

**Effect of Public-Private Partnership Procurement Strategy on  
Education Cost Management: A case of Primary Schools in  
Rachuonyo North Sub-County, Kenya.**

**BY**

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### ABSTRACT

Universal primary education is one of the United Nations' Millennium Development Goals (MDGs). It prompted the government of Kenya to introduce Free Primary Education (FPE) in the year 2003 in an attempt to achieve primary education for all by the year 2015, where everybody in school going age had equitable access to quality education. This had not been successful due to high cost of education. The research sought the possibility of using public-private partnership procurement strategy (PPP) to make education cost to be manageable. The overall objective of this study was to determine the effect of PPP strategy on education cost management. Specifically, the study sought to establish the extent to which government subsidies affect education costs; private management affect efficiency in school operation and private finance initiatives affect infrastructural development. The study was guided by a conceptual framework where the dependent variable was education cost management and the independent variable was PPP strategy. The study adopted descriptive research design. The study population was 229 head teachers. A sample size of 47 head teachers were selected using simple random sampling and 3 key informants purposively picked. Data were from primary source and were collected using questionnaires. Reliability test was conducted using split half method while validity was ascertained through experts' opinion. Data was analyzed using descriptive statistics. The results showed that 57.4% of the respondents agreed that subsidies lower education cost while 2.1% disagreed. It further revealed that 48.9% strongly agreed that subsidies increased enrollment. It was found that 55.3% agreed that flexibility in remuneration reduced strikes in schools While 8.5% disagreed. All of the respondents agreed that PPPP strategy could ensure speedy completion of projects While 74.4% agreed that PPPP strategy ensures sustainability of projects. These findings showed that there should be several pre-conditions set before the identification of the right firms to be awarded contracts; there exist a general improvement in education cost management under the public - private partnership procurement arrangement. The study concluded that PPP strategies positively affect education cost management in Kenya. The study recommended that there is need for capacity building in order to make people aware of the concept of PPP and their roles in improving education standards; private firms to be involved in PPP through open bidding process. Other researchers may use other research designs to improve on the current study.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Increasing the private sector's role in education may have several potential advantages over traditional public delivery of education Jütting (1999). Whether these benefits are actually realized depends greatly on how well designed the partnership between the public and private sector is, on the regulatory framework of the country, and on the capacity of the government to oversee and enforce its contracts and partnerships with the private sector Taylor (2003). When implemented correctly, the private sector can increase efficiency and choice, and expand access to education services, particularly for households that tend to be poorly served by traditional delivery methods Bellei (2005). Currently, private for-profit schools across the world are serving a full range of communities – from elite families through middle-income families to the poor, Harry *et al* (2009). Private Public Partnerships (PPPs) also allow governments to take advantage of the specialized skills offered by certain private organizations and to overcome operating restrictions such as inflexible salary scales and work rules that may prevail in the public sector, World Bank (2009). It is also believed that public-private partnerships help to establish and ensure projects' sustainability in the long-run, Mwangi (2013). On the other hand the private partner can expand its business opportunities in return for assuming the new or expanded responsibilities and risks, Ong'olo (2006). The two key Acts of Parliament that variously spells out the legal framework for PPPs in Kenya are the Public Procurement and Disposal Act, No 3 of 2005 and the public private partnership Act No.15 of 2013 which gives the guidelines for PPP.

Public Private Partnership (PPP) may be defined as institutional relationships between the public and the private sector where they jointly participate in defining the objectives, the methods and the implementation of certain projects Taylor (2003). PPP is therefore a variation of procurement in which elements of a service previously provided solely by the public sector are provided through a partnership between the government and one or more private sector companies. Unlike a full Privatization scheme, in which the new venture is

expected to function like any other private business, the government continues to participate in some way Jütting (1999). These schemes are sometimes referred to in short as PPP or P3 Bellei (2005).

Ong'olo (2006) says that PPP presents a middle case between public procurement and privatization. It involves a more open relationship in which businesses are encouraged to propose alternatives rather than mere provision of a service and the private sector operator will often need to design the best solution given the government's specifications. Other things would include offering technical expertise and provision of viable financial arrangements for the project, and most critically, the bearing of the associated operational risks, Jütting (1999). Comparing this with Saila (2005) which defines PPPs as "a contract between a public sector institution and a private partner, in which the private partner assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project". In both examples, of importance is the issue of long-term partnership and succinct specification of obligations of both parties particularly with regard to distribution of risks.

More emphasis in PPP is placed on the ability of a private partner to deliver the service or infrastructure. In the case of a simple tender, the government bears the responsibility for specifying exactly what is required. In the case of a PPP, the private operator may be required to design the best solution given the government's specifications, offer technical expertise and provide viable financial arrangements for the project, and to bear the associated operational risks. In contrast, privatizations of public utilities usually occur within a regulatory environment that can impose detailed service and investment obligations, such as rollout schedules to rural areas or price caps for poor consumers. In reality, privatization and PPPs exist on a continuum defined by the extent of service obligations imposed, and ultimate ownership of assets Taylor (2003).

In Kenya the government is responsible for payment of teachers' salaries and the funds used for daily operation of schools in terms of free primary education fund. However this has proved to be a challenge due to the increasing wage bill. KIPPRA (2013) observes that, one of the key issues of public debate and attention in Kenya is the public-private sector wage differentials at a time when the public sector wage bill has surpassed that of the private sector. The wage differentials have severe implication on overall productivity in the public sector and the capacity of the sector to implement policies and reforms KIPPRA (2013). Government of Kenya (G.O.K), (2013) reveals that the current public sector wage bill to ordinary revenue is around 50 per cent, while the ratio to recurrent expenditure is estimated at 64 per cent compared to the recommended 30-35 per cent for countries in Sub-Saharan Africa. Similarly, wage bill to gross domestic product (GDP) ratio has gradually increased from 10.7 per cent of GDP in 2008/09 to 12.2 per cent in 2012/13. The rising wage bill has a direct impact on the performance of the national economy. For instance, it may lead to diverting of funds to consumption at the cost of development, thus slowing down growth, exposing the economy to debt financing and driving out investors due to the high cost of labour, KIPPRA (2013).

From the years 2008 to 2013 the Government has been persuaded to adopt PPP even where competition has not been prevalent and service provision is largely monopolistic. This is because evidence suggests that where private sector bears the risk, it delivers better results than any credible public sector alternative. It is evident with the public health, as Kenya is establishing itself as a leader in global mobile innovation. Centre for Disease Control and prevention (CDC) Foundation mHealth Kenya, working together with public and private partners, have launched "KEMSA E-Mobile," to harness the power of mobile phones to revolutionize Kenya's approach to medical supply distribution, Mwangi (2013).

Serious challenges concerning increase in education cost are interfering with implementation of FPE policy. World Bank report (2009) identify such challenges as: insufficient managerial skills; shortage of teaching-learning facilities; teacher shortages; delays in funds disbursement; students' mobility from public to private and within public schools and embezzlement of funds and the report confirms that they are negatively impacting on the

quality of teaching and learning on one hand and contributed to indiscipline in schools on the other hand. It may therefore be prudent for the government to seek the support of private partners through PPP in order to make schools to operate efficiently and effectively.

## **1.2. Statement of the Problem**

FPE had prompted increased enrollment in primary schools, this had further led to the need for increased funding, employment of more teachers and additional infrastructural development. The outlined factors had contributed to increased cost of education in Rachuonyo North sub County. The increasing cost of education is interfering with the government's objectives of increasing access, equity and quality of primary education and retention of pupils in schools. For instance, the results of private schools in Kenya Certificate of Primary Education in Rachuonyo North Sub County in 2013 were better than the results of public schools where there were ten private schools and six of the private schools emerged in top ten with the last private school being number 50. This study therefore sought to establish the extent to which public private partnership procurement strategy could assist in education cost Management in Rachuonyo North Sub-County.

## **1.3. Objectives of the Study**

### **1.3.1. General Objective**

The overall objective of the study was to determine the effect of public private partnership procurement strategy on education cost management: A case of primary schools in Rachuonyo North sub-County, Kenya.

### 1.3.2. Specific Objectives

Specifically the study sought to:

- i. Establish the extent to which government subsidies affect education costs in Rachuonyo North Sub County.
- ii. Determine the extent to which private management affect efficiency and effectiveness in operation of schools in Rachuonyo North Sub County.
- iii. Establish the extent to which private finance initiatives affect infrastructural development in Rachuonyo North Sub County schools.

### 1.4. Research Questions

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- i. To which extent are the government subsidies affecting education costs in Rachuonyo North Sub County?
- ii. To which extent is private management of schools affecting efficiency and effectiveness in operation of schools in Rachuonyo North Sub County?
- iii. To which extent are private finance initiatives affecting infrastructural development in Rachuonyo North Sub County schools?

### 1.5. Scope of the Study

The study was carried out in Rachuonyo North Sub County, in Homa Bay County, Kenya and it specifically focused on the effects of public-private partnership procurement (PPP) strategy on education cost management. 47 Head teachers, 2 Zonal Quality Assurance and Standards Officers (ZQASOS) and the Sub County Director of Education participated in the study which focused on the cost of education since the inception of FPE in the year 2003.

### 1.6. Justification of the Study

It is envisaged that findings of this study shall have contribution to theory and practice. In theory, it will be a reference material for students and lecturers in the discipline of sustainable procurement and Education. To academic researchers, what has not been conclusively addressed by this study will form a formidable point of departure to further

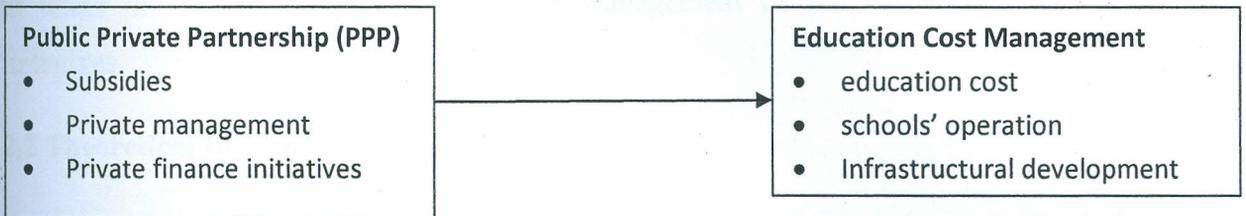
academic research. It will be relevant to educational stakeholders and other readers from the general public with interest to reading and wishing to expand their knowledge. In practice it will enhance development and prosperity of schools. It will be used by the private sector, the government, Non Government Organizations and Schools in regards to improving performance of specific projects. To laymen, it will contribute general knowledge to the ongoing debate as to how certain private businesses assist in education cost management. So far, there is little literature with relevant information to laymen, academicians, school managements, private sector and Government in regards to PPP in Education cost management.

### **1.7. Conceptual Framework**

It is being conceptualized that PPP will assist in: improving schools infrastructure; improving efficiency in school operation; and sponsoring education of able learners whose parents and guardians cannot afford paying school fees. Therefore, Education cost management is dependent on PPP, where presence of PPP would make education costs to be manageable while absence of PPP would make education costs not to be manageable. Hence, from the conceptualization, PPP is the independent variable and Education cost management is the dependent variable. Education cost management is thus enhanced by: government subsidies; Private management of schools and Private Finance initiatives. In countries where PPPs have not been extensively tried before, the government may need to change its education policies and regulatory framework. The government must clearly create an enabling framework that includes: defining the place of private providers in the national education strategy; setting clear objectives and streamlined criteria that the private sector must meet in order to establish and operate schools; introducing school funding systems that integrate public and private schools and that are neutral, responsive, and targeted and finally establishing an effective quality assurance system. What has been mentioned in the foregoing is summarized in the figure 1.1 below.

**Independent Variable**

**Dependent Variable**



**Figure 1.1: conceptual framework**

**Source: Self Conceptualization 2014**

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1. Introduction

This chapter presents a review of literature related to the study. It first covers the theoretical framework, and then delves into the review of empirical studies related to PPP in Education in terms of: Subsidies, Vouchers, private management of schools and private finance initiatives.

#### 2.2 Theoretical Review

Public private partnership procurement strategy can be defined as a contract that a government makes with a private service provider to acquire a specified service of a defined quantity and quality at an agreed price for a specified period Taylor (2003). This definition covers different types of contracts, which may procure different services and vary in complexity. The services may include education services (management, maintenance, and support services like transportation); operation services, such as pure management; and infrastructure (in what is often referred to as a private finance initiative) LaRocque and Patrinos (2006). The study focused only on three types of education services and operations including: subsidies, private management of schools and private finance initiatives for school construction.

PPP can also be defined as an arrangement between a contracting authority and a private party under which a private party: undertakes to perform a public function or provide a service on behalf of the contracting authority; receives a benefit for performing a public function by way of compensation from a public fund, charges or fees collected by the private party from users or consumers of a service provided to them or a combination of such compensation and such charges or fees and is generally liable for risks arising from the performance of the function in accordance with the terms of the project agreement G.O.K (2013)

PPP in education is a mutual collaboration between the government and the private sector that could help reduce public spending, increase access, equality, equity in the provision of education Taylor (2003). In this case, the private sector is instrumental in supplementing government efforts in providing services in the education sector as recognized by the ministry of education (2010). The rise of the private sector's involvement in the education sector reflects a broader shift of public service responsibilities to the private sector. For instance, between 2003 and 2004, the number of approved private providers of supplemental services in basic and secondary education in the United States increased by 90 percent, from 997 to 1,890; while the amount of federal funds available for private contracting increased by 45 percent between 2001 and 2005 Burch *et al* (2007). In response, governments are developing institutions, funding mechanisms, and regulatory frameworks to take advantage of the growing capacity and expertise of the private sector to enhance public education. For example, contracts to attract private funding to build and maintain school infrastructure are spreading in European countries. Also, the governments of Colombia, Qatar, and the United States have contracted with private partners to manage public schools to cater to the differentiated demand for education, in some cases using a franchising model to take advantage of good practices and economies of scale. In several countries in the Organization for Economic Co-operation and Development (OECD), including Denmark, New Zealand, Norway, and the United Kingdom, more than 20 percent of public expenditure is transferred to private organizations—either directly or through households—to pay for education services and maximize school choice OECD (2007).

Countries in which the government is fully responsible for education and related services and assumes all regulatory and financing functions have no PPP environment. Countries that allow private schools to operate within a centrally determined regulatory framework but provide them with no funding from the public budget can be described as having a “nascent” PPP environment. Mexico is an example of a country with a nascent PPP environment where 83 percent of schools at the basic level are publicly operated and no public funding is given to privately operated schools Woessmann (2005).

Countries where the government subsidizes private schools to support their capacity to educate more students can be described as having an “emerging” PPP environment. In these countries, a lump sum from the education budget is transferred to entitled institutions based on criteria that take into account, among other factors, the socioeconomic context of the school, the number of students enrolled, and their for-profit or not-for-profit status. The subsidy is normally based on the cost of educating a student, but, because it does not necessarily follow the students’ to school of their choice, it does not foster competition. Examples of countries with subsidized education include Bangladesh and Argentina Hanushek *et al* (2007).

A “moderate” PPP environment is evident in those countries where the government enters into contracts with private schools that require them (and pays them per pupil) to educate a specified number of students for a specified length of time, usually an academic year World Bank (2006). As instruments of accountability, contracts establish the conditions under which the school must operate and specify the outputs that the schools are expected to produce. Contractual instruments are different from subsidy systems in that they introduce a risk-sharing element between the public and private sectors.

In countries with an “engaged” PPP environment, private organizations sign an agreement with the government to manage and operate public schools in exchange for payment from the public budget. The objective of these operational contracts is to enhance the supply of education by allowing private organizations to take over failing public schools or to open new schools that take in public students. Operational contracts also aim to promote innovation on the supply side and to increase efficiency by allowing the contractors flexibility in how they manage their human and financial resources, and by relieving these schools from bureaucratic constraints. Gill *et al* (2007). Examples of countries with engaged PPP include Colombia Qatar and Various Latin American Countries.

In the strongest or “integral” PPP environment, the public sector funds private schools by providing students with vouchers that will pay for their education at the school they choose

to attend, thus encouraging student choice and school competition. In these countries, governments largely rely on the private sector to provide and administer education but retain regulatory and financing responsibilities. The rationale is that parents can send their children to the most productive school based on their preferences Hanushek *et al*, (2007). Examples include countries such as Belgium and the Netherlands, where private schools receive public funding and where 68 percent and 83 percent of secondary education enrollments are in private schools World Bank (2008), and Chile, where one of the largest universal vouchers programs covers 38 percent of the student population Bellei (2005).

## 2.3 Empirical Review

### 2.3.1 Subsidies

Uribe *et al* (2006). investigated the differences between public and private schools that receive subsidies, especially those concerned with the use of school inputs. They reached several conclusions. First, after controlling for such factors as family background and teacher characteristics, they found that students from private and public schools had similar test scores. Their second finding was that peer effects were one important explanation of higher test scores. Indeed, students with classmates whose mothers had more education had higher test scores. Third, class size was an important determinant of test scores. Fourth, private schools were more flexible in contracting teachers, and teachers in private schools have more education than those in public schools. Fifth, the authors found that the dispersion in test scores in the private sector is wider and that the combination of inputs is more diverse than in public schools. Angrist *et al* (2006) found that Colombia's voucher program had positive effects on several outcomes over both the short and long term. Recipients of the Subsidies attended private schools 15 percent more than non-recipients did. Beneficiaries had 0.1 more years of education than non-recipients did as well as lower repetition rates. They were also more likely than non-recipients to complete the eighth grade, and they scored 0.2 standard deviations higher on standardized tests than non-recipients did—a significant finding. Andersen (2005), suggest that subsidies have increased competition among schools.

Furthermore, in the Netherlands and Sweden, this competition has had positive effects on student achievement.

In January 2003 the National Rainbow Coalition (NARC) government of Kenya implemented the free primary education program with the aim of providing more opportunities to the disadvantaged school age children Otach, (2008). The program created a positive outcome because it resulted in significant increase in enrolment in a majority of the schools Otach, (2008). The policy abolished school fees and other levies arguing that fees and levies posed a serious hindrance to children wanting to access education in schools Okwach and George (1997). The free primary education policy has been described as laudable, because of its effect on gross enrolment rate (GER) which increased from 92% in 2002 to 104% in 2003 of the school age children population, Otach (2008), resulting in more than 1.5 million children who were previously out -of -school joining primary schools UNESCO (2005).

### **2.3.2 Private Management of Schools**

Studies by Hanushek *et al*, (2007) used data from Arizona, Florida, and Texas and apply fixed effects techniques to conclude that privately managed schools have efficient operations and better performance in standard tests. Initially, pupils in privately managed schools fare worse on standardized tests than their peers in public schools, but after a period of time (usually three years), the scores of privately managed school pupils catches up and exceeds those of their public school peers. Hoxby (2003) presented evidence based on randomized interventions and they found improvements of 10–11 percentage points in the early grades of privately managed schools.

In Kenya there is a challenge of transfer of pupils from one school to another. Parents cite quality of school as their main reason for transferring their children, UNESCO (2005). But this is based on their perception of quality rather than an actual measure of quality. Unfortunately, unacceptably high numbers of transfers are still into private schools because

of perceptions of poor quality in public schools following the implementation of free primary education UNESCO, (2005). Teachers complain that pupils' frequent transfers from one school to another at any point of the term and in any class affect content delivery, Eldah (2005). They observed that some pupils who joined a particular school may have missed out for a term or several months and were likely to find some topics that had already been covered in their new school, Eldah (2005). This suggests that the teachers had to look for ways of providing them with remedial lessons but their efforts were hampered by the large workload due to overcrowded class. PPP contracts can be more flexible than most public sector arrangements. Generally, the public sector has less autonomy in hiring teachers and organizing schools than the private sector does. Public-private contracts can be a better fit between the supply of and demand for education. Flexibility in teacher contracting is one of the primary motivations for PPPs World Bank (2009).

### **2.3.3 Private Finance Initiatives**

World Bank (2009) report suggests that Governments can choose private providers in PPP contracts by means of an open bidding process in which the government defines specific requirements for the quality of education that it demands from the contractor. The contracts often include measurable outcomes and clauses that specify the condition to deliver a certain quality of education, and the contractor with the best or lowest cost proposal is then chosen. This one characteristic of the contract alone can raise the quality of education.

Analysis of the first private finance initiative school in the United Kingdom concluded that the overall impact of the partnership is positive as measured by improvements in the quality of infrastructure, academic performance, students' attitudes and behavior, and attendance indicators Gibson, and Davies (2008). Nonetheless, whether these results will be applicable elsewhere remains to be seen because schools funded by private finance initiatives tend to be characterized by exceptional circumstances such as positive attitudes toward the partnership on the part of both the school and the private contractor that influence the behavior of students and teachers. The main rationale for private finance initiatives is cost savings. The private sector, with a clear interest in the financial outcomes of its own investments, is more

efficient than the public sector in using resources and in maintaining the infrastructure that it builds Latham (2005).

In Kenya, the pressure to reduce expenditure and cut down taxes has forced the government to resort to the private sector Salla (2005). In the last few years PPP has become preferable even where adequate competition has not been prevalent and service provision monopolistic like in the telecommunications sector, as evidence suggests that where private sector bears the risk, it delivers better results than any credible public sector alternative Mwangi (2013). To make services work for the poor people, the country should review its service delivery mechanisms by institutionalizing PPP mechanism Ong'olo (2006).

## **2.4 Summary**

From the foregoing it is evident that education cost is high in Rachuonyo North and that PPP approach can be used to make the high education manageable, by use of subsidies, private management and private finance initiatives. It is also evident that, most scholars have concentrated on the study of status and challenges facing basic and secondary Education. However, little research has been done on the strategies that should be employed to overcome the challenges in the education sector. This study therefore, focused on effects of public-private partnership procurement strategy on education cost management in Rachuonyo North Sub County.

## CHAPTER THREE

### METHODOLOGY

#### 3.1 Introduction

This chapter presented the procedures that were used to conduct the study, focusing on research design, target population, sample and sampling procedures, research instruments, and data collection and analysis.

#### 3.2 Research Design

The study employed a descriptive survey research design. Descriptive survey research designs are used in preliminary and exploratory studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification Orodho (2002). Mugenda and Mugenda (1999) on the other hand give the purpose of descriptive research as determining and reporting the way things are. They noted that descriptive survey research is intended to produce statistical information about aspects of PPP that interest policy makers and educators. The study fitted within the provisions of descriptive survey research design because the researcher collected data and reported the way things are without manipulating any variables.

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#### 3.3 Study Area

The study was carried out in primary schools in Rachuonyo North Sub County, Homa Bay County, Kenya. GOK (2009) shows that Rachuonyo North Sub County borders Rachuonyo South Sub County to the East, Lake Victoria to the West and parts of the North, Nyakach Sub County to the North East and Homa Bay Sub County to the South and parts of West. The Sub County covers an area of 412.50 square kilometres and has two administrative divisions namely East Karachuonyo and West Karachuonyo, and nine Education zones namely Kandiege, Homa, Got Oyaro, Pala, Omboga, Kendu, Miriu, Rambira and Nyakongo. Singleton (1993) advises that the ideal setting for any study should be easily accessible to the researcher and should be that which permits instant rapport with the informants. Rachuonyo North Sub County was chosen because it was within reach by the researcher. Furthermore,

reports from the Sub County Education Office for the period after introduction of Free Primary and Secondary Education indicates that schools are facing challenges related to increasing education costs due to increased enrolment in public schools. It would therefore be important to gain empirical data on the effects of Public Private Partnership Procurement strategy on Education cost Management.

### **3.4 Target Population**

The target population for this study consisted of all the 219 head teachers from the 219 Primary schools in Rachuonyo North Sub County, The Sub County Director of Education and the two Zonal Quality Assurance and Standards Officers (ZQASOs) from the district. Therefore the total population for the study was 222 variables. Target population is defined as all the members of a real or hypothetical set of people, events or objects to which a researcher wishes to generalize the results of the research study Mugenda and Mugenda (1999).

### **3.5 Sampling Frame**

Sampling means selecting a given number of subjects from a defined population as representative of that population. Any statements made about the sample should also be true of the population Orodho (2002). It is however agreed that the larger the sample the smaller the sampling error Gay (1992). He recommended that when the target population is small (less than 1000 members), a minimum sample of 20% is adequate for educational research. From the 219 head teachers, the researcher used simple random sampling to select 47 head teachers which represented 21% of the total population. This is in line with Gay's (1992) recommendation. Using purposive sampling three key informants including the sub-County director of education and two Zonal Quality Assurance and Standards Officers (ZQASOs) were picked. A sample size of 50 respondents was therefore selected as shown in table 3.1.

### **3.6.2 Data Collection Procedure**

A research permit was obtained from the Ministry of Education after approval by the university. Thereafter the office of the Assistant County Director of Education for Rachuonyo North Sub County was contacted before the start of the study. The researcher personally administered the questionnaires to the head teachers and interviewed the Sub County director of Education and Zonal Quality Assurance and Standards Officers (ZQASOs). The selected head teachers were visited in their schools and the questionnaires administered to them. The respondents were assured that strict confidentiality would be maintained in dealing with the responses. The head teachers were given about one week to fill in the questionnaires after which the filled-in questionnaires were collected. Face-to-face interviews were then conducted with the Sub County director of Education and ZQASOs.

The questionnaire was pre-tested three weeks prior to the actual study within Rachuonyo North sub-county. The strategy was to enable the researcher to establish in advance deficiencies in the questionnaire, like unclear directions, insufficient space for comments wrong phrasing of questions in order to make adjustments. Actual research data collection followed next as from the fourth week. Communication between the researcher and respondents took place whenever necessary.

### **3.6.3 Instruments for Data Collection**

The main tools of data collection for this study were questionnaires and interview schedules. The questionnaire was used for data collection because it offered considerable advantages in administration since the head teachers are literate hence they could read interpret and answer the questions on their own. It also presented an even stimulus potentially to large numbers of head teachers simultaneously and provided the researcher with an easy way of accumulating data. Gay (1992) maintains that questionnaires give respondents freedom to express their views or opinion and also to make suggestions. It is also anonymous. Anonymity helped to produce more candid answers. The questionnaires were comprised of four sections. Section 1 included a collection of background information. Each of the other three sections comprised

of information related to the Effects of Public Private Partnership Procurement strategy on Education cost Management in relation to subsidies, private management and private finance initiatives. The questionnaires were also comprised of both close-ended and open-ended items.

Interview schedules were used to guide interviews with the Sub County director of Education and ZQASOs on the Effects of Public Private Partnership Procurement strategy on Education cost Management in Rachuonyo North Sub County. The interview guides contained items covering all the objectives of the study. The interview schedule gathered data on the Effects of Public Private Partnership Procurement strategy on Education cost Management in relation to subsidies and bursaries, private management and private finance initiatives.

#### **3.6.4 Reliability Test for Data Collection Instruments**

Mugenda and Mugenda (1999) define reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trial. The pilot study enabled the researcher to assess the clarity of the questionnaire items so that those items found to be inadequate or vague were modified to improve the quality of the research instrument thus increasing its reliability. Split-Half technique of reliability testing was employed. A correlation coefficient of 0.95 obtained, indicated that the two halves of the test provided the same results and hence described the internal consistency of the test. According to Eldah (2005) a minimum correlation coefficient of 0.65 is recommended as indicating that an instrument is reliable.

#### **3.6.5 Validity Test for Data Collection Instruments**

Validity is defined as the accuracy and meaningfulness of inferences, which are based on the research results Mugenda and Mugenda (1999). In other words, validity is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. Validity, according to Belle (2005), is the degree to which a test measures what it purports to measure. All assessments of validity are subjective opinions based on the judgment of the researcher Woessmann, (2005). The pilot study helped to improve face validity of the instruments. According to Borg and Gall (1989) content validity of an instrument is improved through expert judgment. As such, the researcher got assistance of

the supervisor, who, as an expert in research, helped in improving content validity of the instrument.

### **3.7 Data Analysis**

After all data had been collected, the researcher conducted data cleaning, which involved identification of incomplete or inaccurate responses, which were corrected to improve the quality of the responses. After cleaning, data were coded and entered in the computer for analysis using the Statistical Package for Social Sciences (SPSS) version 17.0. The research yielded both qualitative and quantitative data. Qualitative data were analyzed qualitatively using content analysis based on analysis of meanings and implications emanating from respondents information and documented data. As observed by Gray (2004) qualitative data provides rich descriptions and explanations that demonstrate the chronological flow of events as well as often leading to serendipitous (chance) findings. Simple descriptive statistics was employed to analyze quantitative data. The statistics that was used include frequency counts, means and percentages. Quantitative data analysis required the use of a computer spreadsheet, and for this reason SPSS version 17.0 was used. As Martin and Acuna (2002) observed, SPSS Version 17.0 is able to handle large amount of data, and given its wide spectrum of statistical procedures purposefully designed for social sciences, it is also quite efficient. The results of data analysis were then presented using frequency distribution tables and bar graphs.

### **3.8 Data Presentation**

Data were presented using tables, bar graphs and charts and all relevant results captured.

### **3.9 Research Ethics**

Respondents were not subjected to disadvantages or dangers as a result of the research. Anonymity of the respondents was protected and participation was voluntary since no prospective respondent was forced to respond. The principle of informed consent was also applied and importance of the study explained to respondents. The researcher respected the dignity and rights of all participants. Finally, the research upheld scientific quality.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4.1 Introduction

This chapter covers analysis of data and the findings of the study. The overall objective of the study was to determine the Effects of Public Private Partnership Procurement strategy on Education cost Management: The case of Primary Schools in Rachuonyo North Sub-County, Homa Bay County, Kenya. The first section of this chapter presents introduction. Section two presents the demographic data of the respondents. Section three presents data on the effects of subsidies on education cost management. Section four of the chapter covers data on the effects of private management of schools. Finally, section five covers data on the effects of private Finance Initiatives on school development.

#### 4.2 Demographic Data

The study sought demographic data of the respondents including, level of education, and work experience. The sample size was purposively selected to achieve the researcher's target of at least 20% representation of the total population, where 11 private school head teachers represents 21.2% of 52 head teachers and 36 public school head teachers represents 21.6% of 167 head teachers. The education levels of head teachers in the study are illustrated in table 4.1 below.

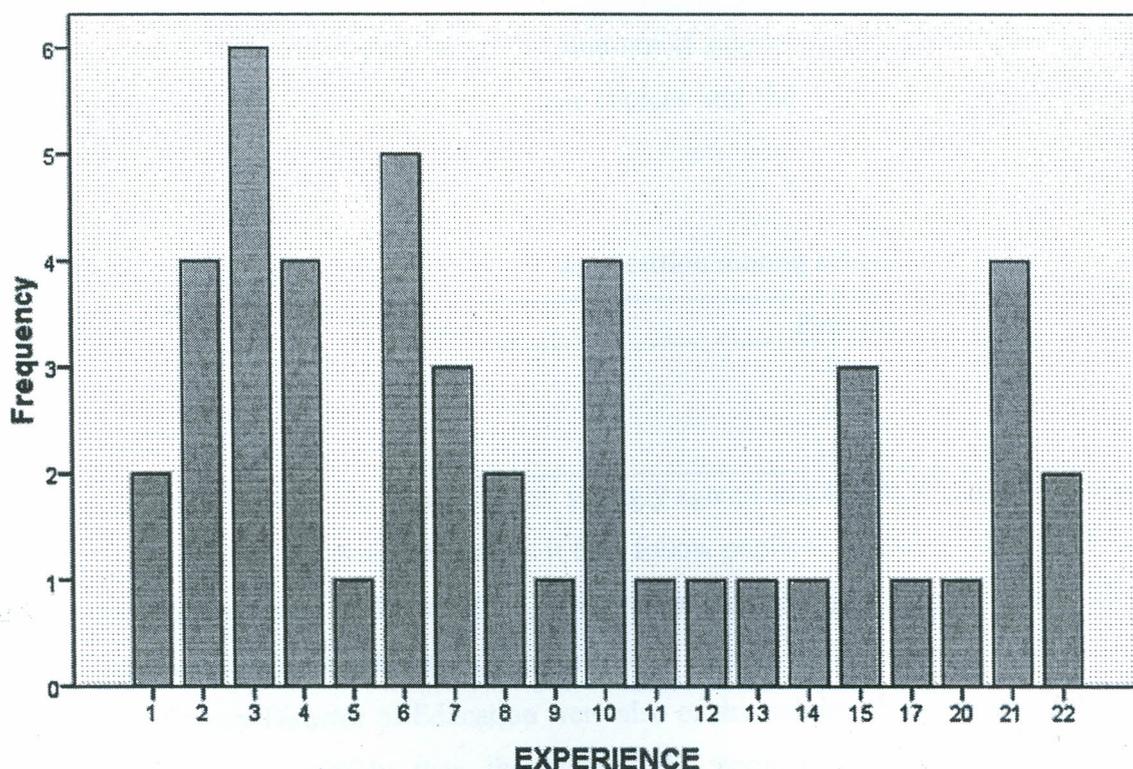
**Table 4.1: Education levels of head teachers**

Level	Frequency	Percent
DEGREE	10	21.3
DIPLOMA	12	25.5
P1	25	53.2
TOTAL	47	100

The minimum qualification of being a Head Teacher in primary school is P1 and Degree is the highest qualification. It was found that 53.2% had P1, 25.5% had Diploma and 21.3% had

Degree qualifications. An effective and efficient manager must possess the technical, human and conceptual skills in order to be a good organizer Ngaroga (2001). Such skills can be attained through formal training, and it is encouraging to note that more Head teachers had started acquiring Diplomas and Degrees. Robin (2003) notes that the skills needed for effective management can be grouped into three broad categories, namely technical skills, human skills and conceptual skills. Technical skills refer to the category of skills which enable the manager to use resources and scientific knowledge and to apply techniques in order to accomplish the objectives of the organization. Human skills refer to the ability to work well with other people and achieve results through them. Conceptual skills refer to the cognitive capacity to perceive the organization in its totality and the relationship between parts thereof. These skills manifest themselves in educational administrators being able to analyze and diagnose relatively complicated situations whilst at the same time being able to visualize the interrelationships of various units of an organization Robbins (2003). Training of school administrators and teachers is essential in enabling them acquire these skills and thereby implement educational programmes competently. The Head teachers were asked to indicate their work experience in headship, to which they responded as shown in Figure 4.1.

## EXPERIENCE



**Figure 4.1: Experiences of Head Teachers**

The average years of experience of Head teachers in the Sub County was found to be 9 years. Based on these results, it was concluded that majority of the respondents had worked for a long time, so they had enough experience to do their jobs accordingly, and were in a position to give useful insights into the effects of Public-Private partnership in education.

### **4.3. Effects of Subsidies on Education Cost Management**

Head teachers were asked if their schools were receiving government subsidy called Free Primary Education Fund (FPE) to which they responded as presented in tables 4 and 5 below. It was found that all public schools got government subsidy while all private schools were not getting government subsidy. This confirms that PPP in education in Rachuonyo North is at a low level called "Nascent" PPP, were the Government recognizes the presence of private

schools but do not support them in any way, World Bank (2009). The ZQASOs and Assistant Count Director of education also observed that there are still few private firms who have come out to support education in the sub county.

The second question in this section sought to find out if subsidies enhance competition in schools if they follow pupils to schools of their choices and the results were presented in table 4.2 below.

**Table 4.2: Rating on how subsidies enhance competition among schools**

	Frequency	Percent
AGREE	19	40.4
STRONGLYAGREE	28	59.6
Total	47	100.0

The result indicated that 59.6% Head teachers strongly agreed and 40.4% agreed while none disagreed that subsidies enhance competition if they follow pupils to schools of their choices. This finding is in line with Andersen (2005) observation that vouchers increase competition which in turn causes positive student achievement and schools development. The ZQASOs and Assistant County Director of Education were also of the opinion that if private schools are given government subsidy then there would be competition which would bring improvement in education standards in the Sub County.

The third question sought the opinion of the Head teachers if Subsidies lower education cost to parents and the findings were presented in table 4.3 below.

**Table 4.3: Rating on how subsidies lower education cost**

	Frequency	Percent
AGREE	27	57.4
DISAGREE	1	2.1
STRONGLYAGREE	19	40.4
Total	47	100.0

From the result 57.4% Agreed, 40.4% strongly agreed and 2.1% disagreed. This meant that the objective for which FPE was initiated is being realized. The policy was meant to abolish

school fees and other levies arguing that fees and levies poses a serious hindrance to children's access to education in schools, Okwach et al (1997). However, the percentages which did not agree strongly argued that the challenges brought by FPE were compelling parents to opt for private schools which were more expensive because they were not receiving government subsidy and also because the government subsidies were insufficient and delayed at times. The ZQASOs and Assistant County Director of Education also said that subsidies reduce school fees burden. They observed that since the inception of FPE there had been an increased enrollment in schools in the Sub County.

The fourth question sought the opinion of head teachers on the effect of education subsidy on enrollment and the result were given in table 4.4 below.

**Table 4.4: Rating on how subsidies increase enrollment**

	Frequency	Percent
AGREE	24	51.1
STRONGLYAGREE	23	48.9
Total	47	100.0

As much as 48.9% head teachers strongly agreed that subsidies increased enrollment in schools while 51.1% just agreed. This is because the subsidized public schools were not serving the entire members of the society because of inadequate capacity and resources and poor management. On the other hand Harry *et al*, (2009) observed that private for-profit schools across the world were serving a full range of communities – from elite families through middle-income families to the poor as their management is deemed to be better than public schools. Another reason why enrollment is not increasing as expected is the issue of transfers. Parents cite quality of school as their main reason for transferring their children from one school to another, UNESCO, (2005). But this is based on their perception of quality rather than an actual measure of quality. Unfortunately, unacceptably high numbers of transfers were still into private schools because of perceptions of poor quality in public schools following the implementation of free primary education, UNESCO, (2005).

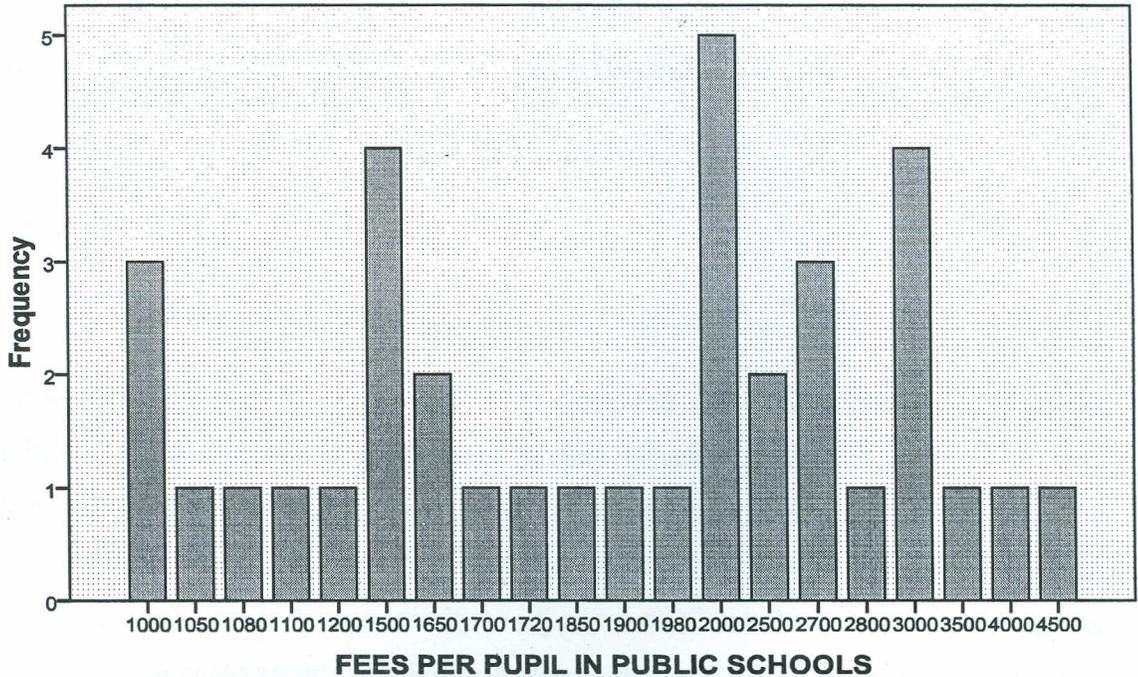
The fifth question sought the opinion of head teachers on the level of inadequacy of the government subsidy and their responses were summarized in table 4.5 below.

**Table 4.5: Rating of inadequacy of government subsidy**

	Frequency	Percent
AGREE	22	46.8
DISAGREE	1	2.1
STRONGLYAGREE	24	51.1
Total	47	100.0

From the finding 46.8% agreed, 51.1% strongly agreed and 2.1% disagreed that the funds provided by the government were insufficient. This meant that most head teachers strongly agreed that FPE provided by the government were insufficient. Okwach et al, (1997) suggested that FPE should eliminate all fees and other levies charged in primary schools, but the research found that public schools charges an average of kshs2105.00 to subsidize the insufficient FPE funds while private schools charges an average of shs19864.55 because they were not receiving FPE funds. The ZQASOs and Assistant County Director of Education also consented that the inadequacy of FPE had compelled them to allow schools to charge fees on pupils. The amount of fees charged by private and public schools are illustrated in figure 4.2 below.

## FEES PER PUPIL IN PUBLIC SCHOOLS



**Figure 4.2: Fees in Public Schools**

Public schools were still charging parents school fees because FPE is insufficient and is always delayed. Delays in disbursing funds to support free primary school education had frustrated many schools financially UNESCO, (2005).

Fees charged in private schools were higher than those charged in public schools because they were not receiving government subsidy. However, private schools were becoming more popular than public schools because of proper management and appropriate programs like lunch program and boarding which justifies the high amount of fees they charge. It was observed that most parents transferred their children from public to private schools citing high quality education in private schools UNESCO, (2005).

#### 4.4. Effects of private management on operation of schools

The first question in this section sought the opinion of head teachers on the extent to which flexibility in remunerations reduced unrest (strike) in schools and the results were given in table 4.6 below.

**Table 4.6: Rating on how flexibility in remuneration reduces strikes**

	Frequency	Percent
AGREE	26	55.3
DISAGREE	4	8.5
STRONGLYAGREE	17	36.2
Total	47	100.0

The results showed that 55.3% agreed, 8.5% disagreed and 36.2% strongly agreed that flexibility in remunerations reduced unrest (strike) in schools. It shows that many head teachers agreed that flexibility in remunerations reduced unrest (strike) in schools. In public schools there were inflexible salary scales and work rules, World Bank (2009). These restrictions denied schools the opportunity to adjust teachers' salaries at time of need. Hence, teachers could be complacent and relaxed in their duties or they could take industrial action like strike which could hamper the progress of the school. Contrarily private schools were flexible in their remuneration and work rules hence they could quell their teachers' desires at their wish. Hence, they could not face a lot of unrest. The ZQASOs and Assistant County Director of Education also observed that private management could bring efficiency in operation since private schools met the demands of their institutions immediately for effective implementation of the curriculum. This would assist in solving problems before they erupt.

The second question sought the opinion of head teachers on the degree to which private management Enhanced transparency and accountability and the result were given in table 4.7 below.

**Table 4.7: Rating on how private management enhances transparency and accountability**

	Frequency	Percent
AGREE	25	53.2
DISAGREE	9	19.1
STRONGLYAGREE	13	27.7
TOTAL	47	100.0

The result indicated that 53.2% agreed, 19.1% disagreed while 27.7% strongly agreed that private management Enhanced transparency and accountability. As much as many head teachers were in agreement, more of them, 72.3% did not strongly agree that private management Enhances transparency and accountability. This is because they were not closely monitored by the government for the public to get accurate audit reports. However, the main rationale for private finance initiatives is cost savings. The private sector, with a clear interests on the financial outcomes of their own investments, are more efficient than the public sector in using resources and in maintaining the infrastructure that it builds Latham (2005). The ZQASOs and Assistant County Director of Education were also of the opinion that private schools managers were more transparent because they were always monitored by the school proprietors who did not want to lose even a single coin.

The last question in this section asked head teachers if private management led to attraction of skilled labour and the results were given in table 4.8 below.

**Table 4.8: Rating on how private management attract skilled labour**

	Frequency	Percent
AGREE	25	53.2
DISAGREE	4	8.5
STRONGLYAGREE	18	38.3
TOTAL	47	100.0

The result indicated that 53.2% agreed 8.5% disagreed and 38.3% strongly agreed. This meant that the majority, 91.5% either agreed or strongly agreed that private management led

to attraction of skilled labour. World Bank (2009) report points out that PPP contracts can be more flexible than most public sector arrangements. Generally, the public sector has less autonomy in hiring teachers and organizing schools than the private sector does. Public-private contracts can be a better fit between the supply of and demand for education. Flexibility in teacher contracting is one of the primary motivations for PPPs. Hence, schools will attract the most qualified teachers World Bank (2009). The ZQASOs and Assistant County Director of Education said that there were so many trained teachers who had not been employed by the government. Most of the trained teachers preferred working in private schools where they could get better salaries. They added that public school teachers only got better salaries if they were employed by the government not the schools.

#### 4.5. Effects of Private Finance Initiatives on School Development

The first question sought the opinion of head teachers on the adequacy of resources in their schools for which the results the result indicated that all head teachers felt that their schools were having inadequate resources. The ZQASOs and Assistant County Director of education also agreed that schools in the sub county had inadequate resources. The shortage was a result of inadequate support from: the government, parents, and private firms or individuals. The researcher sought the opinion of the head teachers on how the situation could be controlled as indicated below.

The first question asked head teacher the extent to which they agreed that PPP could ensure speedy completion of projects. Their responses were given in table 4.9 below.

**Table 4.9: Rating on how PPP ensure Prompt Completion of Projects**

	Frequency	Percent
AGREE	27	57.4
DISAGREE	1	2.1
STRONGLYAGREE	19	40.4
TOTAL	47	100.0

The finding indicated that 57.4% agreed, 2.1% disagreed and 40.4% strongly agreed that PPP could ensure speedy completion of projects. More head teachers did not strongly agree

because there was no structured way of coming up with PPP contracts and getting private partners. World Bank (2009) report suggests that Governments can choose private providers in PPP contracts by means of an open bidding process in which the government defines specific requirements for the quality of education that it demands from the contractor. The contracts often include measurable outcomes and clauses that specify the condition to deliver a certain quality of education, and the contractor with the best or lowest cost proposal is then chosen. This one characteristic of the contract alone can raise the quality of education. For private schools the government should monitor their services and projects to ensure that they meet the required standards. The government can also provide subsidies to private schools so as to enhance their capacity to admit more pupils World Bank (2009). The ZQASOs and Assistant County Director of education stated that there were few private partners who had come out to work with schools but the few who were there were assisting schools to complete their projects in good time.

The second question sought opinion of head teachers on the ability of PPP to ensure sustainability of projects. The result for this question is presented in table 4.10 below.

**Table 4.10: Rating on how PPP ensure sustainability of projects.**

	Frequency	Percent
AGREE	35	74.4
DISAGREE	2	4.3
STRONGLYAGREE	10	21.3
TOTAL	47	100.0

The study indicated that 74.4% agreed, 21.3% strongly agreed and 4.3% disagreed that PPP ensures sustainability of projects. The reason for lack of strong agreement could be because the operations of PPP have not been properly streamlined into the governments' education policy. If properly implemented, PPP can bring project sustainability because private firms are more efficient than the public sector in using resources and in maintaining the infrastructure that they build Latham (2005). The ZQASOs and Assistant County Director of education stated that private firms were keen on sustainability of their projects to ensure that they maximize profit on investment.

The last question sought the opinion of head teachers on the ability of PPP to boost the image of private firms and increase brand loyalty to their products. The results were given in table 4.11 below.

**Table 4.11: Rating on how PPP boosts the image of private firms**

	Frequency	Percent
AGREE	10	21.2
DISAGREE	2	4.3
STRONGLYAGREE	35	74.5
TOTAL	47	100.0

The majority of the head teachers 74.5% strongly agreed 21.2% agreed and 4.3% disagreed. This implies that most head teachers strongly agreed that PPP would boost the image of private firms and enhance their brand loyalty. Ong'olo (2006) argues that the private partner can expand its business opportunities in return for assuming the new or expanded responsibilities and risks in PPP. According to the ZQASOs and Assistant County Director of education PPP would assist firms to increase their business opportunities.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents the summary of the findings of the main study, conclusions and recommendations arrived at. It also gives suggestions for further studies.

#### 5.2 Summary

The overall objective of the study was to determine the effects of public private partnership procurement strategy on education cost management in primary schools in Rachuonyo North Sub-County, Kenya. FPE increased enrollment in primary schools and the increased enrollment triggered other challenges like; need for more teachers, more infrastructural development and increased funding which all made the cost of primary education to increase. These challenges must be addressed if Kenya is to realize her objective of universal primary education. 48.9% head teachers strongly agreed that there was increased enrollment in schools due to FPE subsidies and 51.1% also agreed with that fact while none disagreed. All of the head teachers also agreed that there were insufficient resources in their schools. Their rating on how the inadequacy of resources could be solved by use of PPP was as follows: From the first objective, 47.4% head teachers agreed that subsidies could lower education cost, 40.4% strongly agreed that subsidies could lower education cost and only 2.1% disagreed. From the second objective it was found that private management could increase efficiency and effectiveness in schools' operation. Where 53.2% agreed, 19.1% disagreed while 27.7% strongly agreed that private management enhanced efficiency and accountability in schools management. Findings of the last objective revealed that there is a possibility of using private finance initiatives to enhance infrastructural development, the respondents responded as follows: 57.4% agreed, 2.1% disagreed and 40.4% strongly agreed that private finance initiatives could ensure speedy completion of development projects.

Inadequacy and delays in FPE funding had prompted public primary schools to charge an average amount of shs2105.00 to assist in their operations. Therefore, for the government to achieve FPE policy it needed to partner with private firms which could assist in planning, management and financing education projects. This is because the results revealed that PPP

projects are more sustainable, 74.4% of the respondents agreed, 21.3% strongly agreed and 4.3% disagreed that PPP ensured sustainability of projects. On the other hand the private firms which participated in PPP projects were likely to boost their image and also enjoy expanded market. 74.5% head teachers strongly agreed, 21.2% agreed and 4.3% disagreed that PPP would boost the image of private firms and enhance their brand loyalty.

### **5.3 Conclusion**

Based on the results discussed above, it can be concluded that Public-Private Partnership Procurement in education is a worthy strategy which could make education cost to be manageable if it were properly streamlined into the education policy and carefully implemented. The first objective was to establish the extent to which Government subsidies affect education costs. It was found that all public schools were benefitting from government subsidy while all private schools were not getting government subsidy. The finding showed that: 59.6% Head teachers strongly agreed that PPP could enhance competition in schools hence could lower education cost; 57.4% agreed that Subsidies lowered education cost to parents; 48.9% head teachers strongly agreed that subsidies increased enrollment in schools and 51.1% head teachers were strongly of the opinion that the subsidies provided by the government were inadequate. Public schools were thus compelled to charge fees of about kshs2105.00 to subsidize FPE, while private schools were charging averagely shs19864.55 because they were not benefitting from FPE funds.

It was found that private management could increase efficiency in operation of schools. The study indicated that: 55.3% agreed that flexibility in remunerations reduced unrest (strike) in schools; 53.2% agreed that private management could enhance transparency and accountability and 53.2% agreed that private management leads to attraction of skilled labour. This means that 53.9% of the head teachers agreed that PPP could lead to efficient operation of schools. The few head teachers 5.7% who did not agree argued that private schools were not closely monitored by the government for the public to get accurate audit reports from which they could base their judgment.

The third objective was to establish the extent to which private finance initiatives affect infrastructural development. The study revealed that all schools were suffering from shortage of resources. The head teachers therefore agreed that PPP could assist them to mobilize resources. The finding showed that: 54.5% of the head teachers agreed that PPP could ensure speedy completion of projects; 74.4% of the head teachers agreed that PPP could ensure sustainability of projects and 74.5% of the head teachers strongly agreed that PPP could boost the image of private firms and increase brand loyalty to their products.

#### **5.4 Recommendations**

Based on the analysis of the study, the researcher wishes to make the following recommendations: The government should provide subsidy to pupils and set them free to choose schools of their choice whether private or public. Schools should however be given certain conditions which they must meet in order to benefit from the government subsidy. This will make private schools to lower their fees and it will trigger competition among schools which will lead to improved performance and reducing cost of education; The government should allocate enough funds and resources in time to schools, for both public and private schools, to ensure that free primary school education program runs smoothly without compromising quality of education; The government should organize more capacity building programmes for both head teachers and teachers to equip them with adequate skills and abilities to handle the emerging issues with the implementation of Free Primary Education; The government should privatize management of poorly performing primary schools and remain with the role of funding. Public-Private Partnership contracts can be more flexible than most public sector arrangements. Generally, the public sector has less autonomy in hiring teachers and organizing schools than the private sector does. Public-private contracts can be a better fit between the supply of and demand for education; School infrastructure should be built through PPP. To be assured of success private providers in PPP contracts should be chosen by means of an open bidding process in which the government defines specific requirements for the quality of education or resources that it demands from the contractor. The contracts should include measurable outcomes and clauses that specify the condition to deliver a certain quality of education or resource, and the contractor with the

best or lowest cost proposal is then chosen. This one characteristic of the contract alone can raise the quality of education; finally, the directorate of quality assurance and standards within the ministry of education should be empowered with resources to enable them carry out their advisory work more effectively in schools. It is expected that their regular visits to school would be beneficial to schools as through their guidance schools would be able to maintain the expected standards for learning to take place.

### **5.5 Areas for Further Research**

The researcher suggests that;

- i) A study should be conducted to investigate the challenges facing implementation of Public-Private Partnership in education
- ii) A study should be conducted on the strategies employed to cope with challenges in the implementation of Public-Private Partnership in Education.

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