

RESEARCH ARTICLE:

Challenges Faced by National Student Financial Aid Scheme (NSFAS) Graduates in Repaying Loans and Debt: A Content Analysis

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Abstract

The National Student Financial Aid Scheme (NSFAS) serves as a pivotal mechanism to counteract higher education disparities in South Africa. This pivotal mechanism plays a crucial role in levelling the playing field, ensuring that financial constraints do not hinder individuals from pursuing higher education. However, in recent years, NSFAS has faced challenges, including unpaid loans from graduates, reduced funding for current students, and an ongoing corruption crisis. These issues hamper NSFAS's ability to provide essential financial support, underscoring the need for immediate reforms and strategic interventions. This article aims to scrutinise the challenges encountered by graduates of the National Student Financial Aid Scheme (NSFAS) in the process of repaying loans and managing debt. Utilising qualitative content analysis, the researcher draws insights from diverse sources such as academic journals, books, reports, and theses, accessed through platforms like Google Scholar, Science Direct, ResearchGate, NSFAS, the Department of Higher Education and Training (DHET) reports, and Council on Higher Education (CHE) reports. The findings spotlight the considerable impact of unemployment on the repayment capacity of South African graduates with NSFAS loans. In the face of a challenging economic milieu and heightened unemployment rates, recent graduates encounter formidable obstacles in attaining financial stability. The conclusion underscores the imperative for collaborative efforts to address these challenges, acknowledging their deep-seated connection to historical inequities and their exacerbation by contemporary economic dynamics. It advocates for a holistic and sustainable restructuring of the higher education financing system, aiming not only to benefit individual graduates but also to contribute to the broader goal of socio-economic transformation within the nation.

Keywords: debts; graduates; NSFAS; loan repayments; unemployment

Introduction

The historical context of higher education and student financial aid in South Africa is intricately interwoven with the nation's socio-political landscape. The apartheid era, spanning from 1948 to 1994, institutionalised systemic racial segregation across all aspects of society, including education (Badat and Sayed, 2014; Hay and Monnapula-Mapesela, 2009; Wangenge-Ouma, 2012). Black South Africans were systematically denied access to quality education and higher learning institutions, resulting in profound disparities in educational opportunities and attainment (Bazana and Mogotsi, 2017; Steyn *et al.*, 2014; Mtshweni, 2022). This exclusionary policy led to the establishment of separate institutions, known as historically black institutions (HBIs) for black students and historically white institutions (HWIs) for white students, further perpetuating racial divisions (Mtshweni, 2022; Myres, 2013). In the post-apartheid era, following the democratic transition of 1994, South Africa embarked on a mission to rectify these historical injustices, recognising higher education as a catalyst for social transformation (Badat and Sayed, 2014; Hay and Monnapula-Mapesela, 2009; Wangenge-Ouma, 2012). Initiatives were introduced to dismantle access barriers, focusing on historically disadvantaged groups (Badat and Sayed, 2014; Wangenge-Ouma, 2012). This transformation programme aimed to rectify the disparities ingrained by apartheid, and this commitment was prominently reflected in the new higher education funding system that prioritised equity

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of access (Wangenge-Ouma, 2012; Yende, 2021). The year 2018 marked a transformative moment in South African higher education with the introduction of the Department of Higher Education and Training (hereafter, DHET) Bursary Scheme. This initiative was a beacon of hope for students from economically disadvantaged backgrounds, providing them with fully subsidised funding. The primary objective was to enhance the accessibility and equity of education in the country (Yende, 2021). This landmark step was a testament to the government's unwavering commitment to breaking down financial barriers that often impede the educational pursuits of students from low-income households.

The DHET Bursary Scheme represents a watershed moment in the history of South African education. By offering fully subsidised funding, it has dismantled one of the most formidable barriers to higher education – financial constraints. This visionary programme has been instrumental in levelling the playing field for students from economically disadvantaged backgrounds. With the burden of tuition fees lifted, these students can now focus on their studies without the spectre of financial hardship looming over them. This bursary scheme embodies a broader commitment to fostering accessible and equitable education, aligning with international best practices in ensuring that education is a right, not a privilege (Yende, 2021). According to the DHET (2018), introducing the DHET Bursary Scheme is a testament to the government's steadfast commitment to addressing the entrenched issue of financial barriers in higher education. This initiative represents a concrete step towards realising the broader societal goal of a more inclusive and equitable education system. It signals that education is a personal endeavour and a shared societal responsibility, where every citizen should have an equal opportunity to access quality education regardless of their economic background. Moreover, this scheme underscores an ongoing dedication to the cause, demonstrating a sustained effort to reduce financial hurdles for students from low-income households (Yende, 2021). Complementing the DHET's effort, the National Student Financial Aid Scheme (NSFAS) has emerged as a linchpin in the landscape of South African higher education, championing the cause of equal access to education for students across the nation (de Villiers, 2023; Wangenge-Ouma, 2010; and Yende, 2021). Conceived with the explicit goal of alleviating financial obstacles, NSFAS has become a vital lifeline for eligible students, enabling them to embark on their academic journeys and make meaningful contributions to their communities (Wangenge-Ouma, 2010; Wildschut *et al.*, 2018). The DHET Bursary Scheme is a significant milestone complemented and reinforced by NSFAS. Established as a cornerstone of South African higher education, NSFAS plays a pivotal role in ensuring that students from all walks of life have an equal shot at obtaining higher education (de Villiers, 2023; Wangenge-Ouma, 2010; Yende, 2021). The scheme is a lifeline for many, providing crucial financial support that enables eligible students to pursue their academic aspirations.

The combined efforts of the DHET Bursary Scheme and NSFAS lay a solid foundation for a more inclusive and prosperous South Africa. The growth trajectory of the NSFAS has been marked by notable expansion and impact since its establishment in the early 1990s. This growth is evident in two key dimensions: budget allocation and the number of students benefitting from the scheme. The NSFAS (2021) highlight that over the years, NSFAS has witnessed a substantial increase in its budget allocation. The government's commitment to funding higher education and reducing financial barriers for students from disadvantaged backgrounds is reflected in the augmented financial resources allocated to NSFAS. This increased funding has enabled the scheme to extend its reach to a broader base of eligible students, amplifying its positive impact on access to higher education (Yende, 2021). One significant milestone in NSFAS's growth is its expansion, encompassing students enrolled in Technical and Vocational Education and Training (TVET) colleges. This development represents a strategic move towards a more comprehensive and inclusive approach to providing financial aid. By including TVET college students, NSFAS acknowledges the diverse pathways to education and training, ensuring that a wider spectrum of learners have the opportunity to pursue their academic and vocational aspirations. NSFAS's growth has played a pivotal role in dismantling barriers to higher education for historically marginalised communities. By providing financial aid to eligible students, NSFAS has facilitated their access to quality education, empowering them to break the cycle of socio-economic disadvantage (CHE, 2022). This inclusive approach aligns with broader efforts to promote equity and social justice in South Africa's education system (NSFAS, 2021). Despite the growth of NSFAS over the years, NSFAS has encountered significant challenges stemming from the continuous unpaid loans, the surge in demand for financial aid, administrative strains, and the need for sustainable funding (de Villiers, 2023; Wangenge-Ouma, 2010; Yende, 2021).

With the emergence of the #FeesMustFall movement in 2015, the concern was mainly about efficiency in fund allocation and a quest for long-term financial stability for marginalised students. The #FeesMustFall movement, a student-led advocacy campaign, has highlighted the critical need for accessible higher education in South Africa.

This movement has resulted in a substantial surge in applications for financial aid, overwhelming NSFAS's administrative capacity (Yende, 2021). The increased demand has led to delays in processing applications and disbursing funds, creating frustration and uncertainty among students reliant on this assistance for their education. The call for free and accessible higher education, a central tenet of the #FeesMustFall movement, has intensified the pressure on NSFAS to secure sufficient funding. While the government has increased budget allocations for NSFAS, questions linger about the sustainability of this financial model (Wildschut *et al.*, 2018). As the demand for financial aid continues to grow, it becomes imperative to explore alternative funding sources and mechanisms to ensure the long-term viability of NSFAS. Transparency, accountability, and efficiency in fund allocation have emerged as crucial concerns for NSFAS. The complex nature of disbursing financial aid to a diverse student population requires meticulous oversight and efficient processes. Scholars have emphasised the need for NSFAS to implement robust measures to ensure that funds are allocated judiciously and reach the students who need them most (Wildschut *et al.*, 2018). A fundamental aspect of NSFAS's long-term financial stability lies in its ability to recoup expenditures through graduate repayments (Wildschut *et al.*, 2018). Understanding the intricacies of the repayment mechanism is essential for ensuring that NSFAS remains a viable and sustainable source of financial support for future generations of students. Efforts to educate graduates about repayment responsibilities and streamline the repayment process are crucial.

Despite the substantial scholarly engagement with NSFAS's role in South African higher education (Yende, 2021; Papageorgiou and Callaghan, 2020; Wangenge-Ouma, 2010; Yende and Ntini, 2020), a research gap exists in understanding the challenges graduates face in repaying loans and debts accrued through the scheme. This article aims to address this gap by unpacking these challenges and contributing to deeper understanding of the complexities within the South African higher education system. The current study hopes to respond to the following questions:

- i. What are the challenges faced by graduates in repaying NSFAS loans?
- ii. How do personal and family obligations affect graduates in repaying NSFAS loans?
- iii. How do the debts accrue through the National Student Financial Aid Scheme affect graduates?
- iv. How does economic inequality hinder black South African graduates from repaying NSFAS loans?

Theoretical Framework

This article employs the Structural Functionalism Theory and Social Reproduction Theory to understand the challenges black South African graduates face in repaying NSFAS loans. Applying structural functionalism theory (hereafter, SFT) to understand the challenges black South African graduates face in repaying NSFAS loans involves examining how various social institutions and structures function in relation to student loan repayment. This theory emphasises the interdependence of different parts of society and their roles in maintaining stability. In this context, it would entail analysing the functions of educational institutions, economic systems, and government policies in the loan repayment process (Lucas, 2007; Parsons, 2017). For instance, one might investigate how the design of the NSFAS programme aligns with broader social structures and how economic factors like job availability and income levels affect graduates' capacity to repay loans. Additionally, the theory would consider the role of educational institutions in providing resources and support for loan repayment, as well as government policies that impact student debt and repayment programmes. Social reproduction theory provides a framework for understanding how social inequalities are perpetuated across generations (Backer and Cairns, 2021; Bhattacharya, 2017; Fraser, 2017). Applied to the challenge's black South African graduates face in repaying NSFAS loans, this theory would focus on the systemic factors contributing to the cycle of financial disadvantage (Backer and Cairns, 2021; Bhattacharya, 2017; and Fraser, 2017). For instance, it would examine how historical and structural inequalities intersect with the loan repayment process, including limited access to quality education and employment opportunities for black South Africans. The theory would also explore how social and economic disparities contribute to the difficulties faced by black graduates in repaying their loans, potentially leading to a continuation of financial hardship for future generations. Therefore, the researcher believes that by employing both structural functionalism theory and social reproduction theory, one can understand the multifaceted challenges black South African graduates encounter in repaying NSFAS loans. This combined approach allows for a nuanced analysis of the broader societal, economic, and historical factors that shape the experiences of these individuals in the loan repayment process.

Methodology

The researcher employed a methodological approach known as qualitative content analysis to thoroughly investigate the challenges faced by black South African graduates in repaying NSFAS loans. As expounded by Rajasekar and Verma (2013), and Krippendorff (2018), this approach is a systematic research methodology that meticulously examines textual or visual data. It aims to discern underlying patterns, identify recurrent themes, and extract profound insights. Notably, scholars like Elo *et al.* (2014) emphasise the widespread use of qualitative content analysis across various academic disciplines, including social sciences, psychology, and communication studies. This methodological choice was instrumental in augmenting the depth and rigour of the investigation. Furthermore, utilising the existing datasets collected by other researchers to address contemporary theoretical issues, as Widaman *et al.* (2011) suggested, was a pivotal aspect of this research approach. Following the procedural steps outlined by Hox and Boeije (2005), the researcher established a clear research objective to guide the data search process. Subsequently, as part of data collection, the researcher identified various data sources, predominantly relying on electronic databases such as Google Scholar, Science Direct, ResearchGate, JSTOR, also NSFAS reports, the Department of Higher Education and Training (DHET) reports, and Council on Higher Education (CHE) reports. This strategic approach facilitated convenient access to substantial data in a readily usable format. It is worth noting that, like any qualitative research approach, desktop research is susceptible to researcher bias (Fusch *et al.*, 2017). To mitigate this potential issue, the research team implemented methodological triangulation, a recommended practice by Fusch *et al.* (2017), which involves using multiple methods or sources to cross-verify findings and enhance the validity and reliability of the study. In this research, multiple credible sources were consulted in data gathering. This methodological rigour ensured that the study's findings are robust and credible, contributing to more comprehensive understanding of the challenge's black South African graduates face in repaying NSFAS loans. While a qualitative content analysis like this does not necessitate formal ethical approval, the researcher maintained ethical standards by meticulously citing and acknowledging all references. This practice upholds academic integrity and ensures transparency. Additionally, introducing innovative perspectives enriches the knowledge, showcasing the researcher's valuable contribution to the academic discourse.

Contextualising the Challenges Faced by Graduates in Repaying NSFAS Loan

Contextualising the challenges faced by graduates in repaying NSFAS loans requires understanding of the broader socio-economic landscape of South Africa. Historically, the country has grappled with deep-seated inequalities, a legacy of apartheid policies. While NSFAS plays a crucial role in providing financial aid to students from disadvantaged backgrounds, graduates often enter a job market characterised by high unemployment rates, particularly among young people. This economic reality can hinder their ability to repay loans promptly. Additionally, the transition from student life to professional life comes with its own financial responsibilities, including accommodation, transportation, and other living expenses. These factors, combined with potential mismatches between qualifications and available employment opportunities, contribute to the challenges graduates face in meeting their NSFAS loan obligations. Understanding these contextual nuances is essential for crafting effective policies and support mechanisms to alleviate the burden on graduates and promote equitable access to higher education. The following subheading emerges from the research questions: (1) impact of NSFAS decline in universities sustainability; (2) economic inequality hinders black South African graduates from repaying NSFAS loans; (3) challenges faced by graduates in repaying NSFAS loans; (4) personal and family obligations affect graduates in repaying NSFAS loans; (5) debts accrue through the NSFAS affect graduates; (6) influence of unemployment on repaying NSFAS loans; (7) unveiling the crucial nexus between universities and the economy: insights from Allais' work; and (8) the impact of NSFAS corruption crisis on student welfare.

Impact of NSFAS decline in universities sustainability

Perhaps, it is prudent to foreground this section by mentioning that the centrality of NSFAS funding deriving from the Higher Education budget underscores a substantial challenge in terms of sustainability (Badat and Sayed, 2014; Hay and Monnapula-Mapesela, 2009; Wangenge-Ouma, 2012). Intrinsically linked to allocations from the Higher Education budget, NSFAS grapples with the broader financial pressures inherent within the education sector. This constant struggle arises as the demand for student financial aid competes with essential needs like maintaining infrastructure, investing in academic resources, and supporting faculty. The inherent lack of sustainability emanates from the looming prospect of an expanding gap between the burgeoning demand for

financial aid and the finite resources allocated in the Higher Education budget. Escalating enrollment figures and economic strains further exacerbate the pressure on this funding source, jeopardizing its ability to cater to the diverse and evolving needs of students. This predicament not only raises concerns about NSFAS's stability but also prompts a more extensive discourse on the overall financial well-being of higher education (Jacobs *et al.*, 2019; Matukane and Bronkhorst, 2017). It becomes imperative to explore sustainable funding mechanisms to ensure the crucial mission of providing accessible education remains intact. The aspirations of students relying on NSFAS must receive consistent support for the system to be effective in its mission.

Inadvertently, NSFAS, while playing a pivotal role in providing financial aid for students, has triggered substantial declines in funding for critical university areas such as infrastructure and staffing. The reallocation of budgets towards student assistance strains resources earmarked for maintaining and enhancing campus facilities. Simultaneously, reductions in staffing budgets pose challenges in maintaining favourable student-to-faculty ratios and delivering quality academic support. This financial strain on university resources holds profound implications for the well-being of the education sector (Naidoo and Cartwright, 2022; Shange, 2018; Van Zyl, 2016). Diminished investments in infrastructure may result in outdated facilities, hindering the overall learning environment. Additionally, staff cuts can impede access to experienced educators and support staff, negatively impacting the quality of education. The cumulative effect of these challenges is palpable, posing a direct impact on the quality of higher education facilitated through NSFAS. As infrastructure and staffing face constraints, the potential for a comprehensive and enriching academic experience diminishes, impacting the overall well-being of the education sector. It becomes crucial to recognise and address these funding challenges comprehensively to sustain a robust and effective higher education system that aligns with the overarching goals of providing accessible and quality education.

Economic inequality hinders black South African graduates from repaying NSFAS loans

Several studies point out that economic inequality in South Africa is deeply entrenched in history of discrimination, creating disparities in education, job opportunities, and wealth accumulation (Badat and Sayed, 2014; Hay and Monnapula-Mapesela, 2009; Wangenge-Ouma, 2012). Despite achieving higher education, black South African graduates face significant hurdles in repaying NSFAS loans. Tivaringe (2019) mentions that systemic barriers hinder access to quality employment for black South African graduates, leading to higher unemployment rates or lower-paying positions. This limited job market access makes it difficult to generate the income needed for loan repayments. Additionally, economic disparities result in lower starting salaries for graduates from disadvantaged backgrounds (Yende, 2021). This reduced earning potential further restricts their ability to allocate sufficient income for loan repayments, especially given the high cost of living. Furthermore, the absence of a financial safety net for graduates from economically disadvantaged backgrounds exacerbates the challenge. Unlike more privileged peers, they lack familial resources to rely on during economic hardships (Ntini and Yende; 2020; Zungu, 2022). This absence heightens their financial vulnerability, making it even more challenging to meet loan repayment obligations, especially during economic instability. Higher living costs add another layer of complexity. Economic disparities often lead to elevated housing, transportation, and basic needs expenses. With a significant portion of income allocated to these essential expenses, graduates have limited disposable income for loan repayments (Naidoo and Cartwright, 2022; Shange, 2018; Van Zyl, 2016). This exacerbates the challenge of fulfilling loan obligations. Limited access to additional income streams, such as part-time work or entrepreneurship, further complicates graduates' financial situation. Graduates from disadvantaged backgrounds may face more significant barriers in accessing these opportunities, restricting their ability to generate extra income for loan repayments.

Challenges faced by graduates in repaying NSFAS loans

Graduates in South Africa encounter many hurdles when fulfilling their obligations to repay NSFAS loans (Jacobs *et al.*, 2019; Matukane and Bronkhorst, 2017). In a landscape marked by economic complexities, securing suitable employment post-graduation is a formidable challenge for many. The transition from academia to the professional sphere is often uncertain, leaving numerous graduates grappling with unemployment or underemployment (Webb, 2021; Yende, 2021). This predicament engenders a palpable sense of financial instability as graduates navigate a precarious terrain of limited income and burgeoning expenses. The mismatch between the financial demands of loan repayment and the income available can lead to a disconcerting imbalance, further exacerbating the already tenuous nature of post-graduate finances. The looming spectre of loan repayment obligations can cast a shadow over financial independence and stability prospects, leaving many graduates feeling financially vulnerable (Yende, 2021). Moreover, the protracted period of financial uncertainty exacerbates the predicament as graduates grapple

with the enduring ramifications of an extended job search (Mncayi and Meyer, 2022). The delay in securing stable employment not only prolongs the period of financial instability but also hinders the development of a sustainable financial plan for loan repayment. This confluence of challenges underscores the pressing need for targeted interventions and comprehensive support systems to bolster graduates in their quest for financial stability post-graduation. Efforts to bridge the gap between academia and the workforce, coupled with initiatives to enhance financial literacy, are imperative in equipping graduates with the tools and knowledge needed to navigate the complexities of loan repayment (Breier, 2010; de Villiers, 2023; Yende, 2021). In doing so, the pathway to financial independence and security can be significantly smoothed, providing graduates with the opportunity to forge a prosperous future unencumbered by the weight of loan repayment obligations.

Personal and family obligations affect graduates in repaying NSFAS loans

The financial responsibilities of graduates in South Africa often extend beyond their own needs. Many graduates find themselves in the pivotal role of providers, offering crucial support to their families, especially to parents or siblings. This added layer of financial obligation introduces a significant complexity into their already intricate financial landscape (Baldry, 2016; Webb, 2021). For some graduates, the responsibility to contribute to their family's well-being is not a matter of choice but a deeply ingrained cultural and societal expectation. This financial assistance may take various forms, including contributing to household expenses, funding education for younger siblings or assisting with medical costs (de Villiers, 2023; Webb, 2021). This sense of duty and solidarity with their families is both commendable and integral to the fabric of South African communities. However, this noble obligation creates a financial juggling act. Graduates face the formidable challenge of allocating their limited resources between loan repayments and their family's needs (Ferguson, 2015; Mosoetsa, 2004; Webb, 2021). Striking a balance between these often-competing priorities requires a delicate touch, astute financial planning, and, at times, a willingness to make personal sacrifices. This dilemma is not merely financial; it also carries emotional weight (Cele, 2014; Yende, 2021). Graduates may grapple with feelings of responsibility, a desire to support their loved ones, and the stress of meeting their loan repayment obligations. This emotional strain further underscores the intricate nature of the challenges faced by graduates in South Africa. Recognising and addressing this dynamic is crucial in formulating effective strategies to support graduates in their loan repayment journey (Baldry, 2016; Webb, 2021). It calls for a nuanced approach that acknowledges the significance of family obligations while providing the necessary tools and resources to navigate this complex financial landscape. By doing so, graduates can fulfil their responsibilities to their families and loan obligations, forging a path towards financial stability and independence.

Debts accrued through the NSFAS affect graduates

Debts accrued through the NSFAS represent more than a financial obligation; they are a pivotal force that shapes the trajectories of graduates' lives. The accumulated debt includes the initial loan amount and any accrued interest (Ntshoe and de Villiers, 2013; Webb, 2021; Wildschut *et al.*, 2018). This financial burden impedes graduates' ability to achieve important financial milestones, such as purchasing a home, starting a family, or saving for retirement. Monthly loan repayments reduce graduates' disposable income. This means they have less money for basic living expenses, saving for emergencies, or investing in further education or professional development. Applying structural functionalism theory, this scenario can be viewed through the lens of the societal functions of education. While education is intended to provide individuals with the knowledge and skills necessary for personal and professional development, the burden of debt stemming from educational financing schemes like NSFAS can hinder the functional aspect of education. Instead of facilitating economic mobility and independence, excessive debt may result in a delayed transition to full economic self-sufficiency, thus impeding the societal function of education in promoting individual prosperity and contributing to the overall economic well-being of the nation. Furthermore, within the framework of the social reproduction theory, the perpetuation of economic disparities is evident. Graduates burdened by NSFAS debt may find it challenging to break free from the cycle of financial strain, as their economic resources are diverted towards debt repayment rather than wealth accumulation. This dynamic can reinforce existing inequalities, limiting social and economic advancement opportunities. The stress and anxiety induced by this financial strain also underscore the emotional toll that economic disparities can have on individuals, further emphasising the impact of the debt burden on graduates' overall well-being. In this way, the challenges posed by NSFAS debt serve as a tangible manifestation of the broader social and economic inequalities that persist within South African society.

Influence of unemployment on repaying NSFAS loan

It is prudent to note that the NSFAS (2021) report reveals that the NSFAS employs a structured income-based repayment system for student debtors. According to this system, once employed individuals surpass an annual income threshold of R30 000, they are obligated to repay 3% of their gross annual earnings until the entirety of the principal loan amount and accumulated interest has been settled. It is worth noting that those with higher incomes contribute a larger portion of their earnings, with the maximum repayment rate capping at 8% of income for individuals earning R65 000 or more annually. However, it is essential to acknowledge that the NSFAS's salary deduction table has not been updated since its initial introduction in 2001. This lack of revision has resulted in a phenomenon known as 'bracket creep,' which entails imposing repayment obligations on individuals occupying lower positions on the earnings distribution scale. Due to factors such as unemployment and financial challenges that many graduates face, adhering to NSFAS repayment requirements becomes increasingly burdensome for those affected by this phenomenon. The challenges posed by unemployment in South Africa have had a profound impact on the ability of graduates to fulfil their financial obligations, particularly concerning repaying NSFAS loans. The nation grapples with an arduous economic landscape characterised by high levels of unemployment, creating a daunting environment for recent graduates in their pursuit of stable employment and financial stability (Statistics South Africa, 2021). The dearth of job opportunities has placed recent graduates in a precarious position, as they encounter significant hurdles in securing employment, let alone positions that offer competitive remuneration. This has resulted in prolonged periods of job search and heightened competition for a limited pool of positions, particularly in sectors that require specialised skills or prior experience. Consequently, many graduates find themselves in low-paying or temporary roles that fail to provide adequate income to meet the demands of loan repayments (Manuel, 2019; Sokhweba, 2022; Yende & Mthombeni, 2023).

Moreover, even when graduates do succeed in securing employment, their salaries may not align with the cost of living and the financial obligations associated with loan repayments. The monthly instalments for NSFAS loans can constitute a substantial portion of a graduate's disposable income, leaving them with restricted resources for fundamental living expenses like rent, utilities, groceries, and transportation. This financial strain creates a cycle of debt accumulation, impeding graduates' progress towards achieving economic independence and stability (Statistics South Africa, 2021). Furthermore, the weight of NSFAS debt can dissuade graduates from pursuing further education or engaging in professional development opportunities. The financial constraints imposed by loan repayments may curtail their ability to invest in additional certifications, training, or advanced degrees that could significantly enhance their employability and earning potential. This exacerbates the challenge of overcoming the economic hurdles posed by unemployment and further entrenches graduates in a cycle of financial instability (Manuel, 2019; Sokhweba, 2022). In summation, the formidable levels of unemployment in South Africa have engendered a hostile economic environment for graduates, severely affecting their capacity to meet the obligations of NSFAS loan repayments. The scarcity of employment opportunities, coupled with the prevalence of low-paying positions, not only precipitates financial instability but also hinders graduates' progress towards achieving economic independence. This underscores the imperative for the implementation of comprehensive support systems and targeted interventions, guided by the tenets of Structural Functionalism Theory and Social Reproduction Theory, to navigate the intricate interplay between unemployment, student loan repayment, and economic self-sufficiency in South African higher education (Manuel, 2019; Sokhweba, 2022; Statistics South Africa, 2021).

Unveiling the crucial nexus between universities and the economy: Insights from Allais' work

Nuanced comprehension of the intricate relationship between universities and the economy is imperative, as highlighted by Allais' notable work (Allais, 2012). The efficacy of obtaining meaningful employment and subsequently repaying NSFAS funding is inherently tied to the health of the overall economy (Mokgotho *et al.*, 2023). Critics have advocated for a more proactive role by the government, suggesting that a substantial works program could serve dual purposes—stimulating national development and fostering employment growth. Allais' work emphasizes the interconnectedness of educational outcomes and economic conditions (Allais, 2012). The ability of graduates to secure decent employment and fulfil their NSFAS repayment obligations is contingent on the broader economic landscape (Yende, 2021). A robust and flourishing economy provides a conducive environment for graduates to find gainful employment with remuneration that facilitates the repayment of student loans. Advocates proposing a major works program under government auspices contend that such an initiative could be a strategic approach to bolstering national development and mitigating unemployment challenges

(Mokgotho *et al.*, 2023; Yende, 2021). By investing in large-scale projects, the government could create job opportunities, injecting vitality into the economy while addressing critical infrastructural needs. Recognising and navigating the intricate dynamics between universities and the economy is pivotal for crafting effective policies. The synergy between educational outcomes, employment opportunities, and the broader economic context must be acknowledged to ensure the success of initiatives like NSFAS. Addressing not only the challenges within the education sector but also the economic factors influencing graduates' ability to secure meaningful employment is essential for fostering a sustainable and supportive environment for higher education in South Africa.

The impact of NSFAS corruption crisis on student welfare

The ongoing corruption crisis surrounding NSFAS intensifies challenges within South Africa's higher education system. Recent revelations, including a R44-million tender awarded to a company linked to Higher Education Minister Blade Nzimande's adviser, have raised concerns about NSFAS funding integrity (Mabuza, 2020; Yende, 2021). Questions arise regarding potential conflicts of interest, as Tilson Manyoni, managing director at Vision Wave, linked to the tender, also chaired the National Advisory Innovation Council. This scandal follows previous reports linking Nzimande, NSFAS board chair Ernest Khosa, and the South African Communist Party to corruption involving direct payment system suppliers (Organisation Undoing Tax Abuse, 2024). The political fallout involves Khosa taking leave, Nzimande threatening legal action against Outa for exposing the alleged corruption and calls for resignations. The DA has laid criminal charges, and the EFF asserts that both Khosa and Nzimande should step down (Crouth, 2024). For students, NSFAS's failure to make promised payments adds significant financial strain, leaving beneficiaries uncertain about disbursement timelines. This not only exacerbates the financial burden on students but also emphasises the need for a transparent and accountable resolution to the corruption allegations. As the crisis deepens, the NSFAS corruption scandal becomes a focal point for broader discussions on governance, accountability, and the imperative of safeguarding funds meant for student welfare. Addressing these crises is crucial not only for the affected students but also for restoring trust in the higher education funding system.

Reflections on the Challenges Faced by Graduates in Repaying NSFAS Loan

The discussions presented in this article, deeply rooted in the Social Reproduction Theory, provide nuanced understanding of the intricate challenges faced by graduates in South Africa, particularly those from disadvantaged backgrounds. This theory, pioneered by Bourdieu and Passeron (1977) and Bowles and Gintis (1976), posits that social and economic inequalities are perpetuated across generations through mechanisms such as education and resource accessibility. The article highlights the persistent challenges for graduates seeking quality employment, emphasising that the attainment of higher education alone does not dismantle barriers to equitable job opportunities (Badat and Sayed, 2014; Hay and Monnapula-Mapesela, 2009; Wangenge-Ouma, 2012). Despite educational achievements, graduates from marginalized backgrounds still confront hurdles in accessing quality employment, thereby perpetuating the cycle of economic inequality. The financial instability faced by graduates, resulting from the disparity between income and loan repayment obligations, is intricately connected to the broader social reproduction process (Mncayi and Meyer, 2022). This process elucidates how financial hardships contribute to the perpetuation or exacerbation of economic disparities. Prolonged financial uncertainty and delayed stable employment, as discussed in the article, align with the Social Reproduction Theory, illustrating how systemic barriers hinder upward mobility and financial security for individuals from marginalised backgrounds (Bowles and Gintis, 1976).

The discussion on graduates providing financial support to their families delves into societal expectations and cultural norms that shape individuals' responsibilities (Baldry, 2016; Webb, 2021). This dynamic is closely intertwined with the Social Reproduction Theory, highlighting how economic responsibilities are passed down through generations, potentially perpetuating cycles of financial strain (Ferguson, 2004). The article underscores the profound psychological toll of NSFAS debt on graduates, aligning with the Social Reproduction Theory by recognizing the significant emotional and psychological strain experienced by individuals from marginalized backgrounds due to ongoing economic challenges (Bourdieu, 1986). Expanding on the impact of the NSFAS decline and the corruption crisis adds another layer to these discussions. Recent revelations, including a R44-million tender awarded to a company linked to the Higher Education Minister's adviser, raise crucial questions about the integrity of NSFAS funding (Allais, 2012). This crisis not only exacerbates existing challenges within South Africa's higher education system but also raises concerns about the transparency and accountability of institutions meant to support students. In summary, the discussion in this article intricately aligns with the Social

Reproduction Theory, offering insights into how economic disparities persist through various mechanisms, including the challenges graduates face in repaying NSFAS loans. This analysis underscores the imperative of targeted interventions and comprehensive support systems to disrupt the cycle of social and economic inequality in South Africa.

NSFAS should invest in comprehensive financial literacy programmes for students. These programmes should cover budgeting, debt management, and long-term financial planning to equip students with the skills to navigate their financial obligations post-graduation. Secondly, NSFAS should provide graduates with flexible repayment options based on their income levels. This could include income-driven repayment plans that adjust monthly payments according to the graduate's earnings. Thirdly, NSFAS should consider implementing loan forgiveness programmes for graduates who work in underserved communities or critical sectors, such as healthcare, education, or public service. This would incentivise graduates to give back to their communities while alleviating some of their debt burdens. The NSFAS and government should prioritise initiatives that promote job creation and skills development, particularly for recent graduates. This could include targeted training programmes, apprenticeships, and business incentives to hire graduates. Lastly, NSFAS should address the challenges faced by their graduates. By establishing partnerships with employers, NSFAS can play a pivotal role in facilitating employment opportunities for its beneficiaries. This collaborative effort can lead to positive outcomes for graduates and the NSFAS programme. Such a partnership could involve various initiatives, including job placement programmes, internships, and mentorship opportunities. Additionally, NSFAS could enhance its engagement with potential employers by establishing strategic partnerships with industry associations, chambers of commerce, and companies. These partnerships could involve regular discussions, joint research projects, internship programs, and advisory committees comprising industry experts. By actively involving employers in funding decisions, NSFAS can align its support with the evolving needs of the job market. This proactive approach can improve graduates' employability, foster a smoother transition into the workforce, and contribute to the broader economic development of South Africa.

Furthermore, offering resources for career development, such as workshops on resume building, interview preparation, and job searching skills, can empower graduates to make meaningful strides in their professional journeys. By equipping them with the tools they need to secure employment, NSFAS can significantly enhance the prospects of successful loan repayment. Facilitating additional employment-aligned skills aligns with broader vision of a mutually supportive relationship between educational institutions, students, and the workforce. Securing employment addresses the immediate concern of loan repayment and contributes to a more holistic and sustainable approach to higher education financing. Ultimately, the success of this recommendation hinges on effective collaboration between NSFAS, educational institutions, and employers. Through this partnership, NSFAS can proactively ensure that graduates have the necessary support and opportunities to transition successfully from education to employment, ultimately enabling them to fulfil their financial obligations.

Conclusion

The conclusion of this article delves into the significant challenges that NSFAS graduates face in repaying loans and managing debt, emphasising their connection to historical inequalities and the amplified impact of current economic realities. Although NSFAS and the Department of Higher Education and Training (DHET) have taken steps to improve inclusivity and sustainability in higher education financing, these efforts may not fully address the broader economic context. The article identifies a critical risk: the potential increase in mass unemployment within a specific demographic due to an overemphasis on higher education without a concurrent focus on comprehensive economic recovery. To mitigate this risk, the conclusion advocates for a nationwide economic recovery plan, proposing a major works program as a catalyst for economic revitalisation. This initiative could include large-scale infrastructure projects, public works programs, and efforts to revitalise key economic sectors. Such a program aims to alleviate immediate financial struggles for graduates and address the underlying causes of unemployment, creating sustainable opportunities for the workforce. The proposal envisions a transformative approach that integrates economic recovery initiatives with education-centric solutions. A holistic perspective is introduced, highlighting the need for collaboration across various sectors, including government entities, educational institutions, private sector stakeholders, and civil society. This collaborative approach aims to formulate and implement policies that extend beyond traditional educational reforms, integrating economic recovery measures with educational strategies.

The synergy between economic recovery and education is intended to address both immediate financial concerns and foster broader societal transformation.

This article further stresses the importance of aligning educational policies with the evolving demands of the job market. Suggestions include enhancing curriculum structures to focus on skill development, fostering entrepreneurship, and promoting innovation. By aligning educational objectives with the needs of industries, the higher education system can shape a workforce that is not only academically proficient but also adaptable and resilient in the face of economic changes. Additionally, the article calls for a re-evaluation of existing funding models, particularly the NSFAS salary deduction table, to ensure that repayment obligations are fair and manageable across the income spectrum. A comprehensive review of the salary deduction table, incorporating updates that align with current economic conditions, is seen as crucial in alleviating the financial burden on graduates, especially those facing unemployment and financial constraints. In summary, the conclusion envisions a transformative path forward that integrates educational reforms, economic recovery initiatives, and collaborative efforts across sectors. It proposes recalibrating existing frameworks to address the limitations of current approaches, advocating for a dynamic and responsive strategy. By envisioning a future where higher education serves as a catalyst for broader societal and economic transformation, the article aims to address the root causes of challenges faced by NSFAS graduates and contribute to building a more equitable and prosperous nation. Despite the study's limitations, such as the qualitative nature of content analysis and potential biases, it provides valuable insights into the multifaceted challenges faced by NSFAS graduates in loan repayment.

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