as was pointed out by one secondary school teacher in Mara region:

> *I'm paying back HESLB loans because my information is easily accessible as a government employee… otherwise I would remain silent since it is not my willing desire. My salary is low, and it is subjected to many deductions, including HESLB loan repayment that adds salt to injury. Worse enough, the deduction rate is very high, which affects my family budget* (Interview with one respondent at Bunda Secondary, Bunda District, 2022).

From the above quote we can conclude that many HESLB beneficiaries in Tanzania either do not know the importance of repaying loans, or they disregard to repay due facing economic hardships. This is a message to the government and policy makers to come up with appropriate models of financing higher education. It should also find out more favourable repayment strategies that are convenient to beneficiaries, as well as to the government, in terms of making loans repayable and make HESLB more self-sufficient by increasing the recovery of loaned funds. These findings are complemented with the study done in the Southern Indian states (Kerala, Tamil Nadu and Andra Pradesh), whereby efforts have been made to check the viability of the implementation of income contingency loan repayment strategy (pay as you earn) by analysing graduates' perception, financial literacy, risk aversion and their future outcomes. The results revealed that many graduates did not show willingness to repay back loan (Suresh et al., 2020). Similarly, a study by Ziderman (2021) in Thailand found out that students' loans repayment under the loan scheme of pay as you earn on the basis of income contingency affects many graduates who fall in low income jobs, rendering loans a burden to them.

Furthermore, a study by (Chirwa et al., 2022) in eleven (11) SSA countries to assess student's loans shows that there is a close relationship between disbursement approaches, management and loan recovery. Experience from Rwanda showed that the government managed to control the recovery of loanable fund by increasing awareness and enforcement of strict laws on repayment; with loans being managed by the Central Bank of Rwanda. This approach to large extent increased positive perception of beneficiaries on repayment. Likewise, in Ghana and Zambia there is positive perception on loans repayment among graduates due to increased awareness and strict legal enforcement of repayments (Masaiti, 2020; Mkandawire, 2021). However, the situation in Malawi was opposite. Although the budget for students' loans has been increasing, the recovery rate is decreasing due to several challenges, which include low employment rates and increasing negative perceptions among graduates on repayment: most perceived that the funds were government grants and not loans. To worsen the matter, there was a limited tracing mechanism of beneficiaries.

However, as regards willingness to repay, study results in developed countries such as the USA and the UK are contrary to findings in developing countries in SSA. Here, graduates are willing to repay, only that the problem is securing employment. In these countries, even beneficiaries of students' loans who are self-employed are willing to repay their loans. This culture has been associated with higher financial literacy, especially on debt accumulation in their future life outcome following the increases of retention charges and penalties (De Gayardon, 2018; Dynarski, 2021). Drawing from the observation from developed countries, developing countries including Tanzania should put more efforts in knowledge creation and sharing to beneficiaries to see the importance of loans repayment; while at the same time looking into holistic ways of reducing unnecessary constrains to beneficiaries in making loans recovery.

4.2 Beneficiaries' Perceptions of HESLB Loans

HESLB loans beneficiaries were requested to give out their views on the following aspects: (i) whether HESLB loans helped them attain their university degrees; and (ii) whether the attained degree had had any significant positive effects on their social and economic wellbeing, or otherwise. The findings revealed that the majority (93.6%) acknowledge the contribution of HESLB loans towards the attainment of their university degrees. However, some had the opinion that the awarded degrees had had a small impact on the attainment of their life choices. When probed further, it was found out that, most (87.2) were overwhelmed with several deductions in their salaries, including that of the repayment of HESLB loans, which eventually affected their family budgets. It is obviously that when one borrows for further investment, the assumption is to acquire some achievements either in the short- or long-term basis. That is why before borrowing one must submit the intention for applying for a loan to the specific entity. Likewise, the expectations of those who apply for HESLB loans is for future gains after attaining education/training that makes one better exposed to labour markets and other income generating activities. Table 3 summarizes the findings on the beneficiaries' perceptions of HESLB loans.

Table 3: Perception on HESLB Loans

Variable	Categories	Frequency	Percent
Whether HESLB loan helped on attaining the degree	No	10	6.4
	Yes	147	93.6
	Total	**157**	**100.0**
Whether loan repayment affect life budget	No	19	12.8
	Yes	130	87.2
	Total	**149**	**100.0**

Source: Field survey (August, 2022)

On the other hand, this study was interested to understand the minimum and maximum years that HESLB beneficiaries in Tanzania complete the repayment of HESLB loans. The findings (Table 4) revealed that the minimum repayment time was one year, while the maximum was twelve (12) years till the completion of repayment. However, the average repayment to most of beneficiaries was 6–7 years till the completion of repayment of the loans. The deduction amount ranged from TZS100,000–240,000 per month, depending on one's gross salary. While the repayment from one borrower to another deviate for 1.9 which is equal to TZS26,600 per months as it is seen in Table 4.

Table 4: Repayment Trends (n=149)

Variable	Minimum	Maximum	Mean	Std. Deviation
Repayment time (years)	6	12	6.09	1.97
Deduction amount (TZS/Month)	100,000	240,000	150,492	26,597

Source: Field survey (August, 2022)

The summary statistics in Tables 3 and 4 provide the respondent's opinion on the basis of their intention to borrow whether attained or not. Also whether or not the monthly deduction from their salary for HESLB loans repayment affect their budget or not. The findings revealed that the majority of the respondents appreciated the support of the HESLB that helped them attain higher education degree and exposed them onto employment in the labour market. Furthermore, the respondents agreed that financing higher education through loans should continue in line with the repayment of loans so as to ensure that there are sustainable and reliable sources of funds to avail other needy students in the future. However, majority of the respondents (87.2%) were not in a good tune following the terms and condition of HESLB loans repayment and recovery in comparison to their monthly earning. Most of them end into unmanageable debts following late recoveries subjected to penalties, retention cost, and other administrative charges, hence ended into life dilemma.

The literature on higher education financing through loans emphasize that deduction rates should consider 'income contingency' based on one's monthly earnings. The aim is to enable one pay back, and at the same time be able to cover one's day-to-day life choices; including family basic needs such as food, clothes, and other long-term family choices like owning assets such as modern houses, farms, and other life amenities (Usher, 2005; Varghese, 2012; Ziderman, 2014). In this regard, this study was interested to know how HESLB beneficiaries perceive the percentages and amounts deducted from their monthly salaries to recover HESLB loans: whether it is reasonable or not. The findings revealed that the monthly deduction rates were seen as very high by the majority. Further, deduction rate changed from 8% to 15% in 2015, which breached the contractual agreement among the parties. Thus, most beneficiaries' monthly budgets were affected significantly on the commencement of deduction of 15%, as reflected in Figure 2.

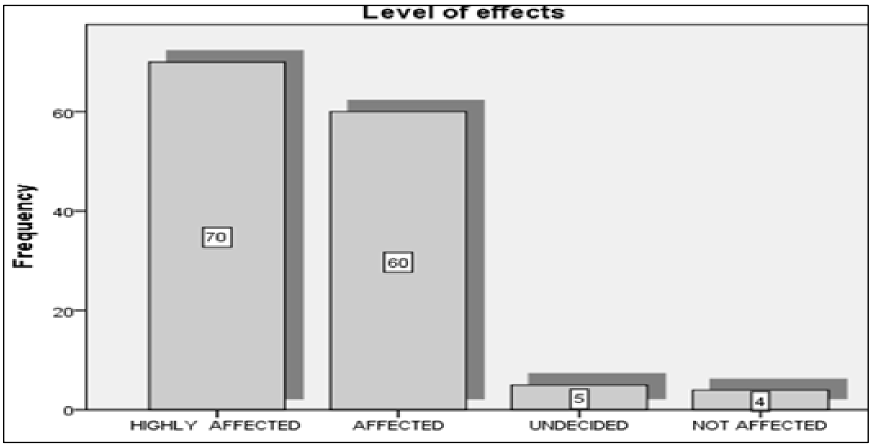

Figure 2: Level of Effects

4.3 Ability of the Beneficiaries to Meet their Life Choices

Among life choices to most of individuals worldwide is the ability to own economic assets, as well as to establish families on a sustainable basis though cannot guaranteed based on cultural diversity (Bilan et al., 2020, Mishchuk et al., 2019). This, in most cases, can be secured if someone is assured of his/her income status. This study, among others, aimed at assessing the level of assets ownership and marriage status among secondary school teachers in the study areas. The findings revealed that age cohort and the number of years one makes savings act as a significant predictor on assets ownership and decision for marriage. The study findings further revealed that respondents aged between 30–45 years outnumbered other groups in opting for marriage; while those below 30 years hesitated on making decisions for marriage (Table 5). This might partly due to their age cohort or incomes being unstable. Other assumption might be due being overwhelmed with many loan deductions, coupled with other plans, making marriage be a redundant option.

Table 5: Age Group Versus Marital Status of Respondents

Age group	Marital status				Total
	Single	*Married*	*Divorced*	*Widowed*	
45–55	0	15	0	0	15
30–45	23	103	2	1	129
25–30	11	4	0	0	15
Total	**34**	**122**	**2**	**1**	**159**

Source: Field survey (August, 2022)

The study further cross-tabulated the status of marriage on the basis of respondent's sex. The findings revealed that age and sex of cohorts also stand as a significant predictors on someone deciding for marriage. Men seem to take longer on making marriage decision than women. This might be partly due to their fear of establishing families at an early age of their employment, with the assumption that ample time is needed for preparation before marriage. But when the research further probed onto this, it was found out that, HESLB loans repayment, coupled with deduction from other sources—including loans from banks and SACCOS—contributed much on delayed decision for marriage to most of men than their female counterparts. An interview with one of respondent in Manyara region had the following observation:

> *…. My salary is subjected to many deductions, but the most painful one is the HESLB deduction that collects TZS 220,000 every month; with the deduction amount increasing with my salary increment. Surprisingly, the government increased deductions from 8% to 15% without of my consent on our contractual agreement. This has to large extent affected my income and all my plans* (Interview with one of respondent at Ganana Secondary in Hanang District,2022).

On the other side, most of the interviewed women (39%) seem to have marriage mostly after being employed: only (14%) were not married. The implication here is that an educated woman who has reached the education level of a first degree can easily be exposed to marriage. Table 6 summarises the findings on this aspect.

Table 6: Marital Status Versus Sex of Respondent

Sex	Marital				Total
	Single	*Married*	*Divorced*	*Widowed*	
Female	9	63	0	1	73
Male	25	60	2	0	87
Total	**34**	**123**	**2**	**1**	**160**

Source: Field survey (August, 2022)

Regarding the ownership of economic assets, it was found out that, (52.5%) almost half of the respondents were able to build and own modern houses, while (22.3%) owned traditional houses and (25.2%) residing on hired housing. To a lesser extent it was further observed that some respondents owned other economic assets such as land (6.5%), businesses (5.6%) and livestock (5%). These results imply that income uncertainties, coupled with other externalities such as debt repayments and recovery to most cases act as detrimental factor in the ability of one engaging in extra activities for income-generation and hence asset ownership. According to the IMF global household financial stability survey (2017) asserted that, there is a trade-off between earning, debts and the medium-term life outcomes. Drawing from this observation, it can be concluded that unreliable income coupled with debt burden mark the pre-defined factor of many employees' failure to own economic and social assets in a suitable basis.

The impact of higher education students loans are often justified on the grounds that there are economic and social benefits of such higher education investment that accrue to individual students in the form of better employments and higher salaries prospects (Akers & Chingos, 2016; Baum, 2016). However, the case is contrary in developing countries whereby most graduates are subjected to low-paid jobs and higher loans recovery rates from diverse sources, including HESLB loan; while others are subjected to unemployment. As a results, the majority remain faced with harsh life decisions and choices, including the decision to establish families (Eralp & Gökmen, 2020). Studies have further revealed that, late decisions on marriage have many negative impacts on individuals' life patterns. The most major negative impact of late marriage includes delayed childbearing and giving birth to children with mental health by giving birth in old age (Akhter & Bhat, 2018, Gökmen, 2020). Others includes failure family failure to meet family basic requirement adequately such as the ability to send their children to better schools due to income uncertainty.

Akhter and Bhat (ibid) also observed that late marriage is not healthy for the family, and the society as a whole, because it may lead to a generation gap between the children and parents. Late marriage can also be a reason for abnormality in children due to sperm loses its energy to men's and women failure to give safe birth. Gündoğdu & Bulut, (2022) also observed that, many young adults who made optimal educational investment decisions through borrowing were able to increase their earnings in Turkey, though the debt burden had income effects on their future life decisions, including owning economic assets and making decision for marriage regardless of their gender. The major point to note here is that, debt burden may lead to graduates delayed to various life decision and choices. Thus, all the discussed issues in these studies have policy implication to most of developing countries, including Tanzania, to continuously expand the share of financing of higher education so that graduates may in turn make their future life and the nation as a whole better in the various sectors.

5. Conclusions and Recommendations

This study examined the influence of student's loans from the higher education scheme in nurturing graduate's transformative future in Tanzania. The findings revealed that, higher education student's loans remain as an important tool for building equitable human capital growth through higher education access in Tanzania. This is due to the fact that most Tanzanians are from low-income families. Thus, the presence of this government fund package helps many students to graduate and enter the labour market better equipped; and also, to engage in other income-generating activities. Despite the achievement realized many graduates in Tanzania fail to meet their life choices adequately following the increases of many constrains including HESLB loans debts which becomes unmanageable due to long repayment. They are also involved into multitude of other deductions—i.e., banks loan, SACCOs, etc. All these contribute much to the failure by the majority to reach their life dreams and choices timely and adequately.

Following the mentioned challenges, this study recommends that, with the continued rise in tuition fees and other unit costs, the government and private entities should think on offering grants and scholarships to the neediest students; and soft loans to the rest who also experience economic difficulties. Additionally, parents should be educated on the different funding options they can access and ensure that their children only access and use loans deemed necessary. This will enable graduates able to repay their due loans in a shorter period. Also, there should be a strict adherence to legal binding between parties—i.e., the government, HESLB and beneficiaries—that also allow negotiations when deciding on increased/decreased deduction rates. Unemployment and low salaries has been seen a serious problem in many sectors in Tanzania. Studies shows that individuals can work and delivery effectively if they are motivated in terms of reasonable remuneration. The government and the private sector, as the major employers, should address this matter to further enable graduates to repay educational loans and subsequently attain their life-long choices timely and adequately. Graduates are also encouraged to engage on other income-generating activities rather than depending on monthly salaries, which is not sufficient, to supplement their earnings and targets.

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