Linking Salary Advance to Low-and Moderate-Income Salaried Workers: An Investigation of School Educators in Tanzania

Yusuph Maulid Kambuga
College of Business Education, Tanzania
kambuga2008@yahoo.com

Abstract
The study investigated the relationship between salary advances and low—to moderate-income salaried workers, focusing on school educators in Tanzania. It explored why educators take salary advances before payday, assessed the benefits and costs of this practice, and examined how salary advance-taking relates to low-to-moderate-income earners. The study employed a quantitative approach with a cross-sectional design to collect data from 68 educators who returned self-report questionnaires from Dodoma City. The study used cluster and simple random sampling methods to select schools and educators. The collected data underwent thorough coding and entry into the Statistical Package for Social Science (SPSS) version 25 for statistical analysis. Descriptive statistics, including frequencies and percentiles, one-sample t-tests and paired sample t-tests, were employed to explore the correlation between low-moderate income and salary advance uptake. Findings indicate that while salary advances can promptly address urgent financial needs and expenses, there are costs of falling into a cycle of debt and financial instability. Recommendations include employers being prepared for emergencies requiring salary advances and establishing clear guidelines for granting such advances to mitigate financial costs for educators.

Keywords: *Salary advance, low- mid-income, costs, benefits, educators*

Introduction

Educators in sub-Saharan Africa with low to moderate incomes face challenges in managing finances. This is often due to inadequate financial planning, insufficient compensation, and the rising cost of living. As a result, many educators find themselves in a perpetual cycle of financial strain and rely on salary advances to meet their basic needs. Research indicates that workers experience financial stress due to stagnant income and household earnings (Baker, 2017; Baker & Kumar, 2018; Kappel, 2022; Rawat, 2022)With rising expenses caused by events such as the COVID-19 outbreak, world economic inflation, and the Ukraine war,

low—and mid-income workers face difficulty managing their salaries to pay monthly bills. Baker and Kumar (2018), Mckean et al. (2005), and Singh (2021) argue that small financial shocks can significantly affect low-income workers, leading them to take salary advances before earning their pay. Salary advances are private loan agreements between employees and employers (DeVito, 2010; Thomas-Bryant, 2022; Varghese, 2022; Kappel, 2022). Employees often request salary advances to cover emergencies or urgent cash needs. The purpose of salary advances is to help employees overcome temporary setbacks without having to take out a bank loan (Herrity, 2023; Thomas-Bryant, 2022). Other studies note that salary advances are only granted to employees with no other means of securing money to solve emergencies or difficulties (Rawat, 2022; Umah, 2019). Employers' policies on salary advance duration vary greatly, with some requiring repayment in 3 to 6 months and others prescribing repayment periods of 12 months. The bank guideline for salary advance repayment in Tanzania is one month (CRDB Bank PLC, 2018; NMB BANK, 2018c).

In the United States, for example, over 50 million low-income working families experience financial stress, with 60% unable to cover a $400 emergency expense without going into debt (Baker & Kumar, 2018; Maready, 2022). In India, 80% of employees live paycheck to paycheck, with no savings left for emergencies by the time their next payday arrives (Rawat, 2022). According to a study by Evans et al. (2020), workers in Sub-Saharan Africa experience an increase in absolute earnings as GDP per capita rises. However, this increase does not translate to an increase in earnings as a percentage of GDP per capita. Teachers' monthly earnings in 7 out of 15 countries are statistically lower than comparable wage workers (Evans et al., 2020). Lyimo (2014) notes that teachers in Tanzania, for example, receive low payments, with an average monthly salary of $150 to $265 for primary school teachers and $300 to $500 for secondary school teachers. These salaries are also subject to taxation, such as pay-as-you-earn and social security funds. Baker (2017) reports that low-salaried workers often struggle to obtain reasonably priced and structured small loans to cover essential expenses like urgent medical care or auto expenses. Thus, providing such loans could alleviate their financial stress, reducing their reliance on costly financial products like payday loans, salary advances, and bank overdrafts for liquidity and credit support.

The debate on whether salary advances are a good or bad option for employees continues. Some believe that low- and mid-income salaried

employees cannot wait for their monthly salary and must take salary advances to cover unexpected expenses like medical emergencies or financial setbacks (Bojac, 2022; Cholteeva, 2022; Cristea, 2021; Seboldt, 2022; Varghese, 2022). Others argue that taking a salary advance can lead to financial troubles (Chioma, 2019; Willis, 2022). In addition, Willis (2022) reports that 64% of employees in the UK run out of money before payday. The protocols surrounding salary advances for employees can vary depending on the institution. Extensive research has indicated that each institution has its guidelines for providing salary advances to its staff members (Alemu, 2018; Baker & Kumar, 2018; Mckean et al., 2005). These policies typically involve a verification process to determine the employee's need for additional funds. Numerous respected institutions have implemented policies governing the payment of salaries or wages outside of standard payroll schedules. These include prestigious universities like Stanford and the University of Bath and organisations like the United Nations Development Program. However, while such practices are permitted in certain circumstances, educational institutions rarely encourage them. It is generally advisable for employees to follow the established payroll schedule for salary and wage payments. In rare and exceptional cases, employees may require a salary advance for personal reasons (Hawkins, 2020; Rohr-Locaste, 2021; Umah, 2019).

According to Rohr-Locaste (2021), institutions should be prepared for emergencies requiring a salary advance and establish clear guidelines outlining the limited circumstances under which such advances may be granted. These unforeseen events could be anything from the death of an immediate family member to extraordinary medical expenses not covered by insurance or any other event that could have a significant adverse impact on the employee if an advance were not approved (Rohr-Locaste, 2021; Smith, 2005; UNDP, 2023). Smith (2005) suggests that the HR department should follow specific steps before approving an employee's salary advance. These include reviewing the request based on the employee's payroll status, determining if the employee is eligible for an advance exceeding 70% of their salary, and verifying that the employee has completed at least six (6) months of continuous full-time service. If the request is approved, the Payroll Division will forward the completed request to the treasurer's office for processing and notify the employee of the outcome. The amount advanced is usually deducted from the employee's salary for the current month, and the repayment terms must be agreed upon with the payroll section before payment is made (Ghosal, 2023; International Labour Organisation, 2022; Kappel, 2022).

Institutional policies may establish a maximum range for the amount an employee can receive during financial hardship, such as $1,000-10,000 or 70-80% of the employee's monthly net pay within a month, without fees or interest (Cristea, 2021; Ghosal, 2023; Kappel, 2022; SEHA, 2014).

In Tanzania, obtaining a salary advance can be difficult due to the lack of policies in educational institutions and other organisations. The banks regulate the process in advance; NMB and CRBD Plc require workers to channel their salary through their bank accounts. Section 42-(2) of the Bank of Tanzania's regulations states that banks cannot grant salary advances that exceed the borrower's annual remuneration. Banks have established terms for salary advances to comply with these guidelines, including mobile banking apps like NMB Mkononi and CRDB Simu Banking App. The eligibility conditions include having a signed agreement with the bank for a salaried worker's loan scheme, receiving salary through a specific account, no outstanding balance on salary advance or loan arrears, not being on the loan blacklist, and having a personal account. Using these mobile apps, Tanzanian employees can request a salary advance with no fees or interest (CRDB Bank PLC, 2018; NMB BANK, 2018a). The current study addressed the following objectives:

i) To investigate why school educators, take monthly salary advances before the payday.
ii) To assess the benefits and costs associated with taking monthly salary advances among school educators.
iii) To examine the relationship between salary advance-taking and low-to-moderate-income salaried school educators.

Theoretical Underpinning

This research is centred on prospect theory and financial strain theory. First, prospect theory was developed by Kahneman and Tversky (1979); it provides details on how people make rational decisions in uncertain situations. It suggests that individuals evaluate potential outcomes based on their sense of gains and losses; they are more likely to take costs to avoid losses than to achieve gains (Kahneman & Tversky, 1979). This theory is valuable to the current study because teachers may request a salary advance before payday if they perceive a potential loss of not having immediate access to money in case of emergencies. If teachers perceive no immediate danger, they may not see a need or potential benefit in requesting a salary advance before payday. Second, the strain

theory, which was proposed in 1938 by Robert King Merto, explains how social structure, values, financial strain and goals can lead to deviant behaviours (Merto, 1938). Other researchers have suggested similar ideas. For instance, Pearlin et al. (1990) hold that financial stress can affect an individual's well-being, performance, and job satisfaction. Low and mid-salaried teachers may resort to taking salary advances to cope with their financial obligations, as failing to meet these obligations can lead to anxiety, depression, and other psychological stress. Pearlin and colleagues argue that taking a salary advance before payday can provide temporary relief, help alleviate emergency pressures, and reduce financial strain by enabling individuals to meet some of their financial obligations. However, borrowing money from an employer in advance of a salary payment can lead to financial stress and make it harder to manage finances in the long term (Pearlin et al., 1990)This can also negatively impact physical and mental health, self-esteem, and feelings of empowerment. Pearlin et al. underscores the need to promote employee well-being, as it is essential to implement comprehensive strategies that address workers' underlying financial challenges.

Research Methodology

This study investigated the relationship between salary advances and low-to moderate-income salaried educators in Tanzania's school system. A quantitative research approach was employed, supported by a cross-sectional design, to investigate the relationship between salary advances and low-to-moderate-income salaried school educators in Tanzania. This research approach and design allowed for simultaneous data collection from many individuals and a comprehensive analysis of the research problem. Using a quantitative approach, the study increased validity and reliability of the results and reduced study bias (Creswell, 2014; Johnson & Christensen, 2014). The research was conducted in Dodoma City, Tanzania's capital, covering two government primary and two government secondary school teachers. Dodoma was selected due to the diversity of teachers deployed and the government's recent shift away from the business city of Dar-es-salaam. Random sampling was conducted to obtain respondents for this study. As explained by Bhatt (2020) and Hossan et al. (2023). The quantitative research approach ensures that groups of equal size in the population have an equal chance of being chosen. Using this approach, schools were selected from a list available at the office of the District Primary Education Officer and District Secondary Education Officer. Slovin’s (1960) formula was used to calculate the sample size to ensure easy statistical analysis.

$$n = \frac{N}{1 + N(e^2)}$$

Where 'n' is the sample size, 'N' is the accessible population, and 'e' is the marginal error or significance level at 0.1 (90%) for this study's population. The formula was used to calculate sample sizes from students. The population N = 213

$$n = \frac{213}{1 + 213(0.1^2)} = 68$$

Therefore, the sample size was 68 respondents.

Data Collection and Analysis Procedures

The study used a cross-sectional design to investigate the relationship between teacher salary and the number of salary advances taken before payday. This research approach involves collecting data from a diverse group of participants at a specific time, which provides a snapshot of the characteristics, behaviours, attitudes, or opinions of a particular population or sample within a defined timeframe.

The researchers used a cluster and simple random sampling procedure, selecting four schools - 2 primary and two secondary schools and 68 teachers from those schools. The data were collected through a rigorous process and were then subjected to meticulous coding and entry into the Statistical Package for Social Science (SPSS) version 25 computer software for statistical analysis. The study used descriptive statistics with frequencies and percentiles, one sample t-tests and the paired sample t-tests to examine the relationship between low-moderate income and salary advance taking.

The running of the descriptive statistics in the SPSS involved clicking on the analyse menu bar, dropping down to the descriptive statistics set, choosing the frequency set, and selecting the variables for analysis. The data were collected to investigate why school educators prefer taking salary advances before one-sample t-tests analysed payday to determine if the mean reasons behind workers taking salary advances before payday were greater than or equal to 1.

Therefore, the study developed the null hypothesis, H_0: μreasons behind school educators taking salary advances before payday ≥ 1 and the alternative hypothesis, H1: μreasons behind school educators taking salary advances before payday ≤ 1. Where μ is the mean reason workers

took salary advances before payday that the 68 low-moderate income workers had. The second step involved determining if this is a one-tailed or a two-tailed test. Because the hypothesis involves the phrase “greater than” or “equal to”, this is a two-tailed test. The α level was specified at α = 1. The command for a one-sample t-test was done by clicking analyse, then compare means, then one-sample t-test. The output was the one-sample statistics box and the one-sample test. Based on the data collected, two samples were involved: reasons behind workers taking salary advances before payday and the benefits and costs associated with salary advances taken to workers. The values for each sample were collected from the same individuals who were low-moderate-income salaried workers, meaning that each individual gave two values, one for each of the two groups. A paired-sample t-test was an appropriate statistic to determine if the two means differed when the two samples that the means were based on were taken from the matched individuals or the same individuals. The study thus developed null and alternative hypotheses on some of the selected study questions.

1. $\mathbf{H_0}$: $\boldsymbol{\mu}$ unexpected emergencies or urgent financial needs $=$ $\boldsymbol{\mu}$ addressing urgent financial needs or emergencies promptly
   $\mathbf{H_1}$: $\boldsymbol{\mu}$ unexpected emergencies or urgent financial needs $\neq$ $\boldsymbol{\mu}$ addressing urgent financial needs or emergencies promptly
2. $\mathbf{H_0}$: $\boldsymbol{\mu}$ to cover essential living expenses $=$ $\boldsymbol{\mu}$ ability to cover essential living expenses without delay
   $\mathbf{H_1}$: $\boldsymbol{\mu}$ to cover essential living expenses $\neq$ $\boldsymbol{\mu}$ ability to cover essential living expenses without delay
3. $\mathbf{H_0}$: $\boldsymbol{\mu}$ paying off existing debts or bills $=$ $\boldsymbol{\mu}$ timely payment of bills and existing debts
   $\mathbf{H_1}$: $\boldsymbol{\mu}$ paying off existing debts or bills $\neq$ $\boldsymbol{\mu}$ timely payment of bills and existing debts
4. $\mathbf{H_0}$: $\boldsymbol{\mu}$ Insufficient saving or lack of emergency fund $=$ $\boldsymbol{\mu}$ Risk of falling into a cycle of debt and financial instability
   $\mathbf{H_1}$: $\boldsymbol{\mu}$ Insufficient saving or lack of emergency fund $\neq$ $\boldsymbol{\mu}$ Risk of falling into a cycle of debt and financial instability
5. $\mathbf{H_0}$: $\boldsymbol{\mu}$ Family or personal financial obligations $=$ $\boldsymbol{\mu}$ Increase stress and anxiety due to ongoing financial pressure
   $\mathbf{H_1}$: $\boldsymbol{\mu}$ Family or personal financial obligations $\neq$ $\boldsymbol{\mu}$ Increase stress and anxiety due to ongoing financial pressure

It is a two-tailed test that determines if the test is one-tailed or two-tailed since the hypothesis involves the phrase "different", and no ordering of the means is specified. The α level is specified at α = .05. The command for the paired samples t-tests is done through analysis, then compare

means, and then paired-samples t-test. The output is the paired sample statistics and the paired sample test boxes with data described as findings in the following section.

Findings and Discussion

This part presents the demographic profile of the school educators who serve as the respondents of this study. It also discusses why school educators take monthly salary advances before payday, the benefits and costs associated with taking monthly salary advances among school educators, and the relationship between salary advance-taking and low-to-moderate-income salaried school educators.

The demographic data and awareness issues involved inquiries into the respondent's gender, which was categorized as male or female, their monthly salary range in Tanzanian shillings, divided into three categories, and whether they took a salary advance each month. Additionally, the survey asked about the respondent's level of agreement with the association between taking a salary advance and low worker salary, with response options including strong agreement, disagreement, somewhat agreement, and disagreement. The results are presented in Table 1, showing the frequencies and percentage values of the responses.

Table 1: Findings on the demography and awareness of salary advance-taking

Item	sex		Salary range in $x10^5$ TZS			Taking salary advance each month		Agreement with the association between salary advance taking and low salary among workers			
Category	Male	Female	2-7	7-1,4	1,4 And above	Yes	No	Strong Agree	Agree	Disagree	Strong Disagree
Frequency	28	40	33	29	6	13	55	30	22	10	6
Parentage value	41.2	58.8	48.6	42.6	8.8	19.1	80.9	44.1	32.4	14.7	8.8

Findings show that 58.8% of female respondents were covered by the study than males, and the majority, 48.6%, were low-income workers with salaries ranging from 200,000 to 700,000 thousand Tanzanian shillings payee per month. Further, findings indicate that a minority of 19.1% of the respondents take salary advance before payday. The majority group, 44.1% and 32.4 of the respondents, strongly agreed to agree that there is an association between salary advance taking and low salary among workers. In addition, a one-sample t-test was run based on some reasons the respondents gave for why low-moderate income workers take salary advances before payday. The output of the t-test is a one-sample statistics box showing the descriptive statistics for the test in Table 2.

Table 2: A one-sample statistics box with descriptive statistics for the test

One-Sample Statistics				
Variables	N	Mean	Std. Deviation	Std. Error Mean
Unexpected emergencies or urgent financial needs	68	1.54	.502	.061
Insufficient savings or lack of emergency fund	68	1.74	.444	.054
To cover essential living expenses	68	1.69	.465	.056
Paying off existing debts or bills	68	1.85	.357	.043
Family or personal financial obligations	68	1.85	.357	.043

Table 2 shows 68 observations (N) for each case of reasons. The mean numbers varied, with unexpected emergencies or urgent financial needs having a mean of 1.54, the lowest mean observed. In comparison, paying off existing debts or bills and family or personal financial obligations tied with a mean of 1.85, the highest mean number observed. The standard deviation of the reasons ranges from 0.357, the minimum for paying off existing debts or bills and family or personal financial obligations, to 0.502, the maximum for unexpected emergencies or urgent financial needs reasons. The standard error of the mean ranges from 0.061 at the maximum to 0.043 at the minimum. Table 2 clarifies the descriptive statistics for the test based on each reason for advance salary taking among the low-salaried income educators in Tanzania, as reported by the study respondents. Further, from the one-sample t-test on the reasons for salary advance taking among low-moderate income workers, the one-sample test box was produced to give the information needed to answer the research questions, as presented in Table 3.

Table 3: A one-sample test box giving the information needed to answer the research questions

One-Sample Test						
	Test Value = 1					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Unexpected emergencies or urgent financial needs	8.942	68	.000	.544	.42	.67
Insufficient savings or lack of emergency fund	13.642	68	.000	.735	.63	.84
To cover essential living expenses	12.246	68	.000	.691	.58	.80
Paying off existing debts or bills	19.713	68	.000	.853	.77	.94
Family or personal financial obligations	19.713	68	.000	.853	.77	.94

Table 3 gives the predetermined test value as 1. The t-statistic result varies for each variable, as shown. The degrees of freedom are 68 for all variables. The significance value, p value, for each variable is 0.000. The difference between the observed sample means and the expected mean is given for each variable, as shown.

Taking the first case of unexpected emergencies or urgent financial needs as the reason workers take salary advances before payday, the output, $t_{\text{unexpected emergencies or urgent financial needs}} = 8.942$ with 68 degrees of freedom.
p-value = Sig.(2-tailed) ÷ 2 = 0.000 ÷ 2 = 0.000

The study rejected the null hypothesis since the p-value was $0.000 < 1 = \alpha$. At the $\alpha = 1$ level of significance, there is enough evidence to conclude that unexpected emergencies or urgent financial needs were the excellent reasons behind workers taking salary advances before payday, with the confidence interval of (0.67-0.42) = 0.25. All the hypothesised reasons behind workers taking salary advances before payday had p-values = 0.000, which is less than the pre-determined significance level of 1. Therefore, the study rejected the null hypotheses for all variables tested and concluded that the variables tested were excellent reasons low—and moderate-income salaried workers take salary advances before payday.

Research has revealed that unforeseen emergencies or pressing financial demands are valid reasons for educators to request an advance on their salary. This aligns with the findings of previous studies that suggest

teachers may seek early access to their pay in anticipation of potential financial strain during emergencies (Bohrer, 2022; Rohr-Locaste, 2021; Tucker et al., 2020; Zagala, 2020).

Based on the results, there is a significant difference in the mean salary advance taking among low-to-moderate-income salaried educators, unexpected emergencies or urgent financial needs, insufficient savings or lack of emergency funds to cover essential living expenses, paying off existing debts or bills, and family or personal financial obligations. In response to the second objective, the study developed descriptive statistics showing frequencies and percentage values of responses on the benefits and costs associated with salary advance talking to educators. Table 4 elaborates on the findings.

Table 4: Responses on the benefits and costs associated with salary advance taking to workers

S/N	Benefits and costs associated with salary advance taking to workers	Response category			
		Yes		No	
		Frequency	Per cent	Frequency	Per cent
1.	Addressing urgent financial needs or emergencies promptly	17	25.0	51	75.0
2.	Ability to cover essential living expenses without delay	24	35.3	44	64.7
3.	Timely payment of bills and existing debts	11	16.2	57	83.8
4.	Risk of falling into a cycle of debt and financial instability	20	29.4	48	70.6
5.	Increase stress and anxiety due to ongoing financial pressure	9	13.2	59	86.8

The data in Table 4 suggests that workers benefit from salary advances in multiple ways. Specifically, 25% of respondents reported that salary advances helped them promptly address urgent financial needs or emergencies, while 35.3% said they could cover essential living expenses without delay. Additionally, 16.2% of respondents noted that salary advances enabled them to make timely payments on bills and existing debts, although they noted that salary advances have associated risks. 29.4% of respondents complained about the possibility of falling into a cycle of debt and financial instability, while 13.2% reported an increase in stress and anxiety due to ongoing financial pressure. This suggests that many educators may not be aware of or interested in this option. Willis

(2022) similarly found that only a few employees engage in salary advance-taking and that those often face significant financial challenges.

The third objective of this study examined the correlation between salary advance-taking and low to moderate-income salaried workers. To address this objective, a comparative means paired t-test analysis was conducted. The results are outlined in paired sample statistics Table 5, which provides descriptive statistics for the two groups defined by the pair of variables.

Table 5: The sample statistics for descriptive statistics

Paired Samples Statistics		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Unexpected emergencies or urgent financial needs	1.54	68	.502	.061
	Addressing urgent financial needs or emergencies promptly	1.75	68	.436	.053
Pair 2	To cover essential living expenses	1.69	68	.465	.056
	Ability to cover essential living expenses without delay	1.65	68	.481	.058
Pair 3	Paying off existing debts or bills	1.85	68	.357	.043
	Timely payment of bills and existing debts	1.84	68	.371	.045
Pair 4	Insufficient savings or lack of emergency fund	1.74	68	.444	.054
	Risk of falling into a cycle of debt and financial instability	1.71	68	.459	.056
Pair 5	Family or personal financial obligations	1.85	68	.357	.043
	Increased stress and anxiety due to ongoing financial pressure.	1.87	68	.341	.041

Based on the data in Table 5, there is a range of means across pairs 1 to 5. A total of 68 individuals responded to questions related to the benefits and costs of taking an advance salary before payday, with standard deviations ranging from 0.502 (the maximum for pair 1) to 0.341 (the minimum for pair 5). Additionally, Table 5 displays the standard error means for both variables. The study presents Table 6, which includes inferential statistics to explore this topic further.

Table 6: Showing the paired samples test for inferential statistics

Paired Samples Test									
		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	unexpected emergencies or urgent financial needs - addressing urgent financial needs or emergencies promptly	-.206	.534	.065	-.335	-.077	-3.178	68	.002
Pair 2	to cover essential living expenses - the ability to cover essential living expenses without delay	.044	.584	.071	-.097	.186	.623	68	.003
Pair 3	paying off existing debts or bills - timely payment of bills and existing debts	.015	.366	.044	-.074	.103	.331	68	.000
Pair 4	insufficient savings or lack of emergency funds - the costs of falling into a cycle of debt and financial instability	.029	.598	.072	-.115	.174	.406	68	.068
Pair 5	family or personal financial obligations - increase stress and anxiety due to ongoing financial pressure	-.015	.440	.053	-.121	.092	-.275	68	.007

In pair 1, there is a significant difference of 206 between the two means, with a standard deviation of 0.534 for the difference between the variables. The observed t-value for pair 1 is 3.178, with a df of 68 and a Sig. (2-tailed) of 0.002. The decision rule to reject H_0 is if $p \leq \alpha$. Here, the p-value of 0.002 for pair 1 is less than and not equal to 0.05, leading to the rejection of H_0. This p-value provides sufficient evidence to conclude that there are reliable statistical differences between the means for reasons for unexpected emergencies or urgent financial needs and the benefits of addressing such needs promptly.

Consider pair two as an example. The decision rule is established to reject the null hypothesis (H_0): If the p-value is less than or equal to the significance level (α), then H_0 is rejected. Here, the p-value for pair 2 is 0.003, which is less than 0.05. Thus, the study concludes that there is ample evidence to support the claim that there are statistically significant differences between the means of the reasons for covering essential living expenses and the means for the ability to cover essential living expenses without delay. In pair 3, the decision rule for rejecting H0 is: If $p \leq \alpha$, then H_0 is rejected. Here, the p-value of 0.000 is less than, but not equal, 0.05. Therefore, the study rejected H_0 and concluded there are reliable statistical differences between the means for timely payment of bills and existing debts. This statistical difference provides sufficient evidence to support paying off debts or bills. In pair 4, to reject H_0, the decision rule is given: If $p \leq \alpha$, then reject H_0. In pair 4, the calculated p-value of 0.068 exceeds the threshold of 0.05, thereby leading to the failure of the study to reject the null hypothesis. This threshold of 0.05 suggests that the available evidence is inadequate to confirm any significant statistical variances between the means of insufficient saving or lack of emergency funds and the risk of falling into a debt and financial instability cycle.

Last, in pair 5, the decision to reject H_0 is determined by the following rule: If $p \leq \alpha$, then H_0 is rejected. In pair 5, the p-value of 0.007 is less than, but not equal, 0.05. The study has rejected H0. This indicates enough evidence to support the conclusion that the means for family or personal financial obligations have statistically significant differences compared to the means for increased stress and anxiety caused by ongoing financial pressure.

Conclusion

The study on salary advances and low- to moderate-income school educators in Tanzania revealed significant statistical differences between

the reasons for taking salary advances and the associated benefits and costs. The findings suggest that salary advances often address urgent financial needs, cover essential living expenses, and make timely payments on bills and debts. However, there are concerns about the costs of falling into a cycle of debt and financial instability, as well as increased stress and anxiety. Overall, the study highlights the complex relationship between salary advances and financial well-being among educators.

Recommendations

Respondents reported various reasons for requesting salary advances before payday, and some reasons are reported to put educators at the cost of falling into a cycle of debt and financial instability. To avoid this, the study recommends the following:

- Implement financial literacy programmes for educators to help them better manage their finances, understand the implications of taking salary advances, and make informed decisions about their financial well-being.
- Encourage schools and educational institutions to establish emergency fund policies that provide alternative solutions to salary advances for employees facing financial emergencies. This can help reduce the reliance on salary advances and promote long-term financial stability among educators.

Reference

Alemu, D. (2018). Effect of Salary and Staff Loan on Employees' Saving Deposit Status: Case Study of Oromia International Bank. 8(1).

Baker, T. H. (2017). FinTech Alternatives to Short-Term Small-Dollar Credit: Helping Low-Income Working Families Escape the High-Cost Lending Trap. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.3571506

Baker, T. H., & Kumar, S. (2018). The Power of the Salary Link: Assessing the Benefits of Employer-Sponsored FinTech Liquidity and Credit Solutions for Low-Wage Working Americans and their Employers. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.3571499

Bhatt, K. (2020). A Synopsis on Population and Sample: Quantitative Research. https://doi.org/10.13140/RG.2.2.26926.54084

Bohrer, L. (2022). Offering employees a payroll advance: What employers should know | Lano Blog.

https://www.lano.io/blog/offering-employees-a-payroll-advance-what-employers-should-know

Bojac, A. (2022). How to ask for advance payment professionally—Pumble. Pumble Blog. https://pumble.com/blog/ask-for-advance-payment-professionally/

Chioma, U. (2019). Deduction Of Interests, Discounts and Similar Charges For "Salary Advance" Is Illegal. https://thenigerialawyer.com/deduction-of-interests-discounts-and-similar-charges-for-salary-advance-is-illegal/

Cholteeva, Y. (2022). Salary advances schemes: The big debate. https://www.peoplemanagement.co.uk/article/1806353/salary-advance-schemes-big-debate

CRDB Bank PLC. (2018). Everyday is a payday with Salary Advance | CRDB Bank PLC. https://crdbbank.co.tz/en/product/personal/Borrow/34

Creswell, J. W. (2014). Research design: Qualitative, quantitative, and mixed methods approach (4th ed). SAGE Publications.

Cristea, M.-A. (2021). Salarium Fintech launched the first platform of salary advance and financial education in Romania. Business Review. https://business-review.eu/money/salarium-fintech-launched-the-first-platform-of-salary-advance-and-financial-education-in-romania-217587

Devito, V., H. (20101). Evaluation of Locally Issued Salary Advances. Office of Inspector General. https://www.uspsoig.gov/reports/audit-reports/evaluation-locally-issued-salary-advances

Evans, D. K., Yuan, F., & Filmer, D. (2020). Are Teachers in Africa Poorly Paid?: Evidence from 15 Countries. World Bank, Washington, DC. https://doi.org/10.1596/1813-9450-9358

Ghosal, S. (2023, March 29). Salary Advance—What It Is, Reasons, Examples, Disadvantages. WallStreetMojo. https://www.wallstreetmojo.com/salary-advance/

Hawkins, J. (2020). Earned Wage Access and the End of Payday Lending. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.3514856

Herrity, J. (2023). How To Ask for a Salary Advance (With Example) | Indeed.com. https://www.indeed.com/career-advice/pay-salary/how-to-ask-for-a-salary-advance

Hossan, D., Mansor, Z., & Jaharuddin, N. (2023). Research Population and Sampling in Quantitative Study. International Journal of Business and Technopreneurship (IJBT), 13, 209–222. https://doi.org/10.58915/ijbt.v13i3.263

International Labour Organisation. (2022). ILO Declaration on Fundamental Principles and Rights at Work (DECLARATION). https://www.ilo.org/declaration/lang--en/index.htmm

Johnson, R., & Christensen, L. (2014). Educational Research Quantitative, Qualitative, and Mixed Approaches (fifth edition).

Kahneman, D., & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk. Econometrica, 47(2), 263–291.

Kappel, M. (2022). How to Give an Employee Salary Advance. https://www.patriotsoftware.com/blog/payroll/a-closer-look-at-payroll-advance-agreements/

Mabignay, E. G. B., Hamja, A. J. E., Valentin, J. R., Fabrigas, E. C., Padul, M. B., & Labaria, J. J. C. (n.d.). EFFECTS OF SALARY LOANS TO FINANCIAL WELLNESS OF PANACAN NATIONAL HIGH SCHOOL TEACHERS. 8(2581).

Maready, A. (2022). Is a Salary Advance From a Bank Better Than a Personal Loan? https://www.fool.com/the-ascent/personal-loans/articles/is-a-salary-advance-from-a-bank-better-than-a-personal-loan/

Mckean, L., Lessem, S., & Bax, E. (2005). Money Management by Low-Income Households: Earning, Spending, Saving, and Accessing Financial Services. https://search.issuelab.org/resource/money-management-by-low-income-households-earning-spending-saving-and-accessing-financial-services.html

Merto, R. K. (1938). Strain Theory- How Social Values Produce Deviance. Social Sci LibreTexts. https://socialsci.libretexts.org/Bookshelves/Sociology/Introduction_to_Sociology/Sociology_(Boundless)/07%3A_Deviance_Social_Control_and_Crime/7.04%3A_The_Functionalist_Perspective_on_Deviance/7.4B%3A_Strain_Theory-_How_Social_Values_Produce_Deviance

NMB BANK. (2018a). Introducing NMB Salary Advance Loans | Bank. https://www.nmbz.co.zw/nmb/blog/introducing-nmb-salary-advance-loans

NMB BANK. (2018b). NMB salary advance loan. https://mabumbe.com/nmb-salary-advance-in-tanzania/.

NMB BANK. (2018c). Terms and conditions for salary advance. https://www.nmbbank.co.tz/phocadownload/TERMS_AND_CONDITIONS_FOR_SALARY_ADVANCE_2018.pdf.

Pearlin, L. I., Mullan, J. T., Semple, S. J., & Skaff, M. M. (1990). Caregiving and the stress process: An overview of concepts and their measures. The Gerontologist, 30(5), 583–594. https://doi.org/10.1093/geront/30.5.583

Rawat, A. (2022). How an Earned Salary Advance is better than a Personal Loan? Zimyo. https://www.zimyo.com/insights/earned-salary-advance-over-personal-loan/

Rohr-Locaste, F. (2021). Prepaid expenses: How to handle employee expense advances. https://www.spendesk.com/blog/expense-advance-employees/

Seboldt, T. (2022). Is A Salary Advance Loan A Good Idea?

SEHA. (2014). SEHA_-Employee-Handbook-compressed.pdf. Abu Dhabi Health Services Co. PGSC.

Singh, H. (2021). Solution on Employee salary advance request through a credit line. https://www.linkedin.com/pulse/solution-employee-salary-advance-request-through-credit-singh.

Slovin, E. (1960). Slovin's Formula Sampling Techniques. Sciencing. https://sciencing.com/slovins-formula-sampling-techniques-5475547.html

Smith, C., P. (2005). REQUEST FOR SALARY ADVANCE. www.humanresources.vorment.gov.document

Thomas-Bryant, K. (2022, October 4). Salary advance: What employers need to consider. Sage Advice United Kingdom. https://www.sage.com/en-gb/blog/salary-advance-employers-advice/

Tucker, M., Driessen, M., Stucchi, R., & Tsvyatkov, A. (2020). On-Demand Pay: Payroll that works for all. https://www.google.com/search?q=On-Demand+Pay%3A+payroll+that+works+for+all&rlz=1C1BNSD_enTZ1036TZ1036&oq=On-Demand+Pay%3A++payroll+that+works++for+all&aqs=chrome.69i57.1169j0j15&sourceid=chrome&ie=UTF-8

Umah, O. (2019). Recovery of Salary Advances in Nigeria. - SabiLaw. https://sabilaw.org/compulsory-period-of-grace-before-employer-can-demand-recovery-of-salary-advances-in-nigeria/

UNDP. (2023). Educational Salary Advance Program Policy. https://www.google.com/search?q=Educational+Salary+Advance+Program+Policy&rlz=1C1BNSD_enTZ1036TZ1036&biw=1280&bih=577&ei=LUoYZJTQIIj_kwWDsIXoDg&ved=0ahUKEwjUmvWOuur9AhWI_6QKHQNYAe04FBDh1QMIDw&uact=5&oq=Educational+Salary+Advance+Program+Policy&gs_lcp=Cgxnd3Mtd2l6LXNlcnAQAzIFCCEQoAEyBQghEKABSgQIQRgAUPUdWPUdYJUkaAJwAHgAgAHgBYgB4AWSAQM2LTGYAQCgAQGgAQKwAQDAAQE&sclient=gws-wiz-serp.

Varghese, J. (2022). UAE: How cost-effective is it to take a salary advance from banks as opposed to a personal loan? | Yourmoney-saving-investment – Gulf News. https://gulfnews.com/your-money/saving-investment/uae-how-cost-effective-is-it-to-take-a-salary-advance-from-banks-as-opposed-to-a-personal-loan-1.1666186957843.

Willis, N. (2022). Salary Advance. https://skintdad.co.uk/salary-advance/.

Zagala, E. (2020, February 13). Cash advance: What employers need to know when employees ask. Medium. https://medium.com/@attyzag/cash-advance-what-employers-need-to-know-when-employees-ask-6834ddd7355c.