

**THE EFFECT OF THE STUDENTS LOAN SCHEME ON ACCESS TO
HIGHER EDUCATION IN GHANA: A CASE OF KWAME NKRUMAH
UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI
A CASE STUDY OF KWAME NKRUMAH UNIVERSITY OF SCIENCE AND
TECHNOLOGY**

BY

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DECLARATIONS

DECLARATION

I hereby declare that this submission is my own work towards the Masters Of Business Administration and that, to the best to my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

This Work is dedicated to the ever-loving memory of my father (deceased) who did not live to see the fruit of his labor and to my mother Anisa Alhassan who valued the importance of education for the success of a young man and to my brother for all the support and inspiration that saw me through my studies.

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ABSTRACT

Many factors have been accounted for the rising cost of tertiary education financing in Ghana. These factors have affected the accessibility of tertiary education. A solution to the financial austerity in tertiary education is cost sharing which is seen to improve accessibility mostly to the minority who cannot pay for the high fees charged for tertiary education. The major cost sharing policy in Ghana is carried out by the Students' Loan Trust Fund (SLTF) which replaced the previous one operated by SSNIT. The study sought to ascertain whether the SLTF has helped improve access to tertiary education in Ghana using Kwame Nkrumah University of Science and Technology (KNUST) as a case study. Using a systematic random sampling method, 285 students already on the SLTF were sampled and questionnaires were administered to them. Using descriptive statistics to analyze the data, the study revealed that the SLTF has improved access to tertiary education in Ghana. The study further revealed the SLTF is managed well to meet its purpose of enhancing accessibility. The study also found that the amount paid as loan per academic year to students is not enough to meet all the needs of the students. Despite methodological and generality limitations, the findings of the study provided important findings relevant to improving the SLTF in Ghana. As such the study recommended that the loan amount be increased and loans paid on time to help students on the scheme.

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LIST OF ABBREVIATIONS

SLTF	-	STUDENTS LOAN TRUST FUND
SSNIT	-	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST
SLS	-	STUDENTS LOAN SCHEME
UNDP	-	UNITED NATIONS DEVELOPMENT PROGRAM
UK	-	UNITED KINGDOM
USA	-	UNITED STATES OF AMERICA
NSFAS	-	NATIONAL STUDENT FINANCIAL ASSISTANCE SCHEME
ADF	-	AFRICAN DEVELOPMENT FUND
GNP	-	GROSS NATIONAL PRODUCT
GCSLS	-	GENERAL COMMERCIAL STUDENT LOAN SCHEME

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

The importance of higher education across the world has increased at the turn of the 21st century. As one of the main engines of economic growth and to a large extent, an educational policy instrument for advancing individual economic mobility and social justice (Johnstone, 2005), higher education has been accepted not only by the higher industrialized nations of the west but middle and low income countries as well (Jackson, 2002). Even though higher education (or the more comprehensive term - tertiary education) is globally recognized as relevant to nation building, it has suffered enormously and continuous variations on issues related to financial austerity (Protapenko, 2002). The issue of financial austerity on tertiary education is primarily caused by an increase in the student population coupled with continuous deteriorating physical structures, declining faculty-student ration which is made worse by flat or declining government budgets in support of tertiary education (Marcuzzi & Usher, 2011).

To provide a lasting solution to this financial conundrum that has faced tertiary education was the introduction of the commonly accepted (albeit contested) prescription of cost sharing. The perspective of cost sharing as explained by Johnstone (2005) posits that cost in tertiary education should be shared among four actors: government who represents the taxpayers, parents, students and donors who represent philanthropists. Cost sharing is viewed as a deliberate attempt to transfer cost from a substantial reliance on government or the taxpayer to being shared as well by parents and the students as well. This concept of cost sharing is based on the presumption that, tertiary education is partaken

disproportionately by people who are more privileged while the governmental revenue base supporting this expensive benefit depends to a large extent heavily on taxes that are paid by the general tax paying citizen (Johnstone, 2005; Woodwall, 2002; Vossensteyne, 2005; Ziderman, 2002).

there is an increase acceptance in the policy stance of cost sharing that posits that a part of the nongovernmental revenue towards tertiary education should be borne by the students through ways that allow that the part that is absorb by the student is deferred into the future when the student is likely to be working and enjoying the benefits of the tertiary education to defray the cost of the tertiary education advanced by the government or the general capital market. Thus, more countries have accepted students' loan as a means of shifting some of the cost and making tertiary education more accessible to all.

The history of cost sharing in Ghana can be traced back to the British era (Achaempong, 2010). However, tertiary education student loan scheme was introduced in the country in 1971, but suspended it the following year due to political unrest. A revised students' loan was introduced in 1975 with the aim of increasing the efficiency in the disbursement and collection of loans and the formulation of a mechanism for the determination of who is eligible to benefit from the scheme. Successive loan schemes from 1975 and 1989 which was under the Social Security and National Insurance Trust (SSNIT) had been faced with the problem of default payment threatening the operations of the scheme. Through an agreement with SSNIT, the government detached the students' loan scheme from SSNIT in 2005.

Students' loan is exceedingly complex and difficult to operationalize. In fact, the world of higher education finance especially in the so called developing and transitional countries

like are littered with the bones of seemingly failed student loan programs. But as student loan programs have a variety of objectives, some of them at least superficially contradictory such as the goal of enhancing accessibility (which implies to some a need for high degree of subsidization) and the goal of supplementing inadequate governmental revenues (which implies subsidization and maximum collection) even success and failure become complicated. This study therefore attempts to bridge the knowledge gap and add to scholarship the impact of students' loan on tertiary education accessibility in Ghana.

1.2 Statement of the Problem

The students' loan trust fund Act (2011) is an act of the parliament of the Republic of Ghana established to provide financial resources for the benefit of students of tertiary institutions, to promote and facilitate the national ideas enshrined in articles 25 and 38 of the 1992 constitution and to provide for related matters. Established on the 14th of June 2011, the fund hope to achieve this objective by providing financial support to students of accredited tertiary institutions pursuing accredited tertiary programmes and to support any other activity that promotes relevant courses in tertiary institutions as determined by the Students Trust Board in consultation with the Minister of Education. The Trust is managed by a board appointed by the President in accordance to article 70 of the 1992 constitution of Ghana with the President also appointing a Chief Executive Officer to head the Trust. Students from accredited institutions are supposed to submit an application before a deadline set by the trust. This application is suppose to meet all requirements explained in the Act. The trust under section 26 explains the recovery process for the total recovery of all loans disbursed under the scheme.

Trust Fund [SLTF] is the management of Students Loans for tertiary level students pursuing tertiary accredited programs at tertiary accredited institutions.

- This was to be done through lending money to qualified students on application
- Recover loans which are due for repayment and the
- Management of loanable funds

Ghana has since 1971 operated one form or another of a Student Loan Scheme (SLS) with a general aim of improving manpower by creating equitable and universal access to higher education. However the SLTF provides only a substantial amount as loan which is does not meet half of the tuition fees of a regular student at the public universities in Ghana. In countries like China, UK, USA, Colombia, Korea, Tanzania and many others, students loan have increased access to higher education as it provides finances of up 80% of the student's financial needs at school (Woodhall, 2004). In Ghana, things are contrary, although SLTF has been reported to be successful in the disbursement and repayment of student loans (Acheampong, 2010) it still does not cater for half of a student's finances at school (Effah, 2003).

This study therefore seeks to investigate the effects of the Students' Loan Scheme (SLS) on access to higher education in Ghana.

1.3 Objectives of the Study

In view of the aforementioned and the problem situation explained in the preceding subsections, the general objective of this study is to evaluate how the SLTF has led to

improvement in tertiary education accessibility in Ghana. To study however has these specific objectives.

1. To examine whether the disbursement of the student' loan has led to improvement in access to tertiary education in Ghana.
2. To find out whether the SLTF is being managed well to achieve its aim of providing financial support to tertiary students in Ghana.
3. To determine the image SLTF creates in the minds of students who would like to depend on it as a major source of financing their tertiary education.

1.4 Research Questions

The objectives of the study further led to the following questions to be answered by the study:

1. Has the disbursement of the students' loan led to improvement in access to tertiary education in Ghana?
2. Is the SLTF being managed well to achieve its aim of providing financial support to tertiary students in Ghana?
3. What image does SLTF create in the minds of students who would like to depend on it as a major source of financing their education?

1.5 Significance of the Study

The constant upward review of academic facility user fee and soaring cost of higher education in Ghana have been the source of worry to families, institution, guardians and individuals. Some students in the Public and Private Tertiary institutions deferred their courses because they could not raise the needed outstanding fees due to delay in the

release of the Students loan. It is reported that over three hundred (300) students deferred their various programs in the University of Ghana, Legon during the beginning of the 2012/2013 academic year, due to their inability to pay and finish the payment of their school fees (University of Ghana, 2013-www.modernghana.com Dec 22, 2013). The story may be the same in the other institutions'. It is however crucial to know that many more students may find themselves outside higher education if the cost of schooling at that level continues to soar in the face of limited access to adequate self financing.

The significance of this study is therefore to;

Create awareness among policy makers of the continuous increase in expenditure incurred at the tertiary education level in order to shape government policy toward assisting higher educational students.

This study will also enable government incorporate into its budget the needed financial resources to train the preferred manpower critical for national development.

It will also explore the alternative sources available to supplement the current loan given to tertiary students. Invoke debate to involve the private sector in an effort to providing adequate funding to tertiary students through the institution of private financial aid schemes.

The study will also enable sponsor agencies like district assemblies, organizations and individuals project within acceptable ranges the cost of financing students under sponsorship at the tertiary levels. And also for academic and research purposes, the study adds up to already existing literature on SLS not only in Ghana but the world at large and

will fill the gap as its scope is a relatively under researched area in Ghana. Policy makers, professionals, researchers and students can therefore make inferences from the findings of this study, and make better meanings of the situation in their respective fields of study.

1.6 Scope of the Study

This study is limited in scope to data obtained from individual students from the Kwame Nkrumah University of Science and Technology.

1.7 Limitation of the Study

Due to financial and time constraints the study would be limited to only students of KNUST who are enrolled onto the students' loan scheme. The researcher would adopt the desk and internet search to assemble most data as he had to combine full time job and the project work. Information on SLTF in institutions is hard to acquire. Institutions will also be on recess at the time of administering the questionnaires and so those students yet to go home and will be available will be made to complete the forms.

1.8 Organization of the Study

The study is divided into five (5) chapters:

Chapter One throws light on the background of the study, problem statement, objectives of the study, research questions, significance of the study, scope of the research, limitation of the study and the organization of the study. Chapter Two consists of all the relevant literature that was reviewed in the study. Chapter Three describes prudently the methodology used for acquiring the relevant data used in the study. These includes the research design, the population of the study, the unit of analysis, the sample size, the

sampling technique and procedure, data collection procedure, data analysis and the ethical considerations of the study. Chapter four explored and discussed the findings and analysis of data that was collected from the research. Chapter Five includes the summary of the study, the key findings of the study, conclusion and recommendation of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The development of higher education around the globe have over the years faced drastic problems that range from its affordability and accessibility, financial austerity and retention and how to improve on the infrastructure in the various institutions. All these challenges pose a serious threat to the development of higher education but the one that affects the core of all the institutions is the problem of financial stringencies (Johnstone, 1998). To this effect, most governments around the world have developed and introduced pragmatic policies and programmes in an effort to address this conundrum. The magnitude and seriousness of the problem posed by financing tertiary education has been reported so many times in World Bank/UNESCO reports (2000, 2004, 2007, and 2013). According to these reports, lack of sustainable finance continue to limit the access and enrolment growth and skew tertiary education towards for creating a system where the cost of education becomes extremely low. The cost of education in Ghana has hit a record high (Acheampong, 2010). This is relatively so because of the economic conditions and the pressures they are mounted on tertiary institutions by the number of students seeking admission. As such, public universities in Ghana have adapted to strategy of admitting more and more of students who can bear the full cost of their education.

The introduction of the students' loan has provided financial cushioning to students in tertiary institutions but has failed to meet all the financial needs of students (Acheampong, 2010). The cost of tertiary education is expected to continue as

government continues to push further the cost and reduce all its subsidies on tertiary education.

This chapter of the study provides a comprehensive literature review on issues of students' loan related to the study.

2.2 Theoretical review

To the study uses the human capital theory as a theoretical background to explain the problem of financial austerity and accessibility to tertiary institutions in Ghana.

2.2.1 Human Capital Theory

The basic tenet of the human capital theory is treating education as an investment rather than a consumer item (Barr, 2009). Human capital is acquired by an individual through three ways: school, post-school investment and on the job training. Governments should therefore encourage partnership in education through cost sharing and loan scheme to increase accessibility. A country can only develop when its populace is highly trained and skilled. This is mainly achieved through a comprehensive policy that gives education to all. According to Ishengoma (2004), this assumption forms the basic tenet of the human capital theory. According to Schultz (1963) who gives support to the theory, "...increase investment in the human capital of a country increases the productivity and income of individuals and also concurrently lays down the technical base for the type of labor force necessary for economic growth in modern industrialized society".

Snooks' (2008) also gives support to the human capital theory. To him, there is widespread and increased awareness that, human capital together with other factors of production can be a relevant factor in the economic development of a country. Snooks'

(2008) continues that human capital which constitutes the people makes up the most important resource in every institution. The knowledge that people have acquired throughout the years is what equip people to act on other resources such as money, machines, materials and methods that enable institutions to function. Robbins (2009) also argues that organization can be established without other resources but can never be establish without people. For organizations to achieve good end results, much of the investment must be directed on human beings.

Students loan in Ghana has helped and continuous to help encourage many people to develop their human resource which has a long term effect of increasing the quality of the human capital of the country. Loan recovery should however be emphasized in order to maintain a continuous cycle of finances that will be used to fund other needed but qualified students.

2.3 Financing Tertiary Education

A surge in the demand for tertiary education underlies much of the austerity in tertiary education and consequently the turning to parents and students to support the education (Johnstone, 2004a). Most of the universities and nearly all the national tertiary education systems of the world have grown dramatically since the mid and late 60's (Johnstone and Bruce, 2005). They have not only grown in sheer numbers, but more importantly in the level of associate participation. Some of this growth especially in Latin America and much of South and East Asia and recently in Africa have been absorbed by the emerging private sectors (MacWilliams, 2001). According to Protapenko (2002), these private universities usually undercapitalized, expensive (to parents and students), and of uneven quality, but may be highly responsive to student and employer demand, and are quite

often the only option available to students who are unable to get into the subsidized and therefore inexpensive, but increasingly overcrowded public institution.

Some of the growth, particularly in associate participation, has been absorbed by the creation and expansion of institutions that are acknowledged alternatives to the classical universities. Some of the universities overcrowded in some European countries (as well as in Japan, Ghana and Russia) may at least partially solve itself through a combination of demographic decline and cohort saturation, leading even to declining enrollments, at least for some institutions (Ziderman, 2003). But in most countries particularly in the middle and low income countries, the combination of high birth rates plus increasing percentages of these increasing number of students completing high schools and aspiring to enter into tertiary education have created massive demand pressures on tertiary education systems (Njenga, 2014). And the trajectory of these increasing numbers and their increasing cost is almost in all countries far exceeding the likely trajectory of those public revenues that governments can and/or will devote to higher education (Usher, 2005b).

Such a squeeze has to be solved either on the cost side through cutting waste and enhancing productivity or on the revenue side through supplements to governmental or tax-generated revenue. Cost-side solutions that absorb more students with the same or even declining resources can look deceptively like advances in productivity or efficiency, which we must assume to be desirable. However, while most universities in the world are probably getting by with fewer real (i.e inflation adjusted) dollars per student than they were at some base period in the past, most of what may once have been the very easy to get has been probably been cut, and most of the easy efficiencies long since adopted

(Chapman et al, 2002). At this there is nothing like cheaper is more productive or efficient. It may just mean spending less per student and getting less. Outputs may be declining along with inputs as a measure in less quality of learning and/or scholarship or in less service to the community. The declining real operating dollars per student may be masked by a hidden borrowing in the form of depleting the physical assets by forgoing upkeep and maintaining the physical structures and also replacing the obsolete ones. The actual decline in output may also be masked, at least temporarily, by requiring greater force and sacrificing faculty and staff which will reduce waste of academic professionals. And finally, the decline in output may as a result of all the variables directly affecting the performance of the university or in their teaching and research, also affecting the social cost of diminishing accessibility and thus diminishing social justice which is brought about by the decline in capacity and the increasing financial barriers to widening participation.

It should however be stressed that it is very relevant that the cost-side solutions should not fall from the policy table altogether, as universities are imperfectly reluctant to the decision to cut the number of programs, the number of faculty or staff whose net contribution to the university's net productivity of learning and scholarly product fall below average. At the same time, the very nature of the higher education productivity function is labor intensive and can resist the substitution of labor capital (Macwilliams, 2001). In fact, if more technology is introduced into the system, for example, to the office of the rector/president/vice chancellor it results in the expansion of learning, scholarly output, faculty or student comfort and/or governmental demands for accountability rather than reduce per-student cost. As stated above, losses from austerity are most of the time

both hidden and hard to measure like the diminution of scholarly quality that might not be noticed until the university is made to address a situation it can no longer handle. A greater percentage of the problems of the universities across the world is that it always seems that one more student can be added with no overall loss of teaching or learning quality or one more journal can be cancelled, or more piece of scientific equipment that cannot be acquired.

The nature of tertiary education austerity is that it is a phenomenon that cannot be solved at a point in time for all times. Most of the reductions in expenditure no matter how deep it is solve existing problems of the fiscal year. The problem of tertiary education austerity can be attributed to the divergence of expenditure and revenues which are the underlying cost that increases with every year (Protapenko, 2002).

Not only do these uneven trajectories associated with unwealthy universities but with very wealthy and popular universities such as Oxford, Harvard and Berkeley who also experience considerable lower budgets as their flow of revenues nevertheless fail to increase as fast as their very considerable expenditures. This is right for public funded universities for which the greater percentage of their revenue comes from taxes in the country. These problems of financial austerity in higher education are compounded in third world and middle-income countries. According to Ziderman (2003), countries when facing the cost side are more likely to aggregate high birth rate with the ever increasing participation rates for potentially explosive admission pressures. The revenue side also poses a difficulty for these same universities as taxes are shared among compelling competitors in different sectors like public health, salaries, sanitation, elementary and secondary education and public amenities development (Ziderman, 2003).

Governments of nations can however not be blamed for the inability for taxes to absorb the full budgets of tertiary institutions. It is very difficult for to have an effective tax policy in middle and low income countries as it is a political tool used to gain power in these countries. As such, many businesses and people refrain from paying taxes which would go a long way in making funds available for tertiary education. Unlimited capital mobility, advancement in technology, production facilities coupled with globalization lead to produces of multinational goods and services seeking conditions such as political stability, low taxes, low wages which will constraint the ability of the nation to main high taxes and limiting the revenues that is assigned to the public sector including tertiary education finance (Vossenstyne et al, 2002).

According to Usher (2005b), even if countries of middle and low incomes are able to generate the much need taxes to finance the public sector, they are still faced with many needs which include energy, high unemployment rates, poor public health, ageing population and environmental needs. This means that the likelihood that tertiary education funding in middle and middle income countries to increase to solve the problems of accessibility is very unlikely. What then happens is that governments devote a substantial amount to cater for its part with the need of other interested parties to the education of citizens taken the rest of the cost trajectory. Over the world, the policy strategy to increase revenue for tertiary education is financial cost sharing. In other words the transfer of part of the educational per-student cost from the government to the parents and the student as well. As such, the needs to pay academic user fees and other expenses outlined by the universities. Cost sharing even transcend beyond academic user fees into paying of tuition fees which is increasingly being adopted by the more matured high

economy nations such as Canada, Japan, Australia and New Zealand. Other countries in Western Europe such as Netherland and Portugal who offered free tuition have also recently started the collection of tuition fees in 1997 (Johnstone, 2005b), then UK followed with a more-than nominal tuition fee. Other post communist countries such as Russia and Eastern African nations like Kenya, Uganda, and Tanzania have all adopted a strategy that free tuition is only given to those who are able to pass some form of entrance examinations to limit the number of people who are given free education. All others just like Ghana are admitted base on the person's ability to meet some financial obligation by the school.

2.4 Students' Loan Accessibility

Many studies have been conducted the world over to ascertain students' loan accessibility. This subsection of the literature takes into consideration the works of other authors that are relevant to this study.

A study to examine the existing students' loan scheme in Mauritius conducted by Mohabed (2006) was made relevant by the fact that most of the loan schemes operating in Mauritius were operated by commercial banks and some benevolent institutions. It is very difficult to access the objective of such loan schemes as banks might give loans not to enhance accessibility but to enjoy the commercial values associated with it. Mohabed (2006) used a survey approach and interviews to collect data. To better make the findings of his research valid and reliable, Mohabed (2006) did a comprehensive review and analysis of existing practices in the granting and management of student loans in selected countries and regions Europe and America. His study found out that commercial banks were charging high interest rates and the motivation and objectives of most of the

schemes were to earn profits. The study also found out that there was no form of uniformity among the different schemes that existed in the country. Commercial banks granted loans only to their customers even though there was high demand for loans in the country. Furthermore, since the student enrolment base in Mauritius was very high, the government the government's inability to financially sustain a scheme. Ghana faces the same problem as there is a lot of pressure on public funding. This is so because of the ever rising wage bill which has crippled government's ability to fund basic programmes such as the students' loan scheme. Student enrollment also keeps increasing with the figure recording substantial increase every year.

The very success of any students' loan scheme as a means of financing tertiary education is in itself the responsibility of the students' loan management itself Richard (2002). There should be clear guidelines and criteria that students must follow to be granted loans as well as recover the loans already issued to students on the fund. Loan schemes should be managed well because they do not only lead to access to tertiary education but most importantly decrease the regressive distribution of public resources (Johnstone & Marcucci, 2010). Msolla (2007) also postulated that to prevent wastage of the financial expenditure, there should be satisfactory guidelines and criteria that students have to follow to be granted loans. Students' loan is a means of telling the student that 'you can borrow money now that you do not have the means to pay for higher education and repay when you are employed and can paid' (Macmillan, 2006).

Most of the nations of Western Europe and Asia have resorted to instituting reforms in the student support system due to increase in cost of education coupled with inadequacy of existing systems of student aid (Johnstone and Marcucci, 2009). Reforms have

continued unequivocally from the 90's up to date to accommodate the increasing number of students aiming to access tertiary education. For example, Asian countries have sought to establish ways in which the private sector could contribute to the cost of higher education because of the pressure it brings on public budget (Yang, 2006). According to Woodhall (2002b), most loans in Asia are available for students through grants and scholarships though concerns on equity suggests that loans should result in a more equitable sharing of cost of higher education than a system of grants, scholarships and free tuition fee.

A study on loan repayment and recovering of students' loan scheme in South Africa, found that, the National Student Financial Assistance Scheme (NSFAS) has been very sustainable mainly due to its ability to recover all loans and recycle them back on to the scheme in order to be accessed by future students (Jackson, 2002). The NSFAS which was established in 1991 to provide assistance to disadvantaged black students through proper and prudent management has grown to assisting over 600,000 black needy but academically qualified students (Varghese, 2006). The NSFAS is a scheme fully funded by the South African government but run on loan recovery from former students (Jackson, 2002).

2.5 A Review of Students' Loan

Higher education's importance to national development can never be underestimated. The World Bank even with the pressure they give to developing nation to reduce the allocation of resources to financing tertiary education and to give priority to basic education has realized the importance of the contributions of tertiary education. In the words of Professor Henry Rosovsky, the co-chairman of the Task Force on Higher

Education and Society: "Higher education is the modern world's 'basic education', but developing nations are continuously fallen further behind. It's time to drive home a new message: higher education is no longer a luxury, it is essential to survival" (cited in Brock-Utne, 2003).

According to the African Development Fund (ADF, 2003), Ghana spend about 4.2% of its Gross National Product (GNP) on public education as compared to 3.5% for other African countries and 3.9% for all developing nations (Atuahene, 2008).

Parry (2012) also made the assertion that cost of financing college and university in the United States have grown astronomically just as relevant as obtaining a college or university degree. According to Parry (2012), it becomes extremely complicated as a university degree is a basic requirement for a good job in United States but you can only afford a university degree when you have a good job.

The purpose of government assisted or sponsored loan scheme is not only to solve the problem of paying school fees but to also delay the payment loans until the student had finished school is earning a salary that will make it possible for the student to be able to pay the loan. Again, loan schemes operated by government appointed body are a poverty alleviation policy and a means to reduce the pressure on the national budget through cost sharing.

It is also important to note that the interest rate charged on government sponsored students' loan is relatively lower as compared to regular commercial loans. This is so because loans for students through the loan scheme acts as subsidies and students are therefore not allowed to bear the full cost of loans. As such, the interest rate is always

below the market rate or the prime rate existing in the country. Most of the times, inflation is not linked to the interest rates making the interests on the students' loan comparatively low.

2.5.1 Benefits of Students' Loan

Students' loan has many benefits mostly depending on the country. The benefits can also be differentiated according to how the nation is developed and again purpose of the said country's tertiary education system. According to Hua Shen (2008), students' loan relieves greatly most of the pressure on the national budget as it facilitates greater cost sharing through the raising of tuition and other university fees. The burden of up-front fees payment is also avoided as payment is deferred until the student receives salary after obtaining a university degree.

The benefits of sharing cost through students' loan have prompted nations who are under massive political and socioeconomic reforms to add higher education to these reforms (Lui, 2007). Johnstone (1998) posits three effective solutions to financial austerity in tertiary education:

- ✓ advocate for the importance of tertiary education to acquire more funding from public sources
- ✓ cut the underlying cost of higher education
- ✓ obtain revenue from alternative sources (Johnstone, 1998)

With increase modernization and enlightenment across the world, families are increasingly valuing education. This has created a surge in the demand for tertiary education which can only be met if there is expansion in the university system.

Another importance or relevance of the students' loan scheme is that its primary target is disadvantaged students. This increases access to tertiary education giving the minority section of the society an opportunity to acquire higher education. This goes a long way in ensuring equity in the society. Students through these loans are able to study in variety of areas leading to the loosening of the skilled labour bottleneck that inhibits the development of the nation.

It is quite important to add that even though students loan are practiced across many countries around the world, objectives for instituting the scheme differ from each country, sources of finance, the amount that is offered to students, the guidelines and processes involved, the collection method and the recovery method may all differ from nation to nation.

2.5.3 High Default Rates in Students' Loan Scheme

The success or failure of every student's loan scheme is the funds ability to recover the loans students borrow from it. However there have been many circumstances where management of loan schemes has found it extremely difficult in recovering loans advanced to students. As such most loan schemes especially those in Africa has seen high default rates. In Kenya for example, the default rate was 81% as at 2009 (Zaina, 2009). In the United States and Canada, the default rate stands at between 16 - 17% in the federal programs (Bertola, 2005). Countries with the lowest rates of default includes Hong Kong,

Sweden and Quebec where students are bonded by the system of income-contingent payment in the form of a maximum proportion of income which is advanced to the repayment of the students' loan (Salmi, 2003).

The problem of high default rates in repaying students' loan has attracted lots of research. Bakar (2006) postulates that non-repayment of loan among university students after graduation has become a big problem to the government since the total amount of loan available to the students is depended on the loan repayment.

2.5.4 Attitudes of Graduates in Loan Repayments

A study conducted by Bakar (2006) in Malaysia revealed that most students see educational loan as a burden and most of them have a negative attitude towards the repayment. This study was carried out with a survey on 1500 undergraduates at the Universiti Putra Malaysia. With this knowledge at the background, another study by Norvilitus (2003) stated that, "students at higher institutions of education were very optimistic about their future earning potentials and that this level of optimism was related to their attitudes towards loan repaying." Students' optimism can be seen as one of the major factors that influence the aggregation of their student loan debts; this is due to the fact that students believe their financial status is temporal and they will repay their student loan easily after graduating from college. The expectations that they have in college are sometimes very different from what exist in the real world in this makes it extremely difficult for them to meet their loan obligations. Again, these expectations of students appreciate when they graduate which also means they put off paying these short term debts to when they feel they are comfortable financially which leads to an increase in their debt level. Students most of the time underestimate the duration of time until they

are hit with repayment. An article authored by Price (2004) states that "Research among low income borrowers found that students with high education loan debt had lower average wages, which results in higher average payment-to-income ratios, which makes the repayment difficult."

Other studies like that of Acheampong (2010) realized that most students with high level of debts are more likely to repay than those with a low level of debt. This is because there is the perception that higher student loan debt means more education and thus higher returns in terms of job quality and salary therefore the ability to pay back loans.

Wrinkle (1990) however suggests that students loan can in the end become self financing through good repayment strategies. In Brazil for example, Wrinkle (1990) notes that high inflationary rate coupled with a default rate of 50% led to the abandoning of the students loan in Brazil in 1976.

To sum up, the World Bank (1978) states that loan schemes in some countries have been disappointing because of heavy interest rates, high default rates and high administrative cost, the loan repayment proportions to the loan recovery ratio has not been very impressive. Acheampong (2010) adds up that the overall performance of some loan schemes is so poor that it would be relatively cheaper if they turned into bursaries or outright grants.

2.6 Student Loans Scheme in China and Thailand

“The opportunities for increasing student contributions to the costs of higher education are many. Student loans have received much attention both in literature and in practice. While they have not always worked well, we have argued that suitably reformed, they

can constitute a productive, though limited, mechanism for cost recovery. Currently, loan programs exist in over 50 developing and industrial countries, and have been introduced most commonly to assist students to pay their living expenses” (Albrecht, 1992).

2.6.1 A case of China

Different loan schemes apply to different countries; examples are taken from Thailand and China. The student loan scheme in China changed twice during its implementation, the first was in 1986. During this time, there were 1,954 institutions in China but the loan scheme was introduced in only 85 institutions. This later changed in 1987 when institutions in the whole country had access to the loan scheme program. This was implemented following the document on “the implementation method of the student loans scheme in REHI undergraduates. Under this method, private institutions managed the student loan scheme and students were entitled to only 300 Yuan per year for their feeding expenses. The range of loan coverage that was expected was 30-35%.

The student loan scheme was later modified by the government in September 1993 as a result of the increase in price index and consumption level in the country which led to average loan sizes being required to be increased. Under this new scheme, student loans became flexible as basic living demands of students set by the various institutions were taken into account. This made it possible for loans to exceed the initial 300 Yuan per year for each student. Also, there was the issue of higher tuition cost of students in the tertiary level which meant that poor students could not afford to attend higher education. The scheme took care of this by seeing the need to expand the coverage rate of loans to students based on the number of poor students in the country. “In September 1993, the

government modified the policy. There were two reasons for the amendment. First, the price index and consumption level went up, which required increasing the average loan size. In addition, the maximum loan should be decided flexibly, taking account of local living standards set by local governments or basic living demands identified by institutions. It meant that the individual loan could not exceed 300 Yuan per year. Secondly, the higher tuition cost meant that more poor students were unable to afford to pay for higher education. There was a need therefore to extend the coverage of loan-receiving students; the coverage rate should be decided flexibly, according to the number of poor students” (Hong Shen, 2003)

The contrast between the first student loan scheme and its amendment was wide, this is because under the first scheme, private institutions managed it and this resulted in a small average loan size of only 300 Yuan per year, in other words students received 25 Yuan per month, the duration of repayment was short and it had to be paid before the students graduated. This had its problems as the local institutions that were managing the loan scheme were short of funds resulting in poor students finding it difficult to obtain loans for their education, it was also not convenient for the students to pay back the loans before graduation because there was no way they could make earnings without being employed. This led to a high default rate of students in paying back their loans.

China tried to curb this situation by introducing the General Commercial Student Loan Scheme (GCSLS) in December 1999 and implemented it in the spring of 2000. The GCSLS targeted students that were over 18 years old and in public and private higher institutions. The interest rates of the GCSLS are market interest rates which have no subsidy from the government. The whole purpose of the GCSLS is to try to provide a

student loan scheme that is financially sound which provides student with the opportunity of borrowing 2,000-20,000 Yuan. This scheme has its own advantages and disadvantages. The advantages are issues such as the fact that its repayment periods are more flexible and under this scheme, banks have a better understanding of student's situation and are familiar with the families of the students so they can contact the students and their families when it is time for the collection of the loans.

This scheme also provides for students to be able to allocate the loans according to their area of need academically and the flexible nature of the scheme allows extra time for students to pay back the loan as opposed to the previous scheme reducing the default rate of students not paying back in the country. "Students receive loans to cover the direct cost of education (tuition fees, education supplies, including computers) and, in some cases, living expenses until they finish their studies. Then, after a short grace period to find a job, usually from six to twelve months, the graduate starts repaying the loan on a monthly basis" (Salmi, 2, 2003)

The disadvantage of the scheme is the fact that it is targeted more on middle-income families than the low-income families, this is because the GSSLs is operated by state-owned commercial banks who shoulder the responsibility of providing funds. They choose to give loans to students that are financially secure and because most needy students cannot mortgage assets for the loans, they cannot access the loans. "Some problems exist in the GCSLS. The access to loans is unequal. The GCSLS is targeted more on the students from middle-or-upper-class families than the lower-income families in rural areas, because the families of the needy students cannot mortgage assets for the loans. The banks tend to loan money to the financially secure borrowers (not poorer

students). So the GCSLS cannot quite enhance the equity of opportunity” (Hong Shen, 2003)

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Although it may seem that the responsibility of repayment of student loans falls solely on the scheme’s collection policy, graduates also play a huge part in the decision of paying back their loans or not. They have a certain degree of responsibility concerning their level of repayment of the student loan; most of them tend to ignore their loans until the collection period is almost over. Hong Shen supports this statement in his study, a review of student loans in Ghana, when he stated that “Certain students do not understand their responsibilities with regard to student loans. For example, some of them have very poor credit awareness, some of them seldom think of the repayment obligation” (Hong Shen, 2003)

China later made a modified policy of their student loans scheme in an attempt to reduce the default rate of the repayment of the student loans; they incorporated a longer repayment period of six years as opposed to their initial repayment period of four years. “The shorter the repayment period, the heavier the risk of defaulting on the loan” (Hong Shen, 2003)

2.6.2 A case of Thailand

Like China, Thailand also experienced similar issues during the implementation of its student loan scheme. The decision to start a student loan scheme was brought about on March 3, 1995 in Thailand and started its operations in the academic period of 1996. It was later modified in March 1998. According to Adrian Ziderman, “The Thai student loans scheme may be viewed against the background of the accumulated experience from student loans that are in place in over 50 countries throughout the world” (Ziderman, 1999). The Thai student loan scheme is also focused on tertiary education with its main objective according to Adrian Ziderman being “to offer financial assistance to poor students and to enlarge the educational opportunities of youngsters from low-income families to continue their educational opportunities of youngsters from low-income families to continue their education, up to the level of the bachelor degree” (Ziderman, 1999).

As compared to China, Thailand also faces difficulties in the repayment of student loans under the Thai Student Loans Scheme. “It is found, on the basis of computer simulations, that current repayment conditions imply that the typical borrower will return only about 20 per cent of the loan received, in real terms (implying the receipt of a hidden grant

equivalent to some 80 per cent of the value of the loan), in real terms. Moreover, the expected burden of repayment is extremely light for the typical student. Annual repayments out of annual income will be in range of 2-3.5 per cent only. These calculations point to an overly generous loans scheme, providing borrowers with unnecessarily highly subsidized loans, which may be repaid effortlessly out of higher income received on completing courses of education.

From this, it can be concluded that the policy which the Thai student loan scheme employs is that they offer student loans at a highly subsidized interest rate so that the burden of paying back the loans on the students will be very light.

The overall recovery ratio to the loans fund on typical loans will be even less favorable. Some students will not meet their repayment obligations and the administration of the loans fund is not costless. Taking account of the probability of repayment default and adopting a level of administration costs in line with that from international experience, results in recovery ratios in the range of 6 to 10 per cent – indicating that loans would be marginally preferable to scholarships, on purely financial grounds. The broad coverage of the Thai scheme may result in economies of scale and lower administration costs; yet even so, recovery ratios exceeding 15 per cent are unlikely to be forthcoming” (Ziderman, 1999)

2.7 Summary of Chapter

The above discussions based on the literature available provide an insight into the perspective of students loan globally. This will aid in the subsequent chapters to analyze and discuss the current situation on students’ loan in Ghana.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter of the study is an explanation of the methodology used to achieve the objectives outlined in the study. The chapter begins with the design of the study, the target population of the study, the sampling size, the sampling technique, data collection procedure and data collection analysis.

3.2 Research Design

Research design is a prudent and systematic outline of the scientific procedures adopted in conducting a research (Saunders et al, 2007). The study was both explanatory and descriptive as the study tried to describe the effects of Students' Loan Scheme on Tertiary Education Accessibility. Nimako and Azumah (2009) describe descriptive research as "a formalized study with definite structures in order to better describe or present facts about a phenomenon as it is in reality." Descriptive was therefore relevant for this research as it portrayed an accurate profile, events or situations of the Students' Loan on the accessibility of tertiary education.

The study also sought to establish the causal relationship between students' Loan and tertiary education accessibility. The research therefore adopted the deductive approach to inquiry. The study was quantitative as the researcher drew conclusions from the statistical data collected from the field.

3.2 Data Collection Procedure

The data used for the study was from both primary and secondary sources.

Primary data is original data collected by the researcher for the research problem at hand, Yin (2003). A structured questionnaire was used to gather primary data from respondents. A structured questionnaire was the most useful and effective tool for this study because of inadequate time, a large sample size and the dynamics of the respondents. The questionnaires for gathering primary data were personally delivered to communicate forth the relevance of this study and their contributions explained to them. Respondents were also briefed on the ethical considerations of the study. This approach allowed for the gathering of better responses.

Secondary data was also sourced from journals, internet, internet reports, articles etc (Ghauri and Gronhaugh, 2005). They were however correctly cited in-text and also in the references section of the study.

3.3 Unit of Analysis

This study was based on the responses of individual students from KNUST who are listed on the Students' Loan Scheme.

3.4 Target Population

The population of the study was made up of all students of KNUST who have been registered under the Students' Loan Scheme as at the 2014/2015 academic year.

According to Ngulube (2005), one of the major steps in research design is the definition of the population. The population constitutes an important part in the research objectives.

The population in this study refers to the aggregation of people for which the researcher wishes to investigate.

Data from the KNUST SLTF secretariat indicate that 1101 students are enlisted on the loan scheme as at 2014/2015 academic year. This number was therefore used as the target population for the study because it represented the current number of registered members and because it was provided by the management of the loan scheme at KNUST.

3.5 Sample Size

The study used a sample size of 285 respondents who were selected using systematic random sampling method because it was appropriate for the study, the time and money constraint nature of the study. The sample size was computed using the sample size calculated of Saunders et al (2007) with a 95% confidence level and a margin of error of 5% and the population of 1101 active members of the Loan Scheme in KNUST.

3.6 Sampling Technique and Procedure

The researcher used the systematic sampling method to select respondents to be included in the sample. According to Creswel (2009), any form of random sampling method is appropriate when done well because it will allow for fair representation of respondents on the sample. According to Saunders et al. (2007), random sampling methods of which systematic sampling is one give every member of the population an equal chance of been part of the sample. The purpose of using systematic random sampling was because there was an available sampling frame. As such, it was convenient to use considering the time needed to complete this study. The researcher used an interval of 7 as a starting point of

the selection of the sample. The researcher continued till all the 285 respondents were realized.

3.7 Data Analysis

Data was collected with the primary aim of comprehensive analyses to reach out findings and recommendations on the objectives of the study. The data was therefore edited, coded, analysed and results classified and tabulated according to the objectives of the study. Computations were done with various statistical tools such as frequencies, standard deviations, means, histograms, bar charts and pie charts with the SPSS software v17.

3.8 Ethical Considerations

One of the most important parts of every research is the ethical consideration of the study. since social science research involve the use of human beings as subject matter, the researcher should ensure that appropriate means of collecting data from these human subject matters are followed and adhered to strictly. As such, the researcher as a student of the School of Business and Graduate School sought the appropriate consent from these authorities regarding ethical issues that were adopted for this study to ensure that it was in conformity with the set rules of the schools. After consent was given, the researcher wrote a cover letter to introduce the questionnaire to the respondents (Bryman, 2009).

Another important ethical issue that has gained prominence over the issues is plagiarism or what is generally termed as academic fraud (Creswel, 2009). The researcher therefore appropriately acknowledged and cited all sources of literature that was used in the study to avoid plagiarism.

Lastly, the researcher considered the privacy and confidentiality of the information provided by respondents. As such, the confidentiality of the respondents was assured by keeping all data for academic purposes and nothing else. Finally, respondents were told of the voluntary nature of the study (Saunders et al. 2007).

CHAPTER FOUR

RESULTS, ANALYSIS AND DISCUSSIONS

4.1 Introduction

This chapter of the study covered the results, analysis and discussions of the data collected through the use of the questionnaire (see Appendix A). The set of questionnaire was administered randomly to students listed on the Students' Loan Scheme in KNUST. Two hundred and eighty-five questionnaires were distributed with two hundred and sixty-two (262) retrieved. This represented a retrieval rate of 92%. Below is how the data collected were analysed and discussed.

4.2 Respondent's Profile

The study revealed that most of the students on the Students' Loan Scheme (SLS) fall within the ages of 21 - 30 years. This was represented by 168 respondents representing 64.5% of the respondents. This was followed by those under the age 20 years who had a representation of 93 respondents (35.4%). It can therefore be concluded that most of the subscribers to the SLS in KNUST fall below the age of 30 years. This shows that most of these students are people who rely of external support to finance their tertiary education. A further 1:0.4% represented those within 31 - 40 years with 41 years and above recording no frequency. Below is a table illustrating the results of the age distribution.

Table 4.1 Age Distribution of Respondents

AGE	FREQUENCY	PERCENTAGE
Under 20 years	93	35.4
20 – 30 years	168	64.2
31 – 40 years	1	0.4
41 and above	–	–
TOTAL	262	100

(Source: Field Work, 2015)

The study further revealed that majority of subscribers of SLS is males. Out of 262 respondents, 196 representing 74.7% were males whiles 66 representing 25.3% were females. Below is a table to illustrate the findings.

Table 4.2 Gender of Respondents

GENDER	FREQUENCY	PERCENTAGE
Male	196	74.7
Female	66	25.3
TOTAL	262	100

(Source: Field Work, 2015)

The question on the marital status of respondents showed an overwhelming response for those who are single. A total of 259 respondents representing 98.9% of the respondents claimed they were single with 3 respondents representing 1.1% claimed they were married. None of the respondents said he/she was separated, divorced or widowed. Below is an illustration of the findings.

Table 4.3 Marital Status of Respondents

STATUS	FREQUENCY	PERCENTAGE
Single	259	98.9
Married	3	1.1
Separated	–	–
Divorced	–	–
Widowed	–	–
TOTAL	262	100

(Source: Field Work, 2015)

The study did not use level 100 respondents because there were no current students at that level as at the time of data collection. The study however revealed that most of the students on the SLS were level 300 students with a respondent representation of 117 representing 44.7% of the total data. This was followed by those in level 400 with 88 respondents representing 33.5%. Level 200 students made up 21.8% of the respondents. Below is the illustration of the findings.

Table 4.4 Level of Study

LEVEL	FREQUENCY	PERCENTAGE
100	–	–
200	57	21.8
300	117	44.7
400	88	33.5
TOTAL	262	100

(Source: Field Work, 2015)

The last question on the respondents profile was to ascertain the programme of study of respondents. The study revealed that majority of the students on the scheme were pursuing Arts. They were represented by 112 respondents (42.8%). This was followed by Sciences with 70:26.7%, Business with 53:20.2% and Engineering was last on the list with 27:10.3%. Below is the table depicting the findings.

Table 4.5 Programme of Study

PROGRAMME	FREQUENCY	PERCENTAGE
Sciences	70	26.7
Arts/Social Science	112	42.8
Business	53	20.2
Engineering	27	10.3
TOTAL	262	100

(Source: Field Work, 2015).

4.2 Student's Loan Scheme and Improvement in Access to Tertiary Education

This objective of the study was to ascertain whether the STLF have been able to improve access to tertiary education in Ghana. As such, questions were asked to solicit the views of the respondents. Below is a tabulated result of the findings from the questions asked.

Table 4.6 Tabular Presentation of Findings on STLF and Improvement in Access to Tertiary Education

Variable(s)	Frequency (f)	Percentage (%)
Who pays for your education?	15	5.7
Myself	99	37.8
Parents	78	29.8
Friends/Relatives	70	26.7
Scholarships	262	100

Total		
How did you know about SLTF?		
Social Media	6	2.3
Newspaper	77	29.7
SLTF flyers	7	2.7
Friends/Family	9	3.5
Students orientations	117	45.2
Already knew before coming to school	43	16.6
Total	259	100
What influenced you to apply to SLTF?		
Inadequate Family Financial Support	216	82.4
Single Parenting	63	24.1
Low Family Income	123	47.0
High Cost of Education	197	75.0
Do you agree that SLTF has improved Tertiary Education?		
Strongly disagree	78	30.4
Disagree	93	36.2
Neutral	7	2.7
Agree	70	27.2
Strongly Agree	9	3.5
Total	257	100
Is the amount paid by SLTF enough?		
Strongly disagree	8	3.1
Disagree	31	12.1
Neutral	33	12.9
Agree	127	49.6
Strongly Agree	57	22.3
Total	256	100
Do you enjoy any other source of funds apart from SLTF?		
Yes	93	35.8
No	167	64.2
Total	260	100

If Yes, which source?		
Corporate Organization	7	7.5
Educational Trust	16	17.3
Bank	–	–
School	–	–
Scholarships	63	67.7
Others	7	7.5
Total	93	100
How do you compare SLTF with other source of funds in Ghana? SLTF is.....		
Very Good	8	3.2
Good	14	5.7
Neutral	37	15
Cumbersome	149	60.3
Very cumbersome	39	15.8
Total	247	100

(Source: Field Work, 2015)

From the table 4.6, it was realized that majority of the students who apply to the SLTF are sponsored through their tertiary education by their parents. This category of students was represented by a percentage of 37.8 out of the total respondents. This was followed by students who are sponsored by friends/relatives with 29.8%. Those on scholarship also made up 26.7% of the respondents. Those who sponsor themselves were made up of only 5.7%. This finding is consistent with Mohabed (2006) study on “Student’s loan scheme in Mauritius: Experience, Analysis and Scenarios” which found out that most students in Africa even though supported by their parents in school, do not get enough financing due to the cost of tertiary education and the high cost of living in most of these countries. Msolla (2007) also postulated in his study on “Issues of Higher Education in Tanzania” that high cost of tertiary education has made it extremely difficult for people of lower class to educate their children through tertiary education in Africa. To Msolla (2007),

most of the students thus rely on loan schemes to be able to complete their tertiary education.

Majority of the students on the scheme also said they heard of the SLTF during orientation when they entered the university. This was represented by 119 respondents who make up 45.2% of the total respondents. This is followed by those who heard of it from various newspapers with 29.7%. Those who already knew before coming to school followed with 16.6%. This was followed by family/friends, SLTF flyers and social media with 3.5%, 2.7% and 2.3% respectively. This shows that the SLTF is making considerable effort to make students aware of the availability of the funds so that students without enough funding can access it. This is very important because the scheme in order to achieve its aim of making tertiary education accessible should publicize itself very well to reach all students in tertiary schools to make students able to decide on how they will access funds in times of need.

Respondents were also asked the factors that made them apply for funds from SLTF. Below is a figure ranking the factors that influence students decision to apply for loans under the SLTF.

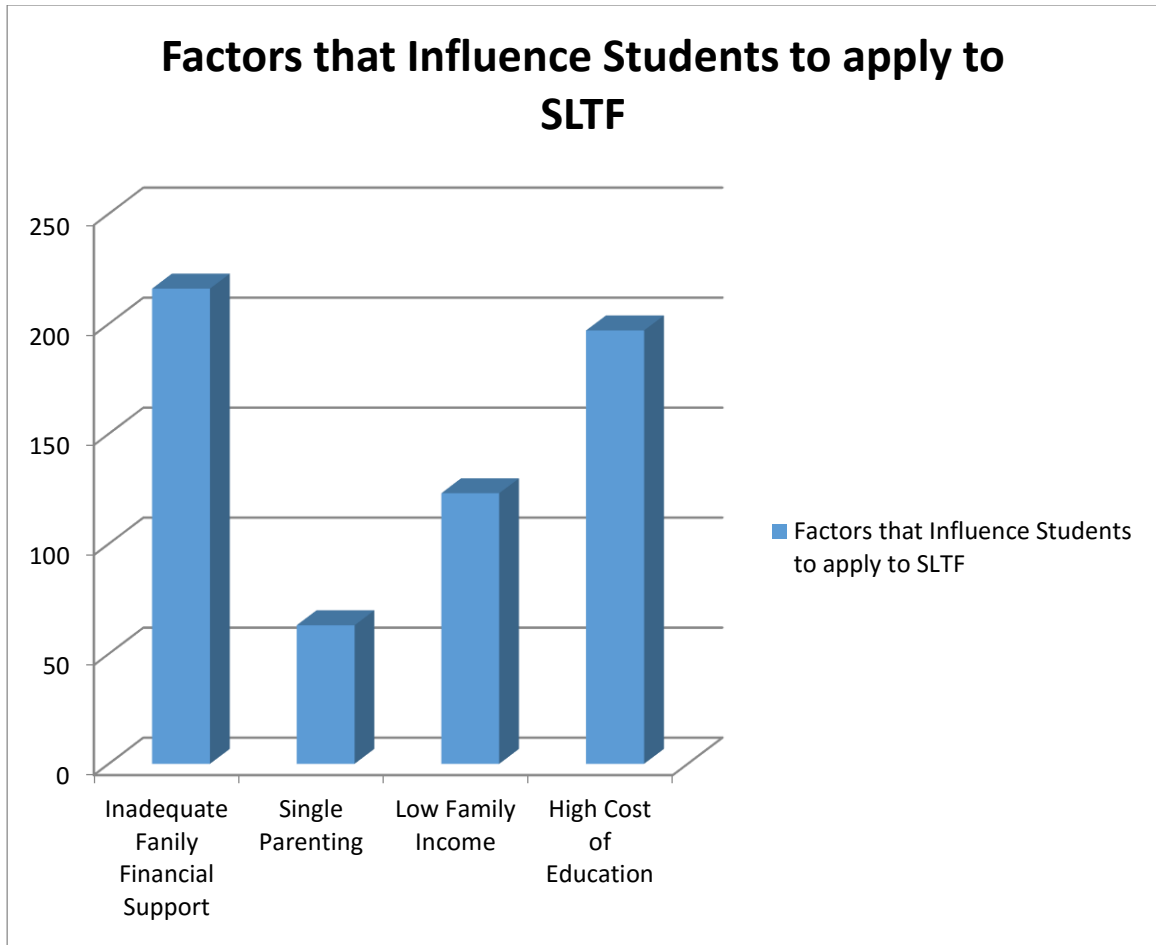


Figure 4.1 Factors that Influence Students to Apply to the SLTF

(Source: Field Work 2015)

The figure shows that the primary factor why students apply for loans is adequate financial support from the families followed by high cost of education in the country. For example, according to Kwame Nkrumah University of Science and Technology website: www.knust.edu.gh, fresh student for academic year 2015/2016 pays a minimum of GHc 2036.55 for regular students and a minimum of GHc 6298.00 for fee paying students. With a minimum wage of GHc 7 that pertains in the country, it will be very difficult for families of lower incomes to be able to afford these fees without external help. The least

factor that influences students to apply for loans with the SLTF is single parenting which recorded a percentage of 24.1.

On the question of whether the SLTF improves access to tertiary education in Ghana, an overwhelming 66.6% of the respondents representing a frequency of 171 agreed that the SLTF has helped improved access to tertiary education in Ghana. 79 respondents representing 30.7% of the population believe the SLTF has not improved access to tertiary education in Ghana. To add up to this, even though majority of the respondents agree that the SLTF has improved access to tertiary education, most of the respondents still think the amount given as loan per year by the SLTF is still not enough to support their tertiary education. According to the findings of the study, 71.9% of the respondents disagree to it that the amount given as loan is not enough with only 15.2% agreeing that it is enough. A total of 12.9% of respondents however remained neutral on this question.

Even though the amount is not enough, majority of the respondents reiterated that they do not get other sources of funds for their education apart from the one provided by SLTF. One hundred and sixty-seven (167) respondents representing 64.2% of the respondents claimed they do not get any other support for their education with 93 respondents representing 35.8% reiterating that they get other sources of funds to support their education. Out of those who get other sources of funds for their education, 67.7% of the funds come from scholarships, 17.3% come from education trust funds, and 7.5% come from corporate organizations with another 7.5% coming from other sources of funds.

The last question to answer this objective of the study was for respondents to compare the SLTF with other sources of funds available. There was overwhelming support to suggest

that even though the scheme is very helpful, it is cumbersome for the students who apply to it. The result is illustrated in the figure below.

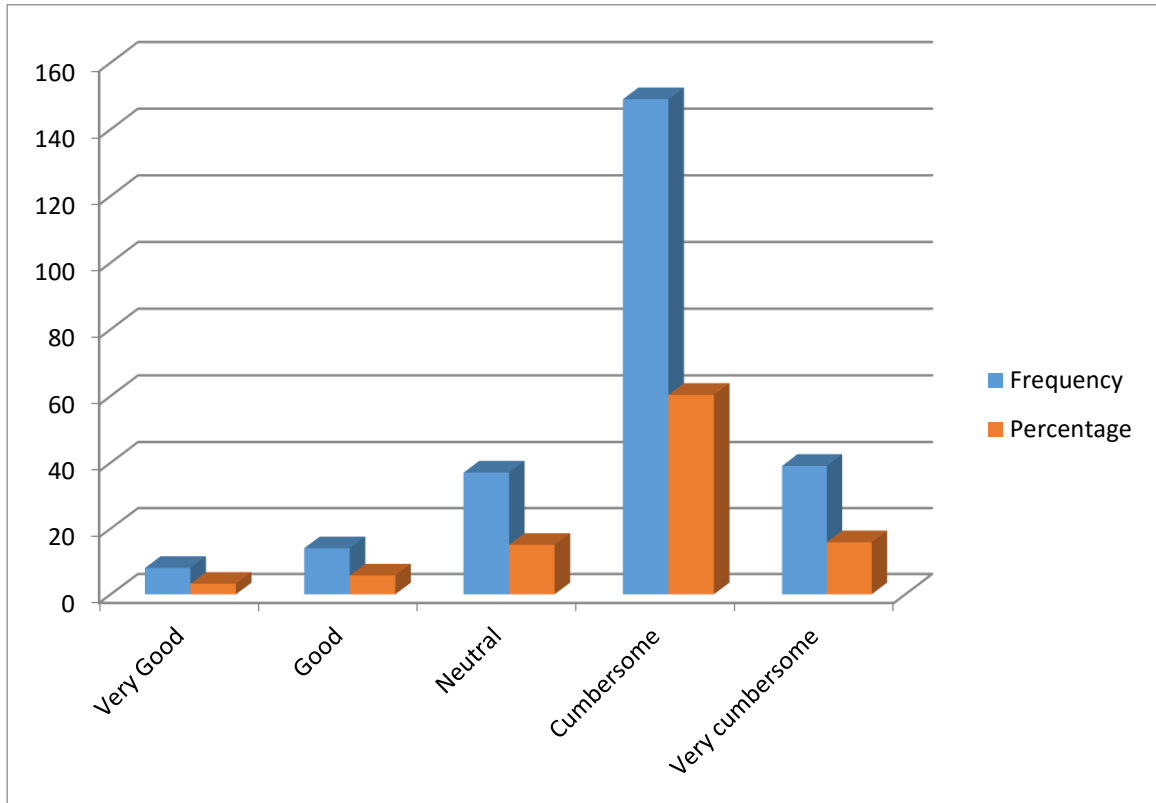


Figure 4.2 Comparing the SLTF with other Sources of Funds Available
(Source: Field Work, 2015)

Figure 4.2 above shows that 76.1% of the respondents believe that the SLTF is cumbersome. This should be a call to the Scheme to look at the processes and make it simple and straight forward for the students enrolled on it.

On ways of improving the SLTF, the respondents outlined some measures that will help make the scheme meet its prime target of making education accessible to all. The first

suggestion from the respondents was that since the scheme is aimed at improving accessibility, students should be allowed to access loans up to the amount they are paying as fees. This will go a long way in giving confidence to students from poor backgrounds to apply and access tertiary education. Another critical point raised by the respondents was for the authorities of the SLTF to liaise with the authorities of various tertiary institutions to include the loan application forms in admission letters of students so that even before they enter the institutions, they are made aware of the availability of funds to support their education. The respondents also shared the view that disbursement of the loan which usually happens in the second semester of the year should be changed to the first semester where most of the expenses are incurred.

In summary, the study revealed that students who have subscribed to the SLTF rate the scheme high as an attempt by the government to improve access to tertiary education. It can also be concluded that the major reason why students subscribe to the scheme is their family's inability to support them throughout their education. However there is general assertion among the students that the amount given as loans by the SLTF is not enough to cater for all the needs of the students in an academic year. As such, those who can access other sources of funds add them to the SLTF to be able to complete their tertiary education.

4.3 How is the SLTF managed?

The next objective of the study was to ascertain the view of the students on how they think the SLTF is being managed by the board and management of the fund. Below is a tabular representation of the views of respondents.

Table 4.7 Responses on how the SLTF is being Managed

Variable(s)	Frequency (f)	Percentage (%)
At what level did you join the SLTF?		
Level 100	201	77.3
Level 200	48	18.5
Level 300	9	3.5
Level 400	2	0.7
Total	260	100
Is the loan process managed well?		
Strongly disagree	13	5.1
Disagree	84	32.7
Neutral	56	21.8
Agree	87	33.9
Strongly Agree	17	6.5
Total	257	100
Was the loan disbursed on time?		
Yes	124	49.0
No	129	51.0
Total	253	100
Did you encounter problems in the loan application and disbursement that could have been avoided?		
Yes	79	31
No	176	69
Total	255	100
Were you satisfied with the amount received?		
Very Satisfied	13	5.1
Satisfied	37	14.4
Indifferent	83	32.3
Dissatisfied	87	33.8
Very dissatisfied	37	14.1
Total	257	100
Were you briefed on the interest rate charged on the loans?		
Yes	197	76.1
No	62	23.9
Total	259	100

Is the interest rate high?		
Very High	13	5.0
High	82	31.7
Moderate	117	45.2
Low	19	7.3
Very Low	28	10.8
Total	259	100
Will you recommend the SLTF to friends?		
Yes	201	77.9
No	57	22.1
Total	258	100

(Source: Field Work, 2015)

The study revealed that majority of the students on the fund join in the first year of school. This was represented by a frequency of 201 which represents 77.3%. They are followed by students in the second year with 48 respondents which represents 18.7% saying so. Students in the third year follow with a 3.5% and then final year students with 0.7%. This shows that most of the students on the loan are faced with financial problems right at the start of their program of study at the university. According to Li (2007) in his study entitled, “Family background, financial constraint and Higher Education in China”, students from poor backgrounds start to search for financial support even before they enter institutions of higher learning. They access all avenues to acquire funds to complete their education. According to Li (2007), because of family backgrounds, most of the students who are enrolled on loans do that immediately they enter the institution and continue with the support until they complete the institution. This finding by Li (2007) is consistent with the finding of this study which shows that most students join the SLTF immediately they are admitted into the university. Below is a pie chart to illustrate the findings.

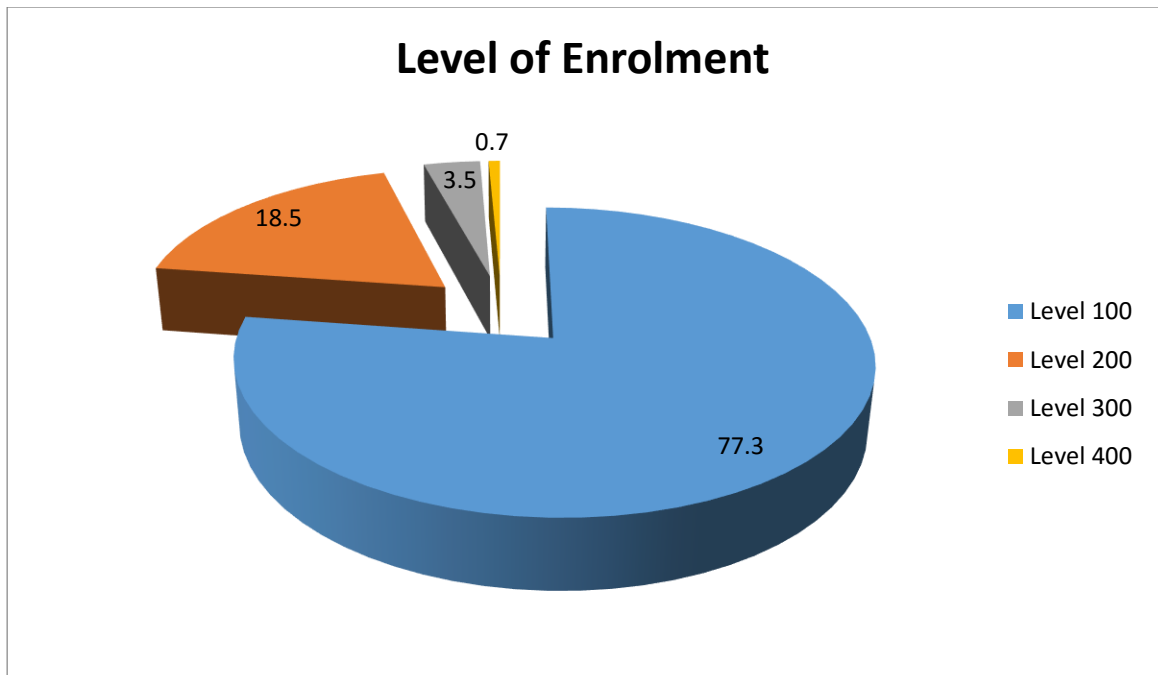


Figure 4.3 Level of Enrolment onto the SLTF

(Source: Field Work, 2015)

The study also found out that opinions are divided among the respondents as to whether the loan process is being managed well. A total of 97 respondents which represents 37.8% believe that the process is being managed well. However, 40.4% which represents 104 respondents also thinks that the process of accessing the loan is not being managed well with 56 respondents which represents 21.8% remaining neutral on how the fund is being managed. When asked whether the loan is being disbursed on time, the study revealed that 124 respondents which represent 49% think it is being done on time with 129 respondents representing 51% saying it is not being disbursed on time. The slight difference in opinion about the disbursement of the loan indicates the scheme effort at giving out the loans to students on time. Not long ago, a study by Acheampong (2010) with the title, “Meeting the Financial Needs of Tertiary Students: The Role of the

Students' Loan Trust Fund" found out that there was always a significant delay in the disbursement of funds by the SLTF. Sixty-seven (67%) of the respondents of that study agreed that disbursement of loans were not on time. The finding from this study is therefore inconsistent with the findings from the study of Acheampong (2010).

The study further revealed that majority of the respondents did not encounter any problem when they first applied for the loan and when the loan was disbursed. This was represented by a frequency of 179 which represents 69% of the respondents. Those who faced problems were represented by a frequency of 79 which makes up 31% of the respondents.

Responses on whether students are satisfied with the amount paid by the scheme as loans showed that most of the students are not satisfied with the amount they receive as loans. Only 19.5% of the respondents said they were satisfied with the amount received. A further 32.3% said they were indifferent about the amount they received with 48.2% reiterating that the amount paid by the scheme as loans is not satisfactory. This finding is consistent with the study by Ishengoma (2004) which found that students are generally not satisfied with the amounts they receive as loans to finance their education.

The figure below presents the findings on whether students are satisfied with the amounts they receive.

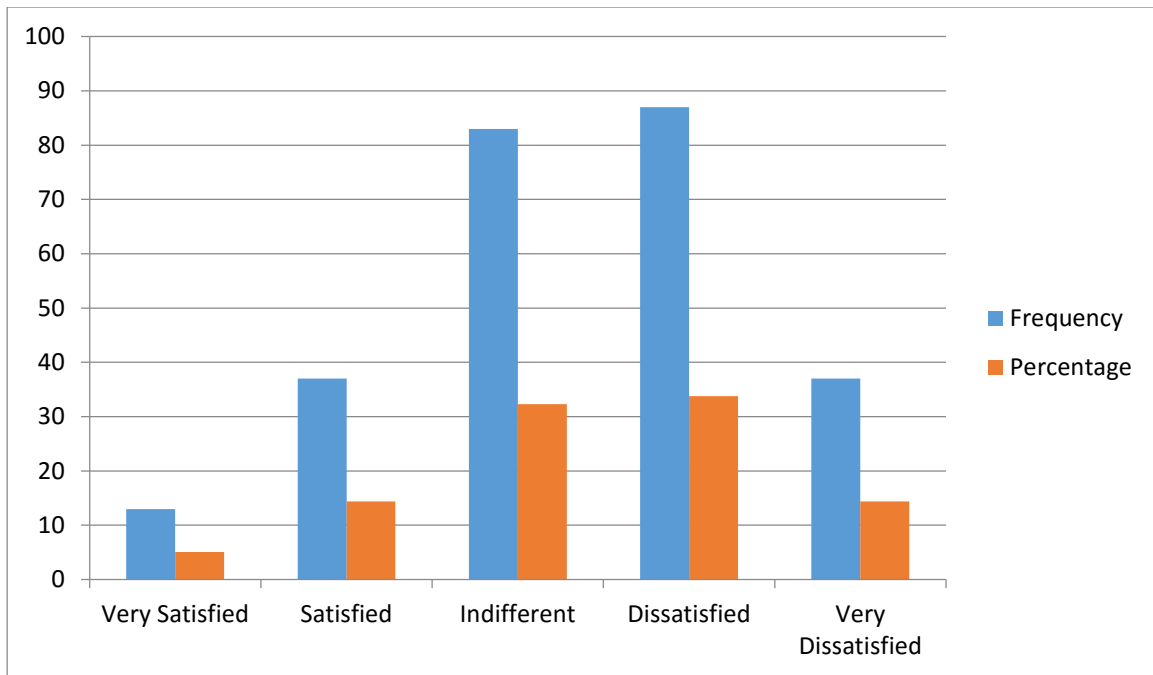


Figure 4.4 Level of Satisfaction of Students on the amount they receive as loans from SLTF

(Source: Field Work, 2015)

On the question of whether students were made aware of the interest rate they will pay on the loan, the study revealed that SLTF makes students aware of the interest rate. Out of a total of 259 respondents, 197 respondents which represent 76.1% said they were made aware of the interest rate with 62 respondents which represent 23.9% of the respondents saying they were not made aware of the interest rate. On the issue of whether the interest rate of 12% per annum charged by the fund was high, the study found out that majority of the respondents 117 (45.2%) believes it's moderate. A further 95 respondents who represent 36.7% thinks it's high whereas 47 (18.1%) thinks it's low. The study found out that students enrolled on the fund believe the interest rate charged on the loan they receive is moderate.

The last question asked to address this objective was to ask whether those on the scheme will recommend the SLTF to other people. The findings revealed that majority of the respondents will recommend the fund to other people in need of support for their tertiary education. This was represented by 201 respondents which is 77.9% of the total respondents. A further 57 respondents representing 22.1% said they will not recommend it to others.

To sum up, the study revealed that overall, students who are enrolled on the SLTF believe it is being managed well. The responses however suggest that there still some challenges which need attention and fine tuning in order to meet the needs of students.

4.4 Students' Perception of the SLTF

The last objective of the study was to ascertain the image that SLTF leave on students who take loans from the fund. Below is a tabulated result of the findings from the set of questions that were used to address this objective.

Table 4.8 Students' Perception of the SLTF

Variables(s)	Frequency (f)	Percentage (%)
How did you feel after receiving your first disbursement?		
Very Satisfied	7	2.8
Satisfied	43	17.0
Indifferent	102	40.3
Dissatisfied	67	26.5
Very Dissatisfied	34	13.4
Total	253	100
Do you agree that the SLTF is playing an important role in improving access to tertiary education?		
Strongly Agree	57	22.4
Agree	95	37.3
Neutral	25	9.8
Disagree	51	20.0
Strongly Disagree	27	10.5
Total	255	100
Do you agree that the SLTF has created a positive image in your life?		
Strongly Agree	41	15.8
Agree	107	41.3
Neutral	63	24.3
Disagree	39	15.1
Strongly Disagree	9	3.5
Total	259	100

(Source: Field Work, 2015)

The study revealed that most of the students were indifferent with the amount they received as loans. This strengthens the argument that the money given as loans is inadequate for the upkeep of students at tertiary institutions. The respondents who said they felt indifferent made up 40.3% of the total respondents. Those who felt satisfied

after receiving the first disbursement made up 19.8% with those who felt dissatisfied making up 39.9% of the respondents.

The study also solicited views on whether the fund has helped improve access to tertiary education in Ghana. The study revealed that generally students who are on the scheme agreed that it has improved access to tertiary education in Ghana. Out of the total respondents, 59.7% agree that the fund has improved tertiary education in Ghana. A total of 30.5% also disagree to this. This finding is consistent with the findings of Li (2007) in China which revealed that loans for students in tertiary institutions improve accessibility.

The study further revealed that in spite of the findings that the loans are woefully inadequate, it still have a very positive effect in the lives of those who subscribe to it. According to the respondents of the study, the SLTF provides an opportunity for most of the students to add up to the funds they have to be able to go through their education. This was supported by 57.1% of the population who agree that the fund has really affected their lives positively. Only 18.6% of the respondents disagreed to this assertion with 24.3% choosing to remain neutral.

In summary, it can be concluded from the analysis of this objective that the SLTF is a scheme that is helping build a future for people who like to enroll in tertiary institutions but do not have adequate financial backing to do so. Even though the research found out that the loans are dissatisfactory, it still goes a long way in helping these students through their education.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The chapter begins with a summary of the entire research. This is followed by a summary of the key finding emanated from the study. The chapter ends with a conclusion and recommendations for policy and further studies. The chapter is however organized into a summary, key findings, conclusion and recommendation.

5.2 Summary

This research has as its main objective to investigate the effects of the students' loan scheme on tertiary education accessibility in Ghana. The study made use of students of KNUST as its case study. The concept of students' loan without doubt has provided funds for many students across the world to enter tertiary institutions in the world (Li, 2007). It is undoubtedly one of the most widely accepted forms of cost sharing that government use to provide access for all to enter into tertiary education (Johnstones, 2002). The study was made necessary because of the relevance the SLTF has on the lives of those who subscribe to it and the continuous agitation by students about problems they encounter in their quest to access the scheme. As such, the study investigated how effective the scheme has been in providing access to tertiary education in Ghana.

The study population was made up of all students at KNUST who has subscribed to the scheme. A total sample size of two hundred and eighty-five (285) was used for the study with a retrieval rate of 92% meaning two hundred and sixty-two (262) responses from respondents were valid too be used in the study.

The study also made use of a structured questionnaire as a data collection instrument. This questionnaire was divided into parts with each part representing a specific objective of the study. The first part however represented the background information of the respondents. Data collected for the study was analysed with the use of the Statistical Package for Social Science (SPSS) v17. Descriptive statistic tools in the form of mean, standard deviation, frequency and percentages were used with data collated into tables and figures.

5.3 Key Findings of the Study

Below are the findings of the study.

5.3.1 Students' Loan Scheme and Improvement in access to Tertiary Education

The study found out that the students' loan scheme has improved access to tertiary education in Ghana. This was supported by the revelation that most of the students listed on the scheme do not adequate financial support from their families therefore making the students' loan a very important source of finance for them. The study also found out that majority of students on the scheme is not satisfied with the amount that is being paid as loans to them. The study further revealed that most of the students who are listed on the scheme do not have any other source of finance for their tertiary education and thus rely mostly on the students' loan to aid them in their education. Those who have other sources mostly rely on scholarships. Another important revelation from the study is how SLTF has improved on the dissemination of information on the scheme. The study revealed that most of the students get to know of the scheme through either newspaper

advertisement or orientation that is been given by the SLTF upon admission into the university.

5.3.2 Management of the SLTF

The study further revealed that most of the students from KNUST join the scheme in the first year of study at the university. This goes to paint a picture that, right from the onset those who need assistance to aid them in their education sought for it immediately they enter the university. Majority of the respondents also concluded that they faced no difficulty in their application and disbursement of funds. This shows that the SLTF unlike what was reported in the study of Acheampong (2010) is making efforts to make the process of applying for the loan less difficult and problematic. Students also attested to the fact that they were briefed of the interest to be paid on the loan and think that the interest rate of 12% per annum is moderate considering the existing conditions in the country. To sum up, the study revealed that most of the students on the scheme believe the scheme is being managed well and further claimed they will recommend it to other people.

5.3.3 Image created by the SLTF in the lives of Beneficiaries

The study found out that the scheme creates a positive image in the lives of beneficiaries. Even though the study found out that students are usually indifferent when they receive the loan amounts, they don't dispute the fact that the loan is very important as a means of improving access to education in Ghana.

5.4 Conclusion

The study aimed at ascertaining the effects of the Students' Loan Scheme on Tertiary Education Accessibility in Ghana. Based on the findings of the study, the study can conclude that the SLTF has a positive effect on tertiary education accessibility in Ghana.

It can also be concluded that SLTF is being managed well to meet the needs of the students in Ghana.

An important conclusion that needs emphasis is that even though the loan is important, the amount paid as loan according to this study is not enough to meet the needs of the Ghanaian student.

5.5 Recommendation

From the findings emerging from the study and conclusions drawn from it, the following recommendations were made.

5.5.1 The need to increase the amount paid as loan

Most of the students highlighted the fact that the loan amount is not adequate. The loan amount should therefore be increased to meet the demands of students. If possible, lessons can be learnt from countries that have successfully implemented a students' loan scheme such as Norway, The USA, Japan and the rest.

5.5.2 The need for early disbursement of funds

Funds should also be released early by the scheme to be able to timely meet the needs of students. Most of the students according to Ishengoma (2004) have to look for loans to

settle expenses even before the loan comes. This brings about extra burden on students that the government otherwise wants to help.

5.6 Suggestion on Areas for Further Studies

Findings from the study explicitly acknowledge that fact that there should be a comprehensive empirical study on the amount that should be advanced as loans for students in tertiary institutions. This kind of study should take into consideration all the factors that are important in determining the quality of help that should be given to a student at a tertiary institution.

The study also made inferences from only students from the Kwame Nkrumah University of Science and Technology. There should therefore be further studies on students from other institutions to ascertain the validity of the responses obtain from this study.

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The International Information and Library Review, p.127

APPENDIX

QUESTIONNAIRE

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS

This questionnaire is for academic purposes only and aims to solicit information relating to the Effect of the Student's Loan on Tertiary Education Accessibility in Ghana.

All information obtained will be treated with the utmost confidentiality in accordance with the Kwame Nkrumah University of Science and Technology's regulations and policy on Thesis writing.

Your participation and input will therefore be highly appreciated.

Please tick as appropriate:

SECTION A:

Background Information

1. How old are you?

Under 20 years ☐ 21 – 30 years ☐

31 – 40years ☐ 40 years and above ☐

2. Gender

Male ☐ Female ☐

3. Marital Status

Single ☐ Married ☐ Separated ☐

Divorced ☐ Widowed ☐

4. What is your current level of study?

Level 100 ☐ Level 200 ☐ Level 300 ☐

Level 400 ☐ Others ☐

5. What is your programme of study?

Sciences ☐ Arts ☐ Business ☐

Engineering ☐

SECTION B:

SLTF and Improvement in Tertiary Education

6. Who pays for your education at your current level of study?

Myself ☐ Parents ☐ Friends/Relatives ☐

Scholarships ☐

7. Do you know that the Students Loan Trust Fund gives financial assistance in the form of loans to students in tertiary institutions?

Yes ☐ No ☐

8. If yes, to question 7, how did you know of the above mentioned students loan scheme?

Internet/ Website/ Social Media (Eg. Facebook) [] Newspapers []

SLTF's flyers [] Radio [] Friends/ Family [] Others

Students' Orientation [] Others(Specify).....

9. In your opinion which of the following factors is more likely to influence you to apply for a student's loan. Select as many as applicable.

Inadequate family financial support [] Single parenting []

Low family income [] High cost of education []

More than one of the above factors [] Others

(specify).....

10. Do you agree that the amount allocated to you is enough to cover the basic cost of your tertiary education?

Strongly Agree [] Agree [] Neutral [] Disagree [] Strongly Disagree []

11. Have you apart from the SLTF sourced for funds from any other institution for your educational expenses?

Yes [] No []

12. If yes to question 11, from which source did you seek financial assistance?

Corporate organization [] Educational Trust [] Bank []

School [] Scholarships secretariat [] Others []

13. In your opinion, how well does it compare to the students loan trust fund.

Very Good [] Good [] Neutral [] Cumbersome [] Very Cumbersome []

SECTION C:

How SLTF is being managed

14. At what level did you join the SLTF?

Level 100 ☐ Level 200 ☐ Level 300 ☐

Level 400 ☐ Others ☐

13. Do you agree that the loan process is managed well?

Strongly Agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly Disagree ☐

14. Was the loan disbursed on time?

Yes ☐ No ☐

15. Did you encounter problems in the loan application and disbursement that you think could be avoided if managed well?

Yes ☐ No ☐

16. How satisfied were you with the amount received from the SLTF?

Very Satisfied ☐ Satisfied ☐ Indifferent ☐

Dissatisfied ☐ Very Dissatisfied ☐

17. Were you briefed on the interest charged on the loans?

Yes ☐ No ☐

18. What do you think about the interest charged on the loans?

Very High ☐ High ☐ Moderate ☐ Low ☐ Very Low ☐

19. Will you recommend the SLTF to a colleague/friend?

Yes [] No []

20. What do you think can be done to improve the SLTF to meet its aim of providing access to tertiary education?

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SECTION D:

Borrowers perception of the SLTF

21. How did you feel after receiving the first disbursement from the SLTF?

Very Satisfied [] Satisfied [] Indifferent []

Disappointed [] Very Disappointed []

22. In your opinion would you say that, the SLTF is playing an important role in improving access to tertiary education?

Strongly Agree [] Agree [] Neutral [] Disagree [] Strongly Disagree []

23. Do you agree that the SLTF has created a good image in helping you in your pursuit of tertiary education?

Strongly Agree [] Agree [] Neutral [] Disagree [] Strongly Disagree