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Accessing Student Soft Loans and Academic Performance of Students in Rivers State

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Abstract

The study examines the effects of student soft loans on the academic performance of students in the state-owned universities in Rivers State. Questionnaires were administered to 248 postgraduate students of River State University (RSU) and Ignatius Ajuru University of Education (IAUE). Taro Yamen formula was determined used to determine the sample size, while the simple random sampling technique was adopted proportionately to select the respondents from each university. Findings shows that student soft loans exert a positive and significant influence on the academic performance of students and significantly influence on their study habits for continuous and sustained improvement in the academic performance. The studies concluded that student soft loans have significant role to play in enhancing the academic performance of students in Rivers State especially students in the universities. The recommendation is that educational officials, institutions and authorities in Rivers State should take proactive measures to improve the accessibility of soft loans for students in the universities in Rivers State, Nigeria. This involves streamlining application processes, increasing awareness, and establishing support systems to guide students through the loan application process. This can empower students to make informed borrowing decisions, ensuring they understand the terms and conditions of soft loans.

Keywords: Soft Loans, Students, Academic, University, Rivers State, Performance

Introduction

The pursuit of higher education has long been considered a paramount avenue for personal and societal advancement. As a result, various financial mechanisms have been devised to ensure equitable access to tertiary education. One such mechanism is the provision of soft loans, a prevalent approach employed by many governments and institutions globally. Soft loans are typically low-interest loans tailored to students to help alleviate the financial burdens associated with pursuing higher education. The rationale behind these loans is to ensure that financial constraints do not impede students' academic aspirations, ultimately leading to increased graduation rates and enhanced academic performance.

Soft loans being a channel for mitigating financial barriers in schools are posited to positively impact students' ability and capability by allowing students to focus more on their studies and academic engagement rather than doing menial jobs in schools and outside the schools to raise funds to pay for their fees in school. Concurrently, academic performance, as measured by GPA and other indicators, is expected to be positively influenced by reduced financial

stress, leading to enhanced focus on coursework and academic endeavours (Floyd, 2015). education like every other thing that captivates the attention and attraction of vast interest, does not come very cheap. Recently, the high demand for education and the problem of lack of adequate finance have caused the development of various platforms where students can get students soft loans in Nigeria to finance their schooling. In Nigeria, President, Bola Ahmed Tinubu recently passed the “Access to Higher Education Act, 2023”, an important bill meant to provide interest-free education loans (soft) to students in tertiary institutions in Nigeria (Chukwu, 2023). It is a soft loan because its interest rate is below market interest. This type of loan is also called soft financing. Soft loans often provide added concessions to borrowers, like, interest holidays or long repayment periods. The government provides loans for students after it has been considered as a worthwhile project and the soft loan is only meant for students in the tertiary institution. The scheme is also known as the Student Loan Act, or the Education Loan Fund, which is designed to support Nigerians in financing higher education. The scheme states that students can repay the loan on an instalment basis, beginning two years after they complete their participation in the National Youth Service Corps (NYSC) program.

The effectiveness of soft loans varies across different institutional settings, socio-economic backgrounds, and academic disciplines. Cultural and societal norms, loan repayment terms, and the overall economic context also contribute to the intricate landscape in which these variables interact. However, a nuanced interplay of factors shapes the relationship between soft loans and academic performance. The influence of financial factors, including student loans, on higher education outcomes has garnered substantial attention in educational research. Previous studies have primarily focused on the broader impact of financial aid and loans on access, loans and teachers’ performance, enrolment, and persistence rates among students (Baker & Montalto, 2019; Scott-Clayton, 2011). However, limited research has delved comprehensively into the specific effects of soft loans on academic performance especially in Nigeria. This study seeks to bridge the gap in the existing literature by conducting a comprehensive assessment of the influence of students' soft loans on the academic performance of students in Nigeria, with a particular concentration in Port Harcourt. By employing a mixed-methods approach, integrating quantitative analysis of institutional data and qualitative insights from student experiences, this study aims to provide a holistic understanding of the multifaceted dynamics involved.

One of the foremost issues currently bedevilling learning in Nigeria is the rising costs associated with higher education which have led to concerns regarding equitable access and timely

completion of academic programs. Soft loans, characterized by their lower interest rates and more lenient repayment terms, have gained prominence as a “means to an end” by enhancing students' ability to pursue education at different institutions and levels. However, the difficulty in its availability and accessibility due to documentation needed as a prerequisite to access the loans from financial and non-financial institutions, student eligibility for the loan, intuitional approval, and eligibility of the institution for soft loans to students have made students soft loans a difficult task and process to be embarked upon by the students who need these loans to enhance their ability to complete their education. The effect of the obstacle in accessing the soft loan is mostly predominant amongst those students with very poor family backgrounds who cannot afford to pay the required school fees and have enough for their upkeep. The problems associated with the students' soft loans which have been heralded as a potential catalyst for ensuring students' timely graduation and elevating their academic performance have become a challenge for institutions of higher learning. To this end, the study specifically determines the influence of access to students' soft loans on academic performance of students in the state-owned universities in Rivers State.

The study examines the impact of the availability of students' soft loan to postgraduate students on their academic performance, and then analyses the effect of students' soft loans on academic performance of students in the postgraduates' level of education in Rivers state. The study is relevant because in recent years, the demand for tertiary education has maintained a constant increase both locally and internationally, the significance of student soft loans as a pivotal factor in shaping students' academic journeys has gained prominence. The proposed research, which aims to comprehensively assess the influence of students' access to soft loans on both on their academic performance, stands to provide invaluable insights into the dynamics of educational financing and its consequences. The Port Harcourt context is particularly germane due to its vibrant education landscape, where the pursuit of higher education has become increasingly intertwined with economic challenges, potentially rendering soft loans a decisive determinant for students' academic outcomes.

Student Soft Loans

Student soft loans, as a financial mechanism within the realm of higher education, hold significant importance in facilitating access to learning opportunities and mitigating the financial barriers that many students face (Mgaiwa, 2018). At its core, a soft loan embodies a commitment to the principle that economic circumstances should not be a hindrance to pursuing

a college or university education. These loans are structured with terms that are more favourable to students compared to conventional loans, typically offering lower interest rates and more flexible repayment options (Ogunode et al., 2023). One of the fundamental purposes of student soft loans is to promote equitable access to education. They play a vital role in democratizing higher education by providing financial resources to students who may not have the means to cover the costs associated with tuition, books, accommodation, and other essential expenses (Herzog, 2018; Stoddard et al., 2018). By doing so, soft loans contribute to diversifying the student body, fostering inclusivity, and levelling the playing field, particularly for individuals from underprivileged backgrounds. This accessibility is paramount in addressing social inequalities and advancing societal progress.

Furthermore, soft loans are not merely financial instruments; they also possess the potential to impact students' educational experiences and outcomes (Montalto, et al., 2019; Teferra, 2015). The receipt of a soft loan can alleviate financial stress, allowing students to focus more on their studies and participate in extracurricular activities. This, in turn, may positively influence academic performance and retention rates. However, the influence of soft loans on academic success is a multifaceted and dynamic phenomenon, influenced by factors such as the timing of disbursements, utilization patterns, and the socio-economic backgrounds of the recipients. Hence, a comprehensive understanding of the intricacies of soft loans is essential for optimizing their role in enhancing educational access and outcomes (Uhunmwuango, & Diakpomrere, 2019).

Federal Government of Nigeria Education Loan

The president of Nigeria on June 12 2023 approved and signed the Students Loan (Access to Higher) Bill into law. This approval includes the establishment of education banks and student loan boards by states at concessionary interest rates to allow students easy access to funds. The federal government also approved the establishment of education funds by all states of the federation. Special emphasis is on funding teacher development and secondary education, as well as establishing a special intervention fund for individuals with special needs (Abada et al., 2023; Chukwu, 2023).

Eligibility of Student Soft loan in Nigeria

A student loan is created to assist students in paying for their education and its accompanying fees (upkeep). This type of loan varies from others in the sense that the interest rate is comparatively lower, and the repayment schedule is a lot more flexible. The question is who is

eligible to collect students' loans in Nigeria? The entitlement conditions for any student who wishes to apply for soft loans include proof of admission into any of the public tertiary institutions in Nigeria, a provision of not less than two guarantors, and a family income of less than N500,000 per annum. Usually, Federal student soft loans offer lower interest rates and improve borrower protections, hence, students should apply for those types of loans first. However, if the student needs more funds after he/she has exhausted the federal loan options, that's when the student can consider private student soft loans to assist him/her in completing the remaining financing need (Ogunode, et al, 2023).

Empirical review

In the empirical literature, studies have beamed searchlight on the suitability of soft loan in funding the education of postgraduate students in the universities, or instance, Some African countries, such as Kenya, have reported improvements in academic performance following the introduction of subsidized loans (Mokaya, 2017). However, other nations like Nigeria have faced challenges in translating increased access to higher education into tangible improvements in academic outcomes (Mohundro, Joanis, & Burnley, 2020). Research by Dynarski, & Scott-Clayton (2013) in the United States, for instance, suggests that access to subsidized student loans positively correlates with higher academic outcomes. Similarly, Schleicher (2020) highlights that countries with well-structured student loan programs tend to exhibit higher tertiary education completion rates. These findings align with the theoretical framework proposed by (Mohundro, et al., 2020) which posits that soft loans can mitigate financial barriers and promote educational attainment. However, it's crucial to note that the worldwide perspective also reveals nuances. For example, research by Floyd (2015) in Nepal opined that while soft loans increase enrolment rates, they may not always translate into improved academic performance. This discrepancy underscores the importance of considering regional and contextual factors when assessing the impact of soft loans on students' educational outcomes.

Methodology

The study employs a descriptive research design because information will be collected from respondents who are postgraduate students from the two state owned universities in Rivers State about their perceptions and experiences on students' soft loans and academic performance. As confirmed by Orodho (2009) a descriptive survey is a way of collecting the necessary information by administering a questionnaire to a sample of respondents. This study explores the literature on availability of student's soft loans, accessibility and repayment options other

relevant areas in order to highlight relevant lessons to mostly students in Rivers State and, in general terms, to students in Nigeria.

The population of the study consists of postgraduate students from two state owned universities in Rivers State. The universities are River State University (RSU) and Ignatius Ajuru University of Education (IAUE) for 2022/2023 session. The two universities were chosen because of their contributions towards the improvement of education in Rivers State. The sample size of the study was 248 which was determined using the Taro Yamen formula, while the simple random sampling technique was adopted proportionately to select the respondents from each university. This is to have accurate information and response about the student soft loans and academic performance of students in the universities.

The questionnaire was administered to only those postgraduate students that are willing to participate in the survey. The data collection instrument used in the study is questionnaires, which contained structured and semi- structures questions. The survey questionnaire contained five indicators which are relevant to the variables and the questionnaires were administered and collected timely. The data collected in the study is analysed using descriptive statistics and inferential statistics.

Results

Demographic Results

The method used in analyzing the results from the administered questionnaires is multiple regression analysis. These data are analysed using the Predictive Analytical Soft Ware (PASW) Statistic 18, formerly known as Statistical Package of Social Science (SPSS). The descriptive statistics of the demographic features of the respondents are presented in the tables below;

Demographic Distribution of the Postgraduates Students

	Frequency	Percentage
Gender of Respondents		
Male	130	52.4
Female	102	41.1
No Response	16	6.5
Total	248	100
Educational Level:		
PGDE	122	49.2

MSc	87	35.0
PhD	23	9.3
No Response	16	6.5
Total	248	100

Source: Researcher's field Result, 2023

Table above indicates that under the gender respondent's category, 130 respondents representing 52.4% of the postgraduates' students were male while 102 respondents representing 41.1% were female. This implies that more postgraduate students in both Ajuru University of Education and Rivers state university were male than female. It is overt from the result that more male postgraduate students responded to my questions than female. This gender disparity could be based on the fact that more male students are gaining admissions for postgraduate studies than female or more male students are readily assessable than female.

Again, table displays the distribution of the educational level of postgraduate students. The data reveals that out of the 248 postgraduate students, 122 representing 49.2% are studying PGDE, 87 representing 35.0% are doing MSc while 23 representing 9.3% are studying PhD and 16 respondents representing 6.5% did not provide response. The report implies that a greater number of postgraduates are studying PGDE degrees while lower number of students 23 are offering PhD degree.

Analysis of Research Questions

Research Question: Does access to student soft loan influence the academic performance of students in state owed universities in Rivers State?

Unidimensionality Analysis of the relationship between Student Soft Loan and Academic Performance of students in state owed universities in Rivers State.

Instruments	Initial	Extraction
Availability of student soft loans significantly influences my ability to focus on academic studies. ASSL1	1.000	0.988
Access to soft loans decreases my financial pressure, permitting me to concentrate better on my studies. ASSL2	1.000	0.991
The ease of obtaining student soft loans positively impacts my overall academic performance. ASSL3	1.000	0.986
Soft loans contribute to my capability to have the funds for essential academic resources such as textbooks,		

study materials, and technology. ASSL4 1.000 0.527

The knowledge of funds availability through access to student soft loans have positively motivated my decision to study more intensely, to improve my academic performance. ASSL5 1.000 0.950

Table shows unidimensionality analysis that indicates the validity aspect of the instrument under objective one that assesses how accurately the instrument measures what it is planned to measure (Indihadi et al., 2022; Josa & Aguado, 2020). Table 4.2 reveals that the range of figures obtained from the unidimensionality analysis for objective one is between 0.527 to 0.988 which confirmed that the instruments under objective one can accurately measure the relationship between students' soft loan and academic performance of students which it sets to measure.

Table 4.3- Internal Reliability for Objective one: Analysis on Accessing Student Soft Loan and Academic Performance of students in state owed universities in Rivers State.

<u>ASSL</u>		
Cronbach's	Alpha	Number of Items
	0.866	5

Source: Researcher's field Result, 2023

The analysis in Table 4.3 shows that 0.866 is figure obtained from the Cronbach alpha analysis. The result reveals that the latent construct in objective one is above the predetermined (acceptable) value of 0.7. The result indicates clearly that the instruments used in objective one is internally reliable.

4.2 Descriptive Analysis of the Constructs

Table 4.4: Descriptive Statistics

	Min	Max	Mean	Std Dev
ASSL1	1	4	3.55	0.797
ASSL2	1	4	3.56	0.796

ASSL3	1	4	3.55	0.797
ASSL4	1	4	3.40	0.886
ASSL5	1	4	3.62	0.789

Source: Researcher's field Result, 2023

Table 4.4 shows the univariate analysis or descriptive statistics of the constructs. The result on table 4.4 reveals that the variables have a minimum and maximum value of 1 and 4, while the standard deviation (SD) are all between 0.79 and 0.88. This implies that deviations from the mean is very high and the values in the data are closely related to the mean.

4.3 Test of Hypothesis

The test of each hypothesis involves the measurement of the instruments under each construct (latent variables) to ascertain their relevant and degree of relationship amongst each other. variable.

Hypothesis 1: There is no significant relationship between student soft loans and academic performance of students in state owed universities in Rivers State.

Table 4. 5: Descriptive Analysis of the relationship between Access to Student Soft Loans enhances my academic performance (ASSL)

Instruments	No Response	VLE	LE	HE	VHE
ASSL1	16	18	27	50	137
	(6.5)	(7.3)	(10.9)	(20.2)	(55.1)
ASSL2	16	18	27	65	122
	(6.5)	(7.3)	(10.9)	(26.2)	(49.1)
ASSL3	16	18	34	71	109
	(6.5)	(7.3)	(13.7)	(32.7)	(44.0)
ASSL4	16	30	36	55	111
	(6.5)	(12.1)	(14.5)	(22.2)	(44.8)
ASSL5	16	18	27	52	135.0
	(6.5)	(7.3)	(10.9)	(12.4)	(54.4)

Source: Researcher's field Result, 2023: VLE = Very Low Extent; LE = Low Extent; HE = High Extent; VHE = Very High Extent

Table 4.5 reveals that in the response obtained in the first question/instrument (ASSL1) under this construct, 45(18.1%) of the student respondents indicated a very low extent or low extent, 187(75.4%) indicated a high extent or very high extent and 16(6.5%) did not respond. This suggests that the majority of the student respondents indicated that the availability of student soft loans significantly influences their ability to focus on academic studies. The second instrument (question), ASSL2 showed that 45(18.1%) of the student respondents indicated a very low extent or low extent, 187(75.4%) indicated a high extent or very high extent and 16(6.5%) did not respond. This suggests that the majority of the student respondents indicated that access to soft loans decreases their financial pressure, permitting them to concentrate better on their studies.

The third instrument (question), ASSL3 shows that 52(21%) of the student respondents indicated a very low extent or low extent, while 212(85.5%) indicated a high extent or very high extent 16(6.5%) did not respond. This suggests that the majority of the student respondents accept that the ease of obtaining student soft loans positively impacts their overall academic performance. The fourth instrument (question), ASSL4 reveals that 66(26.6%) of the student respondents indicated a very low extent or low extent. However, 166(66.9%) indicated a high extent or very high extent and 16(6.5%) did not respond. This suggests that the majority of the student respondents believe that soft loans contribute to their capability to have the funds for essential academic resources such as textbooks, study materials, and technology.

The fifth instrument (question), ASSL5 reveals that 45(18.1%) of the student respondents indicated a very low extent or low extent, while 187(75.4%) indicated a high extent or very high extent and 16(6.5%) did not provide response. This suggests that the majority of the student respondents consider the knowledge of funds availability through access to student soft loans to positively motivate their decision to study more intensely, to improve their academic performance.

The results on table 4.5 show that more students agree that access to students' soft loans can enhance their academic performance. The implication of the result is that access to a student's soft loan is beneficial to the student's academic performance, hence, it can motivate students to study harder for improved performance in school. Therefore, the researcher rejects the null hypothesis that there is no significant relationship between access to student soft loans and the academic performance of students and accepts the alternative hypothesis that a significant

relationship exists between access to student soft loans and the academic performance of students in the state owned universities in Rivers state.

Discussion of Findings

The findings of this research provide robust evidence in favour of the proposition that student soft loans have a significant influence on the academic performance of students in state-owned universities in Rivers State, Nigeria. The results indicate a high level of consensus among participants, as seen by the weighted mean scores ranging from 3.40 to 3.60. This finding supports the previous empirical research conducted by Baker et al. (2019), which indicated that access to student loans would provide graduates with better academic performance. Both studies concur in their findings that the reduction in financial stress through the provision of soft loans can create an environment conducive to effective learning, potentially leading to improved academic performance

Conclusions

This study examined the influence of access to students' soft loans on academic performance of students in two state-owned universities in Rivers State. In the study, 232 responses were obtained from respondents through the use of a well-structured questionnaire. All the respondents were postgraduate students from the two state owned universities in Rivers State adopted in the study, including those at PhD level, Masters in Education and Post Graduate Diploma in Education depending on the willingness of such students to participate in the survey. Findings revealed that access to students' soft loans exerts a positive and significant impact on the academic performance of these students and significantly impacts on the capacity to study hard for sustained and continuous academic improvement. We, therefore, recommend that educational officials, institutions and authorities in Rivers State should take proactive measures to improve the accessibility of soft loans for students in the universities in Rivers State, Nigeria. This involves streamlining application processes, increasing awareness, and establishing support systems to guide students through the loan application process. This can empower students to make informed borrowing decisions, ensuring they understand the terms and conditions of soft loans.

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